

VIETNAM PARTNERSHIP FOR DEVELOPMENT

**An Informal Report
for the Consultative Group Meeting for Vietnam
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This volume is the product of teamwork and partnerships in Vietnam, and brings together contributions from many of the joint Government-donor-NGO partnership groups and donor groups on harmonization and aid effectiveness, all working together to help Vietnam achieve its development targets and to improve the co-ordination and delivery of Official Development Assistance (ODA). Its production was only possible through the co-operation, contributions and active support of a wide range of development partners, including Government staff, donors and NGOs. Key donor contacts (though not necessarily leaders) of the groups, most of which have reported in this volume, are currently as detailed below. Non-inclusion in this volume does not imply non-activity on the part of a partnership group.

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Further copies of this report are available from the Vietnam Development Information Center, Ground Floor, 63 Ly Thai To, Hanoi, and at www.worldbank.org.vn , www.un.org.vn and www.vdic.org.vn

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
AFD	Agence Francaise de Developpement
CEPT	Common Effective Preferential Tariff
CIDA	Canadian International Development Agency
CIE	Center for International Economics
CIEM	Central Institute for Economic Management
CPNET	The government information network
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CPLAR	Cooperation Program on Land Administration Reform
DANIDA	Danish International Development Agency
EU	European Union
FAO	Food and Agricultural Organisation
GDP	Gross Domestic Product
ILO	International Labour Organisation
ISG	International Support Group
JICA	Japanese International Cooperation Agency
JBIC	The Japan Bank for International Cooperation
KfW	Kreditanstalt fur Wiederaufbau
LPTS	Legal Professional Training School
LMDG	Like-Minded Donor Group
MDG	Millennium Development Goal
MOJ	Ministry of Justice
MOT	Ministry of Trade
NGO	Non-governmental Organization
NORAD	Norway Agency for Development
NSCERD	National Steering Committee for Enterprise Reform and Development
ODA	Official Development Assistance
ONA	Office of National Assembly
OSS	One-Stop Shop
PPA	Participatory Poverty Assessment
RPA	Regional Poverty Assessment
SDC	Swiss Development Cooperation
SIDA	Swedish International Development Agency
SPC	Supreme People's Court
SPP	Supreme People's Procuracy
UNDP	United Nations Development Programme
UNODC	United Nations Office of Drug Control
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNESCO	United Nations Educations, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organisaition
UNV	United Nations Volunteers
UNHCR	United Nations High Commissioner for Refugee
VDG	Vietnam Development Goal
VHLSS	Vietnam Household Living Standards Survey
VNU	Viet Nam National University
SBV	State Bank of Vietnam
WB	World Bank
WHO	World Health Organisation
WTO	World Trade Organization

INTRODUCTION AND OVERVIEW

VIETNAM: PARTNERSHIP FOR DEVELOPMENT

Introduction

1. The past year has seen significant progress in achieving a more efficient way of delivering and managing official development assistance (ODA) in Vietnam based on an ever increasing degree of Government ownership of the partnership agenda. A more effective framework for ODA is evolving and new initiatives have been introduced. The international community is committed to following Vietnam's long-term goals and strategy, and donors are increasingly designing their business plans to support and implement Vietnam's Comprehensive Poverty Reduction and Growth Strategy (CPRGS), which was approved by the Prime Minister in May 2002.

The development partnerships highlighted in this volume have made significant contributions to the CPRGS, and are now working to ensure that implementation of the CPRGS and sectoral strategies are as effective as possible, with the goal of helping Vietnam achieve its development goals. Challenges in implementing and monitoring CPRGS remain, such as transforming development goals into precise outcome in indicators for the refinery suitable policies, as well as how to reduce transactions costs and enhancing aid effectiveness while maintaining Government ownership. But overall Vietnam remains on track to achieve the ambitious targets it has set for itself.

2. The main part of the report brings together a series of notes, prepared by 20 development partnership groups and the groups working on harmonization in Vietnam (see content page), setting out the progress they have made in meeting development outcomes since the mid-year Consultative Group meeting in June 2003 and in bringing about significant change in their sector. Groups highlighted this changed behavior by answering three 'key questions' (Box 1) that form the structure of the notes to be found later in this report; key highlights are presented in Box 2. Most of the groups consist of Government and donor representatives, and many also include NGOs.

Box 1: The Three 'Key Questions'

- 1) What progress has your partnership group made over the past six months to support CPRGS and sectoral strategies and programs?
- 2) Over the next twelve months, what concrete actions will your group take, including to align donor support to the CPRGS?
- 3) What are your revised success criteria - or milestones- for 2004 to ensure your partnership group reaches its development outcomes? It may be useful to put this in a matrix format, with Date, Planned Activities, Outcomes, and Key Players as the column headings.

Box 2.1: Examples of Activities of Partnership Groups in the past six months

Poverty

- Following the establishment of the Steering Committee to implement the CPRGS and PRSC/PRGF a Secretariat has been established.
- Five regional workshops to discuss the CPRGS approach and its implication for sector and local planning processes with more than 750 director-level participants
- A concept note has been developed and discussed to set a common framework for carrying out Regional Poverty Assessments
- The government is going to supplement the CPRGS with a chapter on Infrastructure

Gender

- The Royal Netherlands Embassy facilitated a working group under the GAP to oversee team of three consultants to conduct a detailed study of the CPRGS from a gender equality perspective
- A CPRGS Gender Analysis Dialogue was held in June 2003 to introduce the report “The CPRGS: A Gender Analysis” to government agencies and development partners
- The NCFAW-UNDP-RNE Project VIE 01-01-01 Gender in Public Policy successfully ran a 7-day national level ‘Training the Trainers’ workshop for 25 national gender trainers

Environment

- A review of the International Support Group on the Environment (ISGE) has been conducted and led to the recovering of ISGE under MoNRE’s leadership
- A framework was drawn-up for the future mandate and directions of ISGE

People’s participation

- The group changed its name to *Informal Working Group on People’s Participation* and revised the Mission Statement to more clearly reflect its current purpose and character
- Sharing best practices and lessons learned from capacity development activities, especially in the area of reproductive health
- Reviewing new legal documents – the Grassroots Democracy Decree and the Decree on Associations

SOE Reform and Equitization

- The implementation of the multi-year SOE reform program continues
- The Social Safety Net set up for employees leaving SOEs has been operational throughout the last six months.
- The initial target of conducting 30 performance assessments of 30 large SOEs has now been met and further assessments are in progress.

Box 2.2: Examples of Activities of Partnership Groups in the past six months (continued)

Financial Sector

- The working group has expanded beyond just banking reform and now covers a wide range of financial sector issues, including capital market development
- Implementation of the Government's financial sector reform program continues with strong donor support as evidenced by an increasing number of related assistance projects
- The comprehensive matrix covering the technical assistance and lending support provided by all donors on the Government's financial sector reform agenda has been updated, improved, and expanded

Trade Reform

- The Government continues to liberalize exports and imports and generally implement its trade reform – in some areas even faster than originally anticipated
- Several donors are funding activities with the aim of preparing Vietnam for early WTO accession

Small and Medium Enterprises (SMEs)

- A meeting of the SME Partnership Group was held on 07 November to discuss the state of Vietnam's SME sector and further the SME development agenda
- UNIDO is working on a Donors' Matrix as an interactive tool to provide all the actors involved in the SME sector with a dynamic and collaborative information system
- SME sector development will be considered as one important pillar of the forthcoming Vietnam Country Assistance Programme (CAP) of Japan.

Education

- The National Education for All (EFA) Action Plan 2003-2015 approved by the Prime Minister (July 2003)
- Government started issuing bonds to mobilize additional national funds for education.

HIV/AIDS

- Development of the first National Strategy on HIV/AIDS Prevention and Control
- Conducting of new HIV and AIDS estimations and projections

Health

- Establishment of Health Care Fund for the Poor
- Continued investment in improving health care infrastructure and increasing the number of commune health stations and outreach health care in the remote and isolated areas.
- Introduction of the Participatory Hygiene and Sanitation Training
- Developed a framework for improving the health of children and teachers in school

Box 2.3: Examples of Activities of Partnership Groups in the past six months (continued)

Forestry Sector Support Programme

- Harmonization of Project Implementation Framework (HIF) exercise for forestry sector within the FSSP framework has been officially restarted
- The preparation for establishment of Trust Fund for Forest is started

Poorest Communes

- The Partnership to Assist the Poorest Communes (PAC) began the second phase of its life in March 2003 with the adoption of the PAC's concept paper and agreement on its 2003 work plan.
- Under the leadership of MPI, a renewed PAC began a comprehensive program to help consolidating the rich body of existing experience and lessons learnt from various community based project and programs which target the poor communes.

Natural Disasters

- A Framework Document and Action Plan for the NDM-Partnership up to December 2005 has been finalised
- NDM-Partnership has completed a study for assessing the institutional capacity for disaster mitigation in Vietnam
- A website for the NDM-Partnership (<http://www.undp.org.vn/ndm-partnership>) has been built

Internatinal Support Group - MARD

- The ISG Steering Board approved a new set of documents as framework for the ISG operation over the next three years 2003-2005
- The Ministry of Natural Resources and Environment has set up the Department of Water Resources Management

Official Development Assistant Partnership Ho Chi Minh City (HCMC ODAP)

- A workshop was held in May to review of ODA projects' performance in Ho Chi Minh City
- AFD and EU were officially accepted to participate in the ODAP at the meeting of the Steering Committee in May 2003
- A preliminary survey among the ODA PMUs conducted in September will enable the ODAP to develop an efficient framework for information sharing in future.

Transport

- In rural transport, there have been a number of events and studies looking at how to achieve the existing government targets on Basic Access for All
- In national and inter-provincial transports, donors have supported the improvement of National Highways, bridges and railway projects.
- WB, JICA and JBIC have implemented substantial interventions in two big urban areas of Hanoi and Ho Chi Minh city as well as on the country's arteries.

Box 2.4: Examples of Activities of Partnership Groups in the past six months (continued)

Urban Forum

- A Memorandum of Understanding (MOU), which will serve as a basis for broader commitments and common action under the Urban Forum has so far been signed by 15 initial partners (October 2003) and more are expected to sign in the coming months
- Several methods to promote and implement CPRGS at city level are being defined and started to be tested
- The One-Stop Shop (OSS) approach is now being replicated in 35 provinces, including many district towns

Legal Needs

- Smooth transition from the successful Legal Needs Assessment to the formulation of the Legal System Development Strategy
- Significant efforts were made to enhance the oversight function of the National Assembly
- Strategy for Legal System Development up to 2010 has been submitted to the Government for approval

Public Financial Management

- The Public Finance Management Reform Project was signed on 6 June 2003
- The Multi-donor Trust Fund Project has been agreed by Ministry of Finance, World Bank and seven bilateral donors for the purpose of assistance to completing and implementing the Comprehensive Finance Modernization Program.

Public Administration Reform

- Six of out seven action plans of the PAR Master Programme have been approved by the Prime Minister
- 55 out of 61 provinces, cities and most ministries and central offices have developed their own plans for administration reforms towards 2005

The Drive to Partnership – Increasing efficiency

3. Despite the uncertain world economic outlook this year, Vietnam expected real GDP to grow 7 percent in 2003, one of the highest rates in the world, that was supported by continuous strong commitment from the Government, donor community and civil society for the implementation of CPRGS and sectoral strategies. Significant progress has been made in the past 12 months in the drive to increase effectiveness of ODA and reduce the transaction costs (Box 4).

The 'Like-Minded Donor Group', which includes ten bilateral donors, the European Union, Five Banks Initiative and the United Nations have been working on the harmonization and simplification issues. All groups have expanded their partnership work in the past year and their efforts have been strongly supported by the Government.

Box 4: Key milestones in harmonization in the past 12 months

European Union

- The Hanoi-based representatives of the twelve Member States involved in co-operation with Vietnam and the EC Delegation agreed on an Action Plan for Harmonisation and Co-ordination in May 2003.
- An implementation schedule for the Action Plan needs still to be drawn up, but there is already progress and close collaboration on project identification is ongoing.

LMDG

- The LMDG supported a consultant to work with MPI to produce a draft Harmonization Action Plan, as follow up to the Rome conference early in the year
- The LMDG have continued to put in place mechanisms to strengthen Government's core systems

Five Banks

- After commencing this initiative, harmonization works have been made on procurement, financial management, environment and social safeguards, and portfolio management. Detailed report on its progress was submitted to the Regional Harmonization Workshop held in Hanoi in January 22-24, 2003, of which the outcome was also reported to Rome High-Level Forum conducted in February 2003.
- The Government and the banks, which became the "five banks" after AFD and KfW announced their participation in the initiative in March 2003, held Joint Portfolio Performance Review (JPPR 3) on May 29, in order to discuss action plan for addressing key issues hampering ODA project implementation;
- The five bank's harmonization efforts have been most progressing in three issues among others: (i) standard bidding documents for local competitive bidding; (ii) common progress report format as a part of the JPPR 3 action plan; and (iii) analytical work on harmonization in project preparation which was newly added to the scope of this initiative in June, 2003.

United Nations

- Approval of new guidelines to strengthen strategic joint planning, which will come into effect in the next CCA/UNDAF cycle 2005-2010.
- Introduction of common formats for annual work plans, budgets and progress reports at the end of 2003.
- At the Global UNDG S&H workshop in Nairobi in September last year, the UNCT Viet Nam agreed to pilot the component of Knowledge Management. This incorporates, among other things, the introduction and development of a common database system (DevInfo) to house baseline data for national MDG/CPRGS monitoring, analysis and reporting as well as new measures for effectively sharing of information and knowledge.
- Progress on common services with the establishment of a UN Service Center and steps towards common procurement
- Launch of first UN joint programme on Youth"

The challenge of leadership

4. As the aid levels are at their lowest in decades, one of the biggest challenges for both aid providers and recipients is how to establish a new balance between the developed and developing countries on aid and trade and a need for renewing commitment to fight world's poverty (Box 3).

Box 3: A New Global Balance: The Challenge of Leadership

Source: Excerpt from World Bank President James Wolfensohn's speech at World Bank/IMF annual meeting

The fact is that aid today is at its lowest level ever. It has fallen from 0.5 percent of GDP in the early 1960s to about 0.22 percent today. And this at a time when incomes in developed countries have never been higher.

Against this background, the Bank has taken a close look at how progress toward the Millennium Goals could be accelerated-- through better policies, more effective use of aid, and higher aid levels. Our analysis, based on current plans, finds that:

- First, aid is being used more effectively today than ever before -- because of improvements in many developing countries and in the improvements in the allocation of development assistance.
- Second, our analysis shows developing nations could easily absorb double the extra \$16 billion per year promised in Monterrey for 2006.

And this is a conservative estimate. The \$50 billion in additional aid per year proposed by Chancellor Brown could be put to effective use very quickly.

The prospect of such funding would encourage developing countries to make more rapid reforms. Leaders are more likely to take action if they know that resources are forthcoming on a consistent basis. They will not move if the financing and benefits of reform cannot be assured.

Action on trade is equally important. It is inconsistent to preach the benefits of free trade and then maintain the highest subsidies and barriers for precisely those goods in which poor countries have a comparative advantage. Developing countries also need to help themselves on this point, since they pay substantial tariffs in South-South trade.

Restoring balance to our world will not happen unless there are serious efforts to build greater public understanding about the importance of poverty and inequity. My generation grew up thinking that there were two worlds--the haves and the have-nots--and that they were, for the most part, quite separate. That was wrong then, and is even more wrong now.

The wall that many people imagined to separate the rich countries from the poor came down on September 11 two years ago.

We are linked in so many ways: not only by trade and finance, but by migration, environment, disease, drugs, crime, conflict and--yes--terrorism. We are linked - rich and poor alike -- by a shared desire to leave a better world to our children. And by the realization that if we fail in our part of the planet, the rest becomes vulnerable. That is the true meaning of globalization.

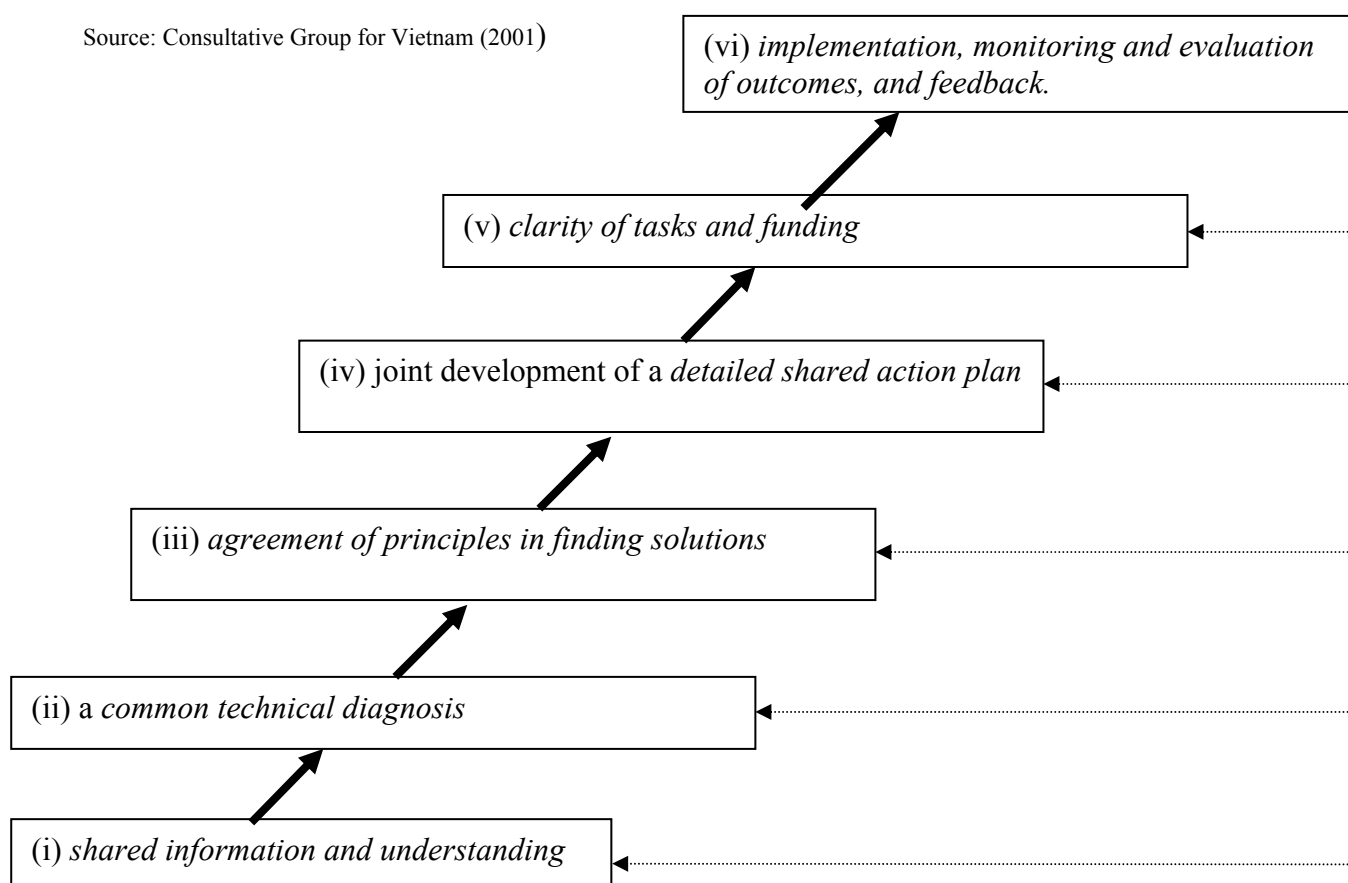
We know elections are won and lost on local issues. But it is global issues--and especially poverty--that will shape the world our children live in. Leaders must make the case for development. It is a domestic as well as an international issue.

5. The Partnership Approach, operationalized through the CPRGS and the ‘Partnerships Journey’ is proving fundamental to successful country-led development in Vietnam. The partnership groups have moved to much deeper, broader involvement in the country’s development strategies and have made substantial progresses in the past year. Some groups made significant steps along the six-stage partnership journey in the past year (Chart 1) and a number of them are using new modalities in their work.

Some working groups have been reactivated with strong participation of the Government and donors such as the International Support Group on the Environment; while others are going under a process of consolidation and revision due to changes in governmental structure as well as in the legal framework. One of the reasons behind these new developments is the increasing degree of Government ownership of partnerships, with many groups are chaired by Government, and some (for example, the Ho Chi Minh City Overseas Development Assistance Partnership – ODAP) being entirely managed and supported from within existing Government structures.

Chart 1: The Partnership Journey

Source: Consultative Group for Vietnam (2001)



6. Journey from the stage “shared information and understanding” to “implementation, monitoring and evaluation of outcomes and feedback” does not necessarily indicate or justify their significance and effectiveness. Some groups considered formal structure (for example: the International Support Group – ISG) useful and effective in increasing understanding, transparency and coordination between Government agencies and international donors. Others found information-sharing format to be an effective mechanism for their members. It is clear that there is no “one size fits all” and it is important that members of the groups decide the model which is best for them to achieve their desired outcomes. The success of a working group also depends on the degree of flexibility in working structures and form as the environment changes.

7. It is critical that experience should be shared between groups and lessons to be drawn to improve the effectiveness of partnership works. The following points were taken from partnership notes and comments from various groups:

- Regularly exchange of information relating to strategies, action plans, policies, priorities to the sectors and CPRGS is necessary to achieve effectiveness of a working group.
- flexibility and commitment: while a flexible working structure of a partnership group is important, active and constructive participation of members is crucial.
- Special attention should be directed to sharing of experience and lesson learnt.
- Expertise on ministerial level advocacy, donor coordination and inter-ministry coordination should be strengthened.
- Broad ownership, including strong ownership by Government, brings success and substantive results.
- There is a need for assessing the partnership works or a study on best practices, which will be beneficial for all the groups.
- Partnership activities could lead to an increase in transaction cost if there is lack of solid commitment from members and of Government ownership.

8. Despite the progress that has been made, challenges remain across all sectors. These include gaps, duplication and high transaction costs. The transaction costs have been recognized as too high in Vietnam, they have also imposed a very heavy burden on Government, and there is scope for working together much more efficiently. Working in true partnership, whether through formal or informal structures, is a pre-requisite for overcoming these remaining challenges as well as enhancing aid effectiveness.

9. The experience in Vietnam has shown the benefits of donors and NGOs working in partnership with Government to support all stages of the development process. The country has entered the next phase of implementing CPRGS, when it is important that clear development goals are spelled out and suitable policies are made to attain these goals (Box 5). Ensuring a stronger partnership between all stakeholders is becoming even more crucial.

Box 5: Aligning Resources to Policies

Source: Vietnam Development Report 2004

More than a detailed list of policy actions, CPRGS represents a process, whereby clear development goals are spelled out, evidence and consultation are used to identify the most appropriate policies to attain those goals, and resources are aligned towards the implementation of the selected policies. The long-term objective of the reform program is to incorporate the CPRGS approach into planning process at all levels, in order to foster economic growth and accelerate poverty reduction.

To attain this objective, modern budget planning approaches will need to be established in key Government units, such as MOF, MPI and key sectoral ministries, including education, health, transport and rural development. In practice, MOF can be expected to consolidate its status as the leading agency in budget preparation, through the development of better partnership arrangements with MPI, line ministries and provinces. Medium-Term Expenditure Frameworks (MTEFs) should become part of each budget cycle, including economic classification and projections of expenditure aggregates by ministry or province. The establishment of sector-level MTEFs will be a vehicle for forward-looking expenditure planning and policy management in line ministries and provinces.

A measure of success will be the integration of capital and recurrent expenditures, leading to disaggregated expenditure plans which are consistent with a forward-looking fiscal framework, and including a modest number of indicative performance goals consistent with the CPRGS. Tangible improvements on financial accountability in the public sector will also be necessary. They should include increased transparency of the budget process and off-budget accounts, improved timeliness, reliability, consistency and accessibility of budget information, greater independence and improved effectiveness of the State Audit of Vietnam, and increased public access to audit reports.

The “expansion” of CPRGS in late 2003, under the form of a new chapter on large-scale infrastructure, is another encouraging development. It opens the prospect of rethinking public investment priorities from the perspective of economic growth and poverty reduction. Despite representing a claim on almost one fifth of Vietnam’s GDP, the PIP remains basically a compilation of projects submitted by line ministries, provincial governments and General Corporations. The criteria used to select the projects to be undertaken, and the link between spending on investment and recurrent expenditures are weak at best. The new chapter of the CPRGS offers the prospect of rethinking the PIP, and its place in the overall planning and budgeting process.

The Theme Notes

10. There was strong support for documenting the work of partnerships throughout 2003, and to lay out the path ahead. Thus it was agreed that Partnership Groups should produce brief theme notes answering the ‘key questions’, detailed in Box 1. These notes form the body of this report.

Further information and bibliography

Further information on the Partnerships in Vietnam can be obtained from:
www.un.org.vn , www.undp.org.vn , www.vdic.org.vn , www.worldbank.org.vn

The following documents provide more detailed information about the partnership approach and the CPRGS in Vietnam.

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POVERTY WORKING GROUP / POVERTY TASK FORCE

Introduction

1. This note documents key outcomes of the partnership group in the past twelve months, significant changes that have taken place as a result of this partnership, and future roles of the Poverty Working Group/Poverty Task Force (PWG/PTF) (next 12 months). These are seen in the context of supporting Government to roll out its Comprehensive Poverty Reduction and Growth Strategy (CPRGS) to sub-national levels and to monitor and evaluate progress toward achieving the Vietnam Development Goals (VDGs). The note also emphasizes success criteria or benchmarks by which the partnership group will monitor whether it is meeting its development goals.

Key outcomes and significant changes

2. *Institutional arrangements for CPRGS implementation:* Following the establishment of the Steering Committee to implement the CPRGS and PRSC/PRGF under Decree No. 825/QD-TTg, a Secretariat has been established which consists of senior representatives from relevant ministries and government agencies to support the Committee. A Poverty Unit has also been established in MPI to provide support to the Secretariat. This has led to a major change in the composition of the PTF/PWG, as members of the CPRGS Inter-Ministerial Working Group will be key members of the PTF/PWG.

3. *CPRGS implementation:* The Poverty Task Force (PTF) and the Poverty Working Group (PWG) met in March 2003 to discuss ways of working together to help the Government roll out the CPRGS to sub-national levels. Detailed activities under this task were discussed in the PTF meeting on June 9. A core group including ADB, DFID, GTZ, JICA, UNDP and the World Bank. These include three main activities: i) organize regional workshops to discuss the CPRGS approach and its implication for sector and local planning processes; ii) carry out regional poverty assessments focusing on specific dimensions of poverty in each region; iii) support selected provinces in a pilot program to integrate the CPRGS process into local planning. The final objective is to help these provinces to develop their pro-poor socio-economic development plans with targets and policies based on strong situation analysis, especially poverty assessment, and in which budget allocation and management will be geared towards achieving prioritized targets and policies. In order to achieve this objective, effective and stronger coordination is required between sectoral, central, and local levels; without it the CPRGS will be unable to reach its potential. This also requires individual donors, NGOs and the Government to work in a deeper and more sustained sense of partnership, and to be prepared to give some ground as programs are adjusted to be led by the pro-poor socio-economic development plans. Meetings with the broader PWG following PTF were also maintained to inform members on the progress. In between, there were several technical meetings of PTF as well as the meetings of PTF technical groups for on RPA/PPAs and VDR.

4. *Regional CPRGS workshops to integrate CPRGS process into local planning:* The pilot workshop was held in Tra Vinh province supported by UNDP to draw experience on how best to organize regional CPRGS workshops in the second half of April. From May to mid July, 2003, five regional workshops in Vinh Phuc, Nghe An, Nha Trang, Ho Chi Minh City and Can Tho were held by the Government, jointly with the PTF, to discuss the

CPRGS approach and its implication for sector and local planning processes. More than 750 director-level participants attended these five workshops. In each workshop, eight papers were prepared and presented by government representatives from key agencies relating to implementation of the CPRGS, such as MPI, Ministry of Finance, General Statistics Office (GSO), Women Union (WU). Topics presented covered activities which should be done at different stages of the CPRGS preparation. They are making poverty assessment, setting targets and policies, linking resource allocation and budget management with achieving identified targets and policies, monitoring and evaluating the progress of CPRGS implementation, and mainstreaming gender in CPRGS implementation. In addition, a paper introducing CPRGS, a study on growth and the poverty impact of large infrastructure and guidelines on the planning process were presented. The workshops provided local leaders with a systematic and serious discussion not only on how to set the vision and identify targets for their socio-economic development plans which have a strong analytical base but also on how to monitor and evaluate the progress in achieving the goals and targets.

5. *Vietnam Development Report 2004*: The report has been prepared in partnership by Asian Development Bank (ADB), Australian Agency for International Development (AusAID), the Department for International Development (DFID), German Technical Cooperation (GTZ), Japan International Cooperation Agency (JICA), Save the Children UK (SCUK), the United Nations Development Programme (UNDP) and the World Bank. These donors contributed both human and financial resources, especially to conduct participatory poverty assessments over all seven regions throughout Vietnam during the Summer of 2003. Donors also provided guidance to the overall effort through a Steering Committee comprising ADB, AusAID, DFID, GTZ, JICA, JBIC, SCUK, UNDP, and World Bank. The preparation of the report also involved close consultation with Vietnamese researchers and policy makers. Their comments and feedback were coordinated through a Reviewing Committee comprising representatives from National Center for Social Science and Humanity, Ministry of Planning and Investment, General Statistical Office, Ministry of Labor, War Invalids and Social Affairs, and Rural Development Service Center.

6. *Regional Poverty Assessments (RPAs)*: a concept note has been developed and discussed to set a common framework for carrying out Regional Poverty Assessments. The June meeting of the PTF also discussed donor's division of labor and coordination in supporting the Government to carry out RPAs. Eight donors including ADB, DFID, GTZ, SCUK, UNDP and the World Bank, agreed to contribute financial and human resources to support the PPAs underlying the preparation of the Vietnam Poverty Assessment and its complementary RPAs. Each donor played a leading role in one of the regions of Vietnam. The distribution of regions among donors was based on the donors' trajectory in the field. By choosing regions where they are well-implanted, through projects and technical assistance activities, donors could take full advantage of the insights accumulated while working there. RPAs are likely to be published and widely disseminated early next year.

7. During the Summer of 2003, a series of participatory poverty assessments were carried out in 43 communes in 12 sites across Vietnam. PPA research teams included two international NGOs (Action Aid and SCUK) and various local NGOs and research institutes, including the Center for Rural Progress (CRP), the Institute of Sociology (IOS), the Long An Primary Health Care Center, the Rural Development Service Center (RDSC)

and Vietnam Solutions. In addition, two of the donors carried out the research by setting up teams of local researchers under their direct management. The local knowledge and expertise of these NGOs and research institutes was key to the quality of the exercise. A coordinating mechanism was set up for the PPAs. Members of most of the research teams were involved in drawing up the research framework and establishing a common understanding of what was to be achieved from the field research. The latter was piloted by several of the teams and the research outline was modified to reflect the lessons learned. Regional poverty assessment reports will be used as inputs for preparing government's CPRGS Progress Report and Vietnam Development Report 2004.

8. Through 2003, AusAID also conducted the Mekong Delta Poverty Analysis, a major study conducted in collaboration with the above 12 provinces. This examined key poverty issues in the Mekong Delta, including landlessness, human capital, rural markets, and the situation of the Khmer ethnic minority people. The final report will be available in early 2004.

9. *CPRGS additional chapter on Large-scale Infrastructure:* The government is going to supplement the CPRGS with a chapter on Infrastructure. Some donors such as DFID, Japan, KfW, ADB, WB... has shown interest in providing help to develop this Chapter. A workshop was held in September 2003 to discuss findings from existing studies on the growth and poverty impacts of large infrastructure, which aims to provide inputs to the Large scale Infrastructure drafting group. This draft chapter will be discussed at the Consultative Group (CG) Meeting in December 2003.

10. *CPRGS monitoring and evaluation:* There are several efforts on strengthen monitoring and evaluation of the CPRGS. As part of an effort to set up a monitoring and evaluation system for poverty reduction, several donors including UNDP, Sweden, and the World Bank have been helping the GSO to promote a better data dissemination policy, carry out the Vietnam Household Living Standard Survey (VHLSS) in 2002 and to improve policy analysis capacity. The VLSHS 2002 has been completed and data have been inputted and cleaned. The new household data, together with other data sources have been used to update Vietnam's poverty profile. It, inter alia, also helps to monitor and evaluate progress in achieving VDGs. With support from UNDP, a stocktaking and assessment of the availability, sources, methodologies and quality of data needed for CPRGS/VDGs M&E conducted. Currently available data have been gathered into a database which is being disseminated widely by the end of this year.

11. *CPRGS progress report:* An annual progress report for the CPRGS will be prepared by the Government. Draft outline of the report has been consulted with the inter-ministerial CPRGS working group, Poverty Task Forces and various donors and NGOs. A consultation workshop will be held in early November to collect all inputs from different stakeholders. It is expected to be finalized and approved by the Government by mid November and to be discussed at the CG Meeting in 2003.

Monitoring PWG/PTF activities

Planned activity	Date	Key players
1. Support the Government to roll-out the CPRGS to sub-national levels		
Pilot work on CPRGS process in selected provinces	2003-2010	WB, DFID, Danida, GTZ, UNDP (in Tra Vinh)
Developing Mid-term Expenditure Framework in selected provinces including Long An, Binh Duong, Hanoi and Hatay	2003-2008	WB, DFID
Developing Mid-term Expenditure Framework in selected sectors including education, health, rural and transport	2003-2008	WB, DFID
2. Strengthening monitoring and evaluation for CPRGS and CPRGS annual progress report		
		UNDP, WB, DFID
3. Continue to support GSO to analyze VHLSS 2002 and develop Enterprise Survey Strategy and prepare VHLSS 2004		
Drafting the enterprise survey strategy	2003-2004	WB, DFID, UNDP
Analyzing VLSHS	2003	WB, DFID, UNDP

GENDER ACTION PARTNERSHIP (GAP)

1. Functioning of GAP

In late 2002 the 'Gender Donor lunch group' was restructured to form the **Gender Action Partnership** (GAP). This restructuring took place to reflect the changing environment in Vietnam in relation to co-ordination of efforts to support Viet Nam's development and the fight for poverty reduction.

- **Purpose** : Gender equality plays a significant role in poverty reduction and sustainable development. GAP's purpose is to focus its work around promoting support for influencing gender equality outcomes through dialogue, policy review and implementation of specific actions on gender issues between partners and government and within government. An important aspect of this group is that it is action oriented, specifically targeting issues current and relevant to the context in which we are working.
- **Membership**: GAP is an inclusive partnership involving representatives of all key government, non-government, bilateral and multilateral agencies that play a role in Vietnam's development.
- **Coordination**: GAP's efforts are coordinated on a regular basis by a group of about 10 representatives of key development agencies (government, NGO, INGO, bilateral, and multilateral donors).
- **Secretariat Support**: as the key government agency responsible for advising the government on gender equality in national policies and planning, the National Committee for the Advancement of Women, (NCFAW), manages the GAP membership database and circulates meeting records and agendas.
- **Meetings**: There have been four GAP meetings in 2003, each of them hosted and facilitated by a different organization.
- **Working group**: The GAP's efforts are guided by a strategic and responsive forward work program and supported by targeted working groups focusing on significant specific issues such as Public Finance Reform and the CPRGS.

2. Progress of GAP in 2003

2.1. Support the implementation of the CPRGS:

The activities during 2003 focused on further promoting the awareness of the importance of gender in the CPRGS. Experience shows that if Poverty Reduction Strategies do not comprehensively address the gender dimension of poverty throughout the strategy, then it is most likely that the impact of the strategy on poverty reduction and economic growth will be insufficient, inequitable and less successful (than it could have been had gender been mainstreamed). The responsiveness of income poverty to growth reduction increases significantly as inequality is lowered – that is '*more equal societies will be more efficient transformers of growth into poverty reduction*'.

The NCFAW was proactive in facilitating a comprehensive consultation and analysis process aimed at ensuring that the development of the CPRGS was informed by country-specific gender dimensions of poverty, and that the strategies and goals of the

CPRGS would place a high priority on interventions and outcomes that were gender-responsive (that is –they will respond to the needs of women and men, and contribute to reducing disparities).

In the first six months of 2003, a number of important initiatives were implemented to ensure a build up of momentum in focusing on gender issues in the implementation of CPRGS. These activities have been followed up in the second half of 2003.

The National Assembly recently passed a new Land Law, which requires the names of both husbands and wives to be included on all Land Tenure Certificates. This law is hoped to assist in achieving the CPRGS target to have all LTCs include the names of both the wife and the husband, but considered attention will now need to be given to the implementation of the Law.

2.1.1. Gender Analysis of the CPRGS:

The Royal Netherlands Embassy facilitated a working group under the GAP to oversee a team of three consultants to conduct a detailed study of the CPRGS from a gender equality perspective. The results of the study are aimed at informing, guiding, and strengthening the implementation of the CPRGS in a gender-responsive manner.

An overall finding of the study was that the CPRGS is considered to be one of the best policy documents that was not prepared by VWU or NCFW in terms of attention to gender issues and gender equality. Importantly, the CPRGS includes attention to and integration of gender issues in sections such as the causes of poverty, challenges to poverty alleviation, Social and Poverty Reduction Targets, and in the monitoring annex.

In June 2003 a CPRGS Gender Analysis Dialogue was held to introduce the report “The CPRGS: A Gender Analysis” to government agencies and development partners to foster discussions about actions needed to implement the CPRGS in a gender-responsive manner.

Key concerns of participants of the CPRGS Gender Analysis Dialogue included: the role of CFAWs in implementing CPRGS; the linkage between CPRGS and Plan of Action for the Advancement of Women (POA). Participants identified the following priority actions:

- Raise awareness and role of women in poverty reduction
- Improve gender-responsive monitoring CPRGS implementation
- Empower CFAWs’ status; and
- Increase attention to gender information and sex-disaggregated data.

2.1.2. MPI-CPRGS Secretariat-Poverty Task Force Regional Workshops on Implementing the CPRGS:

The Government’s CPRGS Secretariat organized five in-country workshops aimed at equipping key staff at the provincial level with the skills they need to effectively implement the CPRGS at provincial level. These workshops included a major gender

focus, facilitated by NCFAW, the Women's Union and the World Bank, with the support of the Netherlands Gender Trust Fund. A checklist on gender integration into local socio-economic development plans was developed.

2.1.3. Follow up workshops on the implementation of CPRGS:

A Vietnamese delegation of government and NGO representatives has participated in the Second Regional Workshop on Gender and Poverty Reduction Strategies, organized by the WB in partnership with UNIFEM, ADB, DFID, Oxfam, The Netherlands government and UNDP in September 2003 in Siem Reap - Cambodia .

Representatives of NCFAW presented major recommendations and findings of the Siem Reap workshop at the Second Regional Workshop on PRSPs in Phnom Penh.

The Vietnamese Women Union, among others, gave their comments on the draft CPRGS annual progress report to the CPRGS Secretariat to improve gender sensitiveness of the CPRGS report.

2.2. Mainstreaming Gender at Provincial level:

The NCFAW-UNDP-RNE Project VIE 01-01-01 Gender in Public Policy successfully ran a 7-day national level 'Training the Trainers' workshop on the gender mainstreaming approach for 25 national gender trainers. Following a pilot gender-mainstreaming workshop conducted in March 2003 in Tra Vinh to test and fine-tune the newly developed gender mainstreaming workshop materials, a core group of the trainers facilitated 7 regional gender-mainstreaming workshops for 223 representatives (including People's Council, DPI, DOLISA, DOH, CFAW) from 59 provinces.

2.3. Example of good practice:

NCAFAW/UNDP Gender Mainstreaming workshops in Tra Vinh Province

In May 2003, a workshop was organized on adjusting provincial goals, plans and strategies to implement the CPRGS and to reach the MDGs and VDGs at provincial level in a gender-responsive manner. This was a joint collaboration between Oxfam GB, UNDP, PRSP project and the NCAFAW-UNDP-RNE to respond to Tra Vinh's request for ongoing support to translate the CPRGS into a gender-responsive provincial plan. This included a four-day gender-mainstreaming workshop, facilitated by National Gender Experts trained under the NCAFAW-UNDP-RNE Gender Mainstreaming TOT.

Tra Vinh Planning Task Force recognized that one-off training in gender mainstreaming is not enough to result in sustainable changes in behavior and work practices. Tra Vinh leaders rightly noted that working in a gender-responsive manner is new and different and it requires on-going support and assistance to master it practically in day-to-day work. The NCAFAW project commissioned a National Gender Mainstreaming Specialist to work with the Tra Vinh authorities on the application of the National Gender Mainstreaming Guidelines. The provision of gender mainstreaming technical support and capacity building to Tra Vinh, through the NCAFAW project is intended to result in:

- Increased capacity of key Tra Vinh authorities to apply the principles and strategies outlined in the National Gender Mainstreaming Guidelines;
- Good quality gender-responsive provincial plans leading to improvements in gender equality in Tra Vinh,
- A comprehensive case study and lessons learned report of Tra Vinh's experience of gender-responsive planning to be used as a planning tool for support to other provinces in preparing for and implementing a gender-responsive planning process.

3. GAP's future plans:

In 2004, the efforts of the GAP will continue to focus on activities associated with the gender-responsive implementation of the CPRGS.

- Until May 2004, the GAP will focus on the **People's Council Election**. It is understood that the more the makeup of the Councils mirrors the makeup of society, the better insights People's Councils will have, and the better quality decisions they are likely to make. The GAP will look to advocate for and promote activities that empower potential female candidates, strengthen their likelihood of being elected, and raise awareness amongst organizations responsible for nominating candidates, and voters, of the importance of increasing the number of female council members. Through these activities, it is also expected that new changes in the amended Law on Organization of People's Councils and People's Committees and amended Law on People's Councils Deputies Election will be widely disseminated. It will support the female council members to better perform their increased representative and supervisory role as mandated by the People's Councils;

- In the 1st Quarter of 2004, findings of a study supported by CIDA on gender analysis of the fiscal policy in Vietnam will be published through a book entitled “Towards Gender Budgeting in Vietnam”, by Dr. Melanie Beresford with the assistance of the Centre for Education Promotion and Empowerment for Women (CEPEW). The book focuses on the important area of state budget expenditure. A major proportion of public spending in Vietnam is on the provision of public goods. While such goods are widely seen as gender neutral, gender bias can occur in the design and targeting of programmes and/or in their implementation.
- **CPRGS implementation:** contribute to the improvement of a gender responsive monitoring.
- Before summer 2004 the set up and working modalities of GAP will be assessed by its members to see if it has proven to be suitable to best meet its purpose.
- ***Conference on Socialization of Reproductive Healthcare and Gender Aspects in the CPRGS:***
The National Assembly’s Committee for Social Affairs with the support of CIDA / Canadian Embassy and the Center for Reproductive and Family Health (RaFH) , will organise a conference to share information on health services, issues of socialization of health care, especially public health services, reproductive health, and the implementation of the CPRGS. The output will be a set of recommendations for the revision of the Law on Protection of Public Health, for the implementation of the CPRGS and for the issue of socialization of reproductive health services. Concerned National Assembly Deputies, relevant line Ministries, several provincial authorities, research institutes, and NGOs will participate in this workshop.

INTERNATIONAL SUPPORT GROUP IN ENVIRONMENT

I. Progress

Following the recommendation of international conference on Aid Coordination in Environment Sector in 2000, in 2001 the Ministry of Science, Technology and Environment (MoSTE) worked with relevant ministries and donors and successfully established the International Support Group on the Environment (ISGE). The ISGE Memorandum of Understanding (MOU) was signed on 9th May 2002 by many ministries, donors, and NGOs.

The Overall objective of the ISGE is to contribute to improving the efficiency and effectiveness of development aid to the environment in line with government policy and priorities through a partnership approach, and to contribute actively to the implementation of the National Strategy for Environment Protection 2001-2010 (NSEP) and National Environment Action Plan 2001-2005 (NEAP).

Establishment of a new ministry, Ministry of Natural Resources and Environment (MoNRE) in November 2002, has resulted in a transfer of the ISGE from the former Ministry of Science, Technology and Environment to MoNRE. Following the transfer to MoNRE, ISGE became inactive for a longer period of time.

At an informal meeting on 8th May 2003 attended by representatives of ISGE signing donors and governmental institutions, it was agreed that a team of consultant would be formed to undertake a review of ISGE with a view of reactivating ISGE.

Over the last few months, the review has been conducted embracing: updating of Term of References, development of a brief and concise logframe for lenient clarity, a workplan, a budget, details of institutional and operational procedures, an outline of a feasible funding mechanism, all leading to a likely restart of ISGE under MoNRE.

An important step towards reactivating ISGE took place at the ISG-E Plenary Session of Monday 16th June 2003, chaired by the Minister of MONRE. Representatives of several ministries and international donor agencies were participating and a framework was drawn-up for the future mandate and directions of ISGE. The main outcomes from the meeting are:

- (i) ISGE to become reactivated and strengthened,
- (ii) ISGE to cover all six line-functions of MoNRE,
- (iii) Terms of Reference to be developed for ISGE,
- (iv) Operational plans for ISGE to be drawn-up, and
- (v) An appropriate funding mechanism for ISGE to be contrived.

Importantly, full support and commitment by relevant ministries, donors and NGOs, and MONRE fully lead the ISG-E.

The final draft of papers for ISG-E have been completed and presented at the last meeting on 1st September 2003 as the final round of consultation for these papers.

II. Concrete Actions to fully reactivate ISG-E

As concluded by the Vice Minister of MONRE at the last consultation meeting on 1st September 2003, the following action would be undertaken to put ISG-E into full operation:

- A task force to be established to help with finalization of all papers for ISG-E;
- An office for ISG-E to be arranged and the ISG-E Secretariat, consisting of recruited staff and at least two seconded staff members from MONRE, to be set up;
- The Trust fund for ISGE to be established and contribution from donors to be committed;
- Two Thematic Ad Hoc groups in the environment and water sectors to be initiated.

III. Areas of focus in 2004 as planned

- Coordination and policy dialogue;
- Dissemination of information, policies and priorities;
- Meeting of executive board and plenary meeting;
- Creation of a database/information system
- Initial operation of Technical Ad Hoc groups
- Reviewing and drawing lesson learned for improvement in the next period.

INFORMAL WORKING GROUP ON PEOPLE'S PARTICIPATION

I. Background

In November 1998, the Working Group on Governance identified three topics of immediate interest to the donor community in terms of government/donor coordination. They were public administration reform; civil society and community participation; and transparency in governance.

The first meeting of the working group on civil society and community participation was held in February 1999. Since then the group has met approximately four times a year. A Mission Statement was prepared with the purpose of establishing a common view of the scope of the group.

In 2003, after four years in being, the group decided to take stock and reconsider its purpose and activities. On the basis of discussions on this the group decided to change the name and revise the Mission Statement to more clearly reflect the current purpose and character of the group:

The group, which has been renamed to the *Informal Working Group on People's Participation* (also referred to as *the group*) provides an informal forum for organisations and professionals - including donors, NGOs, projects and consultants and researchers - to get together and exchange information and ideas on issues relating to people's participation.

II. Objectives of the group

The overall **goal** of the group is to *support the Government of Vietnam in its efforts to enhance people's participation in their own development and the development process in Vietnam including participation in development policy design, implementation and monitoring.*

The immediate **objectives** the group are to promote i) an *enabling environment and capacity building* for enhanced people's participation and ii) *co-ordination of activities* for efficient use of resources invested in this area. The group contributes to these objectives through:

1. *Information - and knowledge sharing* in this area, including on:
 - ⇒ new and ongoing government policies and programmes
 - ⇒ new and ongoing donor/INGO projects and activities
 - ⇒ lessons learnt and best practices – internationally, nationally and locally
2. *Clarification of concepts* commonly used including key concepts such as “people's participation”, “civil society”, “NGO”, etc.;
3. *Promotion of dialogue* between different stakeholders in this area including Government bodies, non-governmental organisations and international organisations.

The 10-year Socio-Economic Strategy 2001-2010, the Five-Year 2001-2005 Plan and the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) constitute, among others, strategic vehicles to reach the overall objectives of socio-economic

development and poverty reduction and the Millennium Development Goals (MDGs) and the Vietnamese Development Goals (VDGs) to which the Vietnamese Government is committed.

The MDGs and the VDGs emphasise the need for *good governance for poverty reduction*. With regards to *participation*, the national development strategies referred to above clearly articulate the need to *create conditions for people to fully participate in the development process and to have equal opportunities*, the need to *strengthen the capacity and create opportunities for all people to bring into full play their talents, to participate in the development process and to enjoy the fruits of development*. The strategies further point out the need to provide a *legal framework for NGOs and for civil society and community organisation at the local level to improve the poor's participation in development processes and improve their capability to get rid of poverty*.

The objectives of the group are thus consistent with the strategic directives outlined in the national development strategies.

III. Current legal developments

Although, a number of legal normative documents exist regulating non-governmental activity in Vietnam, overall the legal framework in this area is complex and fragmented and implementation is inconsistent. In order to create an enabling environment for people's participation the CPRGS points out the need to provide a legal framework for NGOs and fully implement the Grassroots Democracy Decree. Recent developments in this area include:

- **Decree No. 79/2003/ND-CP** of July 7, 2003 Promulgating the Regulation on the Exercise of Democracy in Communes, updates and specifies the Grassroots Democracy Decree 29 of May 11th 1998:

Decree 79 specifies the works, which are to be directly decided, supervised and inspected by the people, models for their implementation and responsibilities of organisations, associations and individuals in relation to the people's supervision and inspection. It also spells out the role of village chiefs in building village population communities. However, the institutional framework, including the link to decentralisation policies and capacity building of local level officials, which would contribute to the full implementation of the Decree has not been revisited.

- **Decree No. 88/2003-ND-CP** of July 30, 2003 Providing for the Organisation, Operation and Management of Associations, replaces Decree No 258/TTg of June 14, 1957 of the Prime Minister detailing the implementation of Law No. 102/SL/L004 of May 20, 1957 on the Right to Set up Associations:

The Decree 88, which is drafted by MoHA, is a step forward in addressing the need for a coherent legal framework for NGOs. However, clarification could be provided especially as to i) the coverage of the Decree, ii) its implementation mechanism, iii) linkages to other related reform initiatives, including the Grassroots Democracy Decree, PAR and related decentralisation initiatives. It is expected that the guidelines

for implementation, which are being drafted, will contribute to clarification of these points.

IV. Update on group activities

Key activities initiated and/or carried out in 2003 include:

- 1) Sharing best practices and lessons learned from capacity development activities, especially in the area of reproductive health;
- 2) Reviewing new legal documents – the Grassroots Democracy Decree and the Decree on Associations;
- 3) Reviewing the group's status and revising the Mission Statement;
- 4) Exchanging information about ongoing activities and updating the inventory of all donor/INGO activities in the area of people's participation;
- 5) Updating the Web site of the group: <http://www.un.org.vn/donor/civil.htm>, including "civil society readings";
- 6) Formulating work plan for 2004 - including regular annual activities and proposed ad hoc activities.

While the group is keen on engaging in dialogue with Government bodies and agencies on people's participation the group was not able to do so formally in 2003. Now, with increased government momentum on implementing the Decree on Associations and drafting the Law on Associations, which is expected passed by the current legislature of the National Assembly, it is hoped that there is a basis for dialogue in the coming year.

STATE OWNED ENTERPRISE REFORM

1. The working group on SOE reform continues to mobilize and coordinate technical assistance for the formulation of the SOE reform and equitization program, even though the frequency of meetings of the SOE reform group has been irregular.
2. A weakness of the working group previously identified has been its inability to secure representation of the Government on a regular basis, in part because relevant agencies were engrossed in developing greater consensus in the Party and re-organizing their machinery for implementing SOE reform.
3. However, the group has been very effective in disseminating and sharing information and in mobilizing assistance. Donors have used several mechanisms for spreading information. Also, they have helped to mobilize assistance for both formulation and implementation of the program.

Meeting the success criteria and supporting the CPRGS

- The implementation of the multi-year SOE reform program continues. Whilst this is in progress, NSCERD has been co-ordinating a replanning exercise whereby all Provinces, Line Ministries and General Corporations have submitted their own individual plans for SOE transformation in line with Decision 58. This process is now complete. More than 2,500 transformations are planned over the period 2003-05 of which the majority will be equitizations. This would reduce the number of SOEs to less than half this number there were at 31 December 2002.
- The Social Safety Net set up for employees leaving SOEs has been operational throughout the last six months. So far 8,000 former employees and 230 enterprises have benefited.
- In January, work began at 3 General Corporations: Vinatex, Vinacafe and Seaprodex directed at producing restructuring plans for the General Corporations themselves and, thereafter, restructuring assistance to 12 of the SOEs at each of the three industry groupings. This work is being funded by DFID. The restructuring plans for the 3 General Corporations were presented in June 2003. There are several recommendations including converting each of the 3 General Corporations into holding companies.
- The initial target of conducting 30 performance assessments of 30 large SOEs has now been met and further assessments are in progress. The work has been funded by AusAID, Danida and, latterly, by PHRD funding. The performance assessments of 4 large cement SOEs and the Vinacement GC will be the subject of a one day workshop to be held in Hanoi at the end of October. The consultants will present the findings from their work including recommendations for future action. All stakeholders are invited to this workshop. A similar study of food SOEs within Vinafood II is in progress.

Aligning support to the CPRGS over the next six months

- The remaining agenda for SOE reform as listed in the CPRGS is being addressed already.
- The Government’s implementation of the plans to transform smaller SOEs will continue.
- It is programmed to begin the implementation of the restructuring plans for the Vinatex, Vinacafe and Seaprodex and commence upon the reform work at other associated SOEs.
- Further legislative work is in progress to facilitate the clearance of SOE debts.
- Work is also in progress to improve the reporting of financial data by SOEs and to develop a set of criteria for supervising and evaluating the business performance and effectiveness of SOEs.

Success criteria for 2003 and beyond

Progress measured against the criteria in the CPRGS has been good. However SOE reform continues to be regarded as a “litmus test” of reform and is frequently cited by both donors and Vietnamese officials as an area that should be given special attention. As well as tackling the remaining tasks, attention should be focused on:

- Continued implementation of SOE reform and the equitization program.
- Greater participation of Government, including a leadership role in the working group.
- Higher frequency of meetings.

Assistance to SOE reform

Donor & Grant Amount	Purpose (Implementing Agency)	Status
ADB US\$ 1,400,000	Enhancing institutional capacity of key agencies (MOF, SAGO, SBV, SSC) in diagnostic audit of SOEs and in review and approval of SOEs seeking to equitize and obtain public listing (MOF, SAGO and SSC)	Completed
ADB US\$ 1,600,000	Formulate and implement a strategy and practical method for corporatization of SOEs; Implement and enforce the adoption of international best practice in corporate governance (NSCERD).	Completed
ASEM 1 European (WB administered)	Social safety net program to deal with labor displaced by SOE reform (CIEM in coordination with NSCERD)	Completed

US\$ 100,000		
ASEM 4 European (WB administered) US\$ 439,000	Acceleration of equitization and restructuring SOEs in the Ministry of Transport.	Completed
ASEM 5 European (WB administered) US\$ 1,470,000 +US\$ 400,000	Support implementation of SOE reform in three line ministries (industry, agriculture, and construction) and two provinces /municipalities (Hanoi and one other). (NSCERD)	Phase I completed, extended to a Phase II – ongoing
Danida (Denmark) administered US\$ 3,100,000	Support to Industry Restructuring and Enterprise Development by implementing equitization plans and providing post equitization assistance (Ministry of Fisheries).	Approved and ongoing. Expected completion: 2002; an extension is expected
Danida (Denmark) (WB administered) US\$ 390,000	Advisory services, public awareness campaign, the establishment of a MIS for SOEs, and capacity building in NERC (NSCERD)	Completed in Jan.00.
Danida (Denmark) (WB administered) US\$ 340,000	Advisory services on implementation of the decree on divestiture, and establishment and use of Support Fund for Equitization and Restructure (NESCERD)	Completed.
Danida (Denmark) administered US\$ 1,700,000	Support to capacity building in NSCERD in the SOE reform process (NSCERD).	Project started 2001 and will run through 2004.
DFID (UK) UK£ 1,800,000	Pilot restructuring of three general corporations – Vinatex, Vinacafe, and the Seaprodex (NSCERD)	Approved initial phase; consultants prepared inception report.
GTZ (Germany) administered US\$ 5,600,000	Support to restructuring SOEs in agriculture (Quang Tri Province, Tan Lam area) by providing advise in implementing equitization plans (People’s Committee Quang Tri, CREM)	Under implementation. Expected completion: 2003.
IFC administered /Danida (Denmark) US\$ 410,000	Dak Lak pilot project to equitize and divest 51 SOEs, using the auction process for equitization.	Ongoing
IFC administered US\$ 782,000 AusAID & US\$ 180,000, IFC	Support a pilot divestiture program for small SOEs in Haiphong People’s Committee, using the auction process for equitization.	Completed, never finalized
Japanese Int’l Coop Agency -- SOE part	Study on Economic Development Policy in the Transition Toward a Market Oriented	Phase II 1997 – 1998, follow-

US\$ 250,000	Economy in Vietnam (MPI)	up is ongoing.
Japan PHRD (WB administered) US\$ 218,000	Data collection and monitoring system for SOEs under SAC-preparation. It is also financing a survey of 350 SOEs (GDMSCAE, Ministry of Finance)	Completed in June 1999.
Japan PHRD, AusAID, Danida US\$ 7,900,000	Diagnostic audits to assess financial health and performance of selected SOEs, and recommend restructuring plans to turn around enterprises.	Expected completion: February 2004.
UNDP US\$2,145,800	“Strengthening the Capacity of the General Department for the Management of State Capital and Assets in Enterprises” by setting up a MIS for SOEs and valuation (GDMSCAE, Ministry of Finance)	Now ended.

FINANCIAL SECTOR

The Government-donor-NGO working group on banking reform was established in late 1999 to discuss the proposed banking reform program developed by State Bank of Vietnam (SBV), to support implementation of that program, and to coordinate donor support on banking reform. Since that time, the working group has expanded beyond just banking reform and now covers a wide range of financial sector issues, including capital market development.

The partnership on financial sector reform is informal, but serves as an effective forum in which partners can periodically share information on the financial sector reform program, provide updates on current financial sector developments, and coordinate various donor reform activities. In addition, the working group serves as a forum for seeking donor assistance.

Meeting the Success Criteria and Supporting the CPRGS

- Implementation of the Government's financial sector reform program continues with strong donor support as evidenced by an increasing number of related assistance projects.
- Three meetings of the working group have been held since the CG meeting in Hanoi in 2002 with strong participation from Government, donors and NGOs.
- The findings of the Vietnam Banking Sector Review were presented by the SBV and the World Bank to the working group in January 2003 and the report was formally released to the working group in May.
- At the May meeting of the working group, the SBV emphasized the importance and need for more technical assistance from the donor group to the SBV and the State Owned Commercial Banks (SOCBs), particularly VBARD.
- Also at the May working group meeting, Canada presented its proposed banking reform project, the new World Bank Financial Sector Specialist (funded by the Dutch) was introduced, an update on the World Bank's Payment System and Bank Modernization Project and plans for a follow-on operation were discussed, and the USAID-funded STAR Project provided an overview of its advisory activities on amending the financial sector laws to comply with the US-Vietnam Bilateral Trade Agreement (BTA).
- The October working group meeting was designed to discuss technical assistance to the financial sector of Vietnam and the Government strategies for banking and capital market development. Over 30 representatives from 20 different interested donor agencies attended the session with presentations of financial sector reform strategies by the World Bank, ADB, SBV, and State Securities Commission (SSC).
- There continues to be good accord between the sections on banking reform in the Government's CPRGS and overall donor supported technical and lending assistance in the area of financial sector reform.

- The comprehensive matrix covering the technical assistance and lending support provided by all donors on the Government's financial sector reform agenda has been updated, improved, and expanded to cover most areas of financial sector support beyond banking (such as policy lending, microfinance, and non-bank financial institutions). The Financial Sector Assistance Matrix now is organized by financial institution and then by function for easier navigation, with active links to the appropriate contacts for each project, and it is now posted on the on the World Bank Vietnam Country Office (www.worldbank.org.vn).

Aligning Support to the CPRGS Over the Next Six Months

The Government's CPRGS enjoys strong backing by the members of the working group on banking reform. This is expected to continue to be the case going forward, and based on the last session of the donor working group (as well as the last session of the sub-group on technical assistance to the SBV), below are some descriptive examples of the ongoing and planned assistance projects by bilateral and multilateral donors going forward:

- The Dutch are supporting financial sector reform through the funding of a technical twinning arrangement at Vietcombank, which is being administered by the World Bank. The Dutch are also funding a World Bank Financial Sector Specialist to facilitate the implementation of financial sector reform programs.
- Canada is preparing for a comprehensive, long-term technical assistance program with the SBV on supervisory and regulatory capacity building. Canada is also providing assistance in the review of the Law on the State Bank and the Law on Credit Institutions.
- Japan is exploring technical assistance in a number of areas, including on the development of money brokering regulations and bond market development, as well as other capital market legal framework issues.
- The United States, through its STAR Project, has initiated technical assistance and support for amending the financial legal framework to comply with the US-Vietnam Bilateral Trade Agreement, WTO accession, and international best practices.
- Germany is supporting the SBV through training on International Accounting Standards (IAS) and will be assisting in providing training to banks on internal audit and risk management in the coming year.
- Switzerland is supporting a training program for macroeconomic and monetary policy making and is planning to provide assistance in other areas, such as training on bank restructuring and securities market development.
- The European Commission is strongly supporting the ASEM Trust Fund process and is engaging in a large SME development credit line project to be managed by the Development Assistance Fund (DAF), which will include some training components.
- The Asian Development Bank continued providing lending and technical assistance support to the Government on non-bank financial issues, such as capital market,

insurance, and leasing development, as well as strengthening the framework for secured transactions. The ADB released its publication, “Vietnam Capital Market Roadmap: Challenges and Policy Options,” during the last meeting of the working group.

- The World Bank will continue to provide technical assistance through the following ASEM grants: (i) SBV for Supervision, Regulation and Development, (ii) Basel Core Principle Assessment as well as to the SOCBs for their in area such as the IAS audits, (iii) assistance for implementation of the BIDV restructuring plan. In addition, numerous proposals for assistance on reforming policy lending institutions, accounting, capital markets development, and bank restructuring are pending under the ASEM trust fund. The World Bank is also providing technical assistance on commercial bank reporting through a New Zealand trust fund and the supervision of banks through the institution of a CAMELS-based ratings system at the SBV through an Irish trust fund.

Sub-committee on Technical Assistance to SBV

- At the suggestion of several donors, the IMF organized during 2002 a standing subcommittee of the Banking Sector Working Group for donors interested specifically in Technical Assistance for the SBV.
- This sub-group meets on a quarterly basis, and invites donors and visiting missions to share current and prospective assistance for the SBV in areas related to: reserves management, SBV organizational change, monetary policy and statistics, banking supervision, accounting, legal issues, international agreements, research and capital market developments.
- The last session of the sub-committee in October focused on the future assistance programs to the SBV and potential IMF intervention on assistance to the state auditors, the banking supervisors, and monetary policymakers. A follow-up session will be held in early 2004 to explore possible IMF technical assistance to the SBV.

Success Criteria for 2003 and Beyond

- Regular meetings of the Banking Reform Donor Working Group with strong participation of donors, NGOs and representatives from State Bank of Vietnam.
- Continued implementation of the banking reform programs as outlined in the CPRGS and the corresponding policy matrix.
- Efficient information sharing and project progress reporting through the Financial Sector Assistance Matrix, which is posted on the World Bank Vietnam Country Office website and updated as appropriate.

FINANCIAL SECTOR ASSISTANCE PROJECTS IN VIETNAM
Banking Donor Working Group
As of November 14, 2003

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
State Owned Commercial Banks (SOCBs)					
Bank Restructuring	Support for implementation. of restructuring plan for ICB	World Bank / ASEM Trust Fund	Completed	2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Twinning arrangement for ICB	AFD / France	Ongoing	Nov. 2001	Marc Gilbert, AFD Gilbert.Marc@afd.org.vn
	Twinning arrangement for VCB	Dutch Embassy	Ongoing	2003	Hans Peter Verhoeff, Dutch Embassy Han-ea@minbuza.nl
	Support for implementation. of restructuring plan for BIDV	World Bank / ASEM Trust Fund	Ongoing	2002	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Business strategy for VCB	GTZ	Ongoing	2002	Andreas Hauskrecht, GTZ hauskrecht@sbcglobal.net
	Reform internal auditing for VCB	GTZ	Ongoing	2002	Andreas Hauskrecht, GTZ hauskrecht@sbcglobal.net
	Plan for SOCB Restructuring	World Bank / PHRD Trust Fund	Completed	March 2000	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Bank corporate governance	World Bank / ASEM Trust Fund	Completed	Nov. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Mekong Housing Bank IAS Audits, Assessment, and Preparation for Strategic Partnering / Equitization	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank Jseward@worldbank.org
	Mekong Housing Bank Diagnostic Review	Seco (Swiss Embassy) / Private Sector	Ongoing	Nov 2003	Barbara Jäggin, Swiss Embassy Barbara.jaeggin@han.rep.admin.ch
Workshops in Bank Restructuring	Seco (Swiss Embassy) / Private Sector	Approved	Dec 2003 -	Barbara Jäggin, Swiss Embassy Barbara.jaeggin@han.rep.admin.ch	
Asset Resolution	Planning the establishment of a national AMC	World Bank / ASEM Trust Fund	Completed	May 2000	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
	Development of AMCs in each of the SOCBs	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Non-performing loan resolutions for Joint Stock Banks	GTZ	Ongoing	2004	hauskrecht@sbcglobal.net
	Workshop and training on AMCs	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
Payment System	Payment System and Bank Modernization Project	World Bank	On-going	1996	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org James Seward, World Bank Jseward@worldbank.org
	Second Payment System and Bank Modernization Project	World Bank	Proposed	2005	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org James Seward, World Bank Jseward@worldbank.org
Auditing	Enhancing VAS for Banks (Application of IAS)	World Bank / PHRD Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Workshop on IAS Application	World Bank / PHRD Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Audit Pre-work for ICB	World Bank / ASEM Trust Fund	Completed	Sept. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	IAS Audits 2003-2004 for ICB	World Bank / ASEM Trust Fund	Proposed	2003	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	IAS Audit 2000 for ICB	USAID	Completed	Sept. 2001	Jean Gilson, USAID Gilsonjm@state.gov
	IAS Audit 2001 for ICB	USAID	Completed	Nov. 2002	Jean Gilson, USAID Gilsonjm@state.gov
	IAS Audit 2000 for VCB	Danida (Denmark)	Ongoing		Mikael Winther, Danish Embassy mikwin@um.dk
	Pilot Training Internal Auditing for VCB	GTZ	Completed	Jan. 2002	Andreas Hauskrecht, GTZ Ahauskrecht@aol.com
	Audit Training series	GTZ	Ongoing	2003/4	
Joint Stock Banks (JSBs)					

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
Bank Restructuring	Blue print for JSB restructuring and consolidation	World Bank / PHRD Trust Fund	Completed	1999	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Management information system diagnostic	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Assessment of 10 JSBs	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
Risk Management	Review risk management procedures and techniques	World Bank / AusAID	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Risk management training	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Risk Management for Joint Stock Banks	GTZ	Ongoing	2003	hauskrecht@sbcglobal.net
	Training of the JSBs credit departments, training of BRC in risk management	Seco (Swiss Embassy) / Private Sector / BTC	ongoing	1998 - 2004	Barbara Jäggin, Swiss Embassy Barbara.jaegglin@han.rep.admin.ch
State Bank of Vietnam (SBV)					
Organizational Change	Banking Sector Review	World Bank	Completed	2002	James Seward, World Bank jseward@worldbank.org
	Training in change management	Unidentified—to be coordinated by MPDF— Bankers Training Center	Proposed	Nov. 2002	Tony Jennings, BTC Tjennings@ifc.org
	SBV restructuring	GTZ	Ongoing	2002	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Long-term training and technical assistance to the SBV on supervisory, regulatory and banking services issues	CIDA	Proposed	Feb. 2004	Dean Frank/CIDA Dean.frank@dfait-maeci.gc.ca Claude Goulet/CIDA Claude.goulet@dfait-maeci.gc.ca
	SBV Capacity Building in Regulation, Supervision, and Development	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank jseward@worldbank.org
Supervision / Safety-Soundness Standards	Assistance in directing Credit Manual Preparation	IMF / World Bank	Ongoing	2001	Susan Adams, IMF Sadams@imf.org Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
	Review on-site inspection manual	World Bank / PHRD Trust Fund	Completed	2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Establish chair for bank auditing at Banking Institute	GTZ	Ongoing	2000	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Training on Bank Auditing	GTZ	Completed	2001	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Strengthening banking supervision/auditing	GTZ	Ongoing	2000	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Training IAS	GTZ	Ongoing	2003	Andreas Hauskrecht Hauskrecht@sbcglobal.net
	Transition of VAS to IAS for banks and improving financial reporting	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank Jseward@worldbank.org
	Training on U.S. financial system and money laundering regulations	Private Sector/US Government	Completed	Feb. 2003	Jennifer L. Bachus, US Embassy Bachusjl@state.gov
	Anti-money laundering- assessment and assistance for drafting decree, action plan for FIU establishment	ADB	Approved	Sept. 2003	Alessandro A. Pio, ADB Apio@adb.org
	Full Basel Core Principle Assessment of the SBV	World Bank / ASEM Trust Fund	Proposed	2003	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Assessment of the implementation of a CAMELS-based ratings system for the supervision of banks	World Bank / Irish CTF	Ongoing	2003	James Seward, World Bank Jseward@worldbank.org
	Assessment of the bank reporting system.	World Bank / New Zealand CTF	Ongoing	2003	James Seward, World Bank Jseward@worldbank.org
Legal Framework for Banking	Review of State Bank and Credit Institutions Laws	GTZ	Ongoing	2003	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Technical advice on the State Bank and Credit Institutions Laws	CIDA	Ongoing	June 2003	Dean Frank, CIDA Dean.frank@dfait-maeci.gc.ca Claude Goulet, CIDA Claude.goulet@dfait-maeci.gc.ca
	Review of the Banking Sector Legal and Regulatory Framework	World Bank / ASEM Trust Fund	Completed	May 2000	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Introduction of international standards (Basel Principles)	GTZ	Ongoing		Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
Credit Information	Review and development of key functions of the Credit Bureau (CIC)	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
	Workshop on CIC	World Bank / ASEM Trust Fund	Completed	Dec. 2001	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
	Assessment of the CIC	World Bank / Spanish CTF	Proposed	Nov. 2003	Miguel Navarro-Martin, World Bank Mnavarromartin@worldbank.org
International Agreements	Assessment of and technical workshops on the financial sector implications of the US-Vietnam Bilateral Trade Agreement	USAID-STAR Project	Ongoing	Nov. 2002	Jean Gilson, USAID Gilsonjm@state.gov
	Review and amendment of State Bank and Credit Institutions Laws in support of the US-Vietnam BTA and WTO accession	USAID-STAR Project	Ongoing	Nov. 2002	Jean Gilson, USAID Gilsonjm@state.gov
Reserves Management	Training in Reserves Investment	Private Sector/US Government	Completed	Jan. 2003	Claire Pierangelo, US Embassy PierangeloCA@state.gov Jennifer L. Bachus, US Embassy Bachusjl@state.gov
	Reserves Management Capacity Building	SIDA/Swedish Central Bank	Proposed	May 2003	Karl-Anders Larsson, SIDA karl-anders.larsson@sida.se
	Safeguards Assessment	IMF/Treasurer's Department	Ongoing	2001	Susan Adams, IMF sadams@imf.org
Monetary Policy	Introduction of new monetary policy instruments	GTZ	Ongoing	Thru 2003	Andreas Hauskrecht, GTZ Hauskrecht@sbcglobal.net
	Financial market/policies Train the trainer, HR management/appraisal, empirical research skills	Seco (Switzerland) / Graduate Institute for International Studies	Ongoing	Phase I: 1997-1999 Phase II: 2000-2002 Phase III: 2003-2005	Barbara Jäggin, Swiss Embassy Barbara.jaeggin@han.rep.admin.ch
	Training in Macroeconomic model-building and forecasting	INSEE/Banque de France/ADETEF	Ongoing	2002	Alain Fontanel Afontanel@hotmail.com
	Workshops in Macroeconomic Policy Coordination	IMF	Ongoing	2002	Susan Adams, IMF sadams@imf.org
	Staff exchange	Sida/Swedish Central Bank	Proposed	2003	Karl-Anders Larsson, SIDA karl-anders.larsson@sida.se
	Research / seminars on monetary statistics	JICA	Completed	July 2002	Daisuke Hosokawa d.hosokawa@fpt.vn
Money Market Development	Training SBV and Commercial Bankers, Monetary Instruments	GTZ	Ongoing	2002	Andreas Hauskrecht, GTZ Ahauskrecht@aol.com
	Drafting regulations on Money Market Development and Repurchase Agreements	ADB	Completed	2002	Alessandro A. Pio, ADB Apio@adb.org
	Assistance in development of a database for tracking money market transactions	ADB	Approved	May 2003	Alessandro A. Pio, ADB Apio@adb.org

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
SME Credit Policies	Pilot Study on Soft Infrastructure development for better Financial Access of SME	JBIC	On-going / Proposed	March 2003	Mr. Hiroshi Suzuki, JBIC hir-suzuki@jbic.go.jp
	SBV Capacity Building as Executing Agency for SME Credit Policies	JBIC	Ongoing	Dec. 2001	Mr. Hiroshi Suzuki, JBIC hir-suzuki@jbic.go.jp
	SME Finance Project	JBIC	On-going	1999	Mr. Hiroshi Suzuki, JBIC hir-suzuki@jbic.go.jp
	SME Credit Line (ICBV)	KfW	Ongoing	2001	Mr. Helmut Schoen, KfW helmut.schoen@kfw.de
	Vietnam SME Enterprise Development Fund	European Commission	Ongoing	2003	Francisco Fontan, EC Francisco.FONTAN@cec.eu.int
Policy Lending Institutions					
Operational Framework	Comprehensive TA for the reform and restructuring of the Development Assistance Fund (DAF)	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank Jseward@worldbank.org
	Comprehensive TA for the reform and development of the Bank for Social Policies (VBSP)	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank Jseward@worldbank.org
Microfinance Institutions (MFIs)					
Access to Microfinance	Studies, training and technical assistance to improve low-income household access to formal financial services	CIDA	Completed	Dec. 1997	Claude Goulet, CIDA Claude.goulet@dfait-maeci.gc.ca
	Support the establishment of the People's Credit Fund network	CIDA	Completed	1994	Claude Goulet, CIDA Claude.goulet@dfait-maeci.gc.ca
	Legal, regulatory and supervisory framework for MFIs	ADB	Ongoing	Aug. 2002	Brett Coleman, ADB bcoleman@adb.org
	Loan and technical assistance to support rural enterprise finance through VBARD and People's Credit Funds	ADB	Ongoing	Nov. 2000	Alessandro A. Pio, ADB Apio@adb.org
	Study On Rural Finance	JBIC	On-going / Proposed	Feb. 2003	Mr. Hiroshi Suzuki, JBIC hir-suzuki@jbic.go.jp
	Rural Credit and Saving Program (VBARD)	KfW	Ongoing	2002	Mr. Helmut Schoen, KfW helmut.schoen@kfw.de
	Revolving Credit Fund for Poverty Alleviation (VBARD)	KfW	Ongoing	2001	Mr. Helmut Schoen, KfW helmut.schoen@kfw.de

REFORM AREA	TASK	DONOR / PROVIDER	STATUS	START DATE	CONTACT
Non-Bank Financial Institutions (NBFIs)					
Leasing	Assistance in introduction of operating leases and support for drafting regulation on reposition of leased assets	ADB	Approved	April 2003	Alessandro A. Pio, ADB Apio@adb.org
	Seminars/courses on financial leasing	JICA	On-going	Jan. 2003	Mr.Daisuke Hosokawa, JICA d.hosokawa@fpt.vn Mr. Akira Matsumoto, JICA matsumoto@jica.org.vn
Market-Based Financial Intermediation	Second Financial Sector Program Loan to support the development of alternative channels of market-based financial intermediation including insurance sector, leasing sector, money market and capital market, and financial market infrastructure such as secured transactions registration and accounting association	ADB	On-going	Jan. 2003	Alessandro A. Pio, ADB Apio@adb.org
	Technical Assistance for Capacity Building for Nonbank Financial Institutions and the Capital Market	ADB	Ongoing	2003	
	Assistance to State Securities Commission in preparation of the Capital Market Roadmap	ADB	Completed	2003	
	Capital Market Development	GTZ	Proposed	2004/5	Andreas Hauskrecht Hauskrecht@sbcglobal.net
	TA for the State Securities Commission (SSC) for capacity building, linking the equitization process with market development, and investor education.	World Bank / ASEM Trust Fund	Proposed	2003	James Seward, World Bank Jseward@worldbank.org
	TA for the State Securities Commission (SSC) for the development of the securities market and the medium and long-term capital market	Seco (Swiss Embassy) / Private Sector	Proposed	2004	Barbara Jäggin, Swiss Embassy Barbara.jaegglin@han.rep.admin.ch
Secured Transactions	Capacity building for the National Registration Agency of Secured Transactions	ADB	On-going	Dec. 2002	Armes Adhikari, ADB Radhikari@adb.org

TRADE REFORM

The donor-NGO-Government working group on Trade Reform has been meeting regularly for the past four years. The group has had limited Government representation. Donors and NGOs have on average met four times a year.

This group has been used to discuss mainly technical assistance support to the Ministry of Trade, to exchange information on reforms being implemented, and to apprise the working group of the numerous analytical and technical work on aspects of trade reform, see Table 1.

The group is currently being used as a forum to coordinate assistance to Vietnam's accession to the World Trade Organization (WTO), see Table 2.

Meeting the success criteria and supporting the CPRGS

- The Government continues to liberalize exports and imports and generally implement its trade reform – in some areas even faster than originally anticipated. The Government has set 2005 as the target year for the country's accession to WTO.
- Several donors are funding activities with the aim of preparing Vietnam for early WTO accession.
- Different donors have used the group to present their work programs for TA to support trade reform (e.g. Vietnam Competitiveness Initiative (VNCI), Support for Trade Adjustment and Reform Project (STAR) of USAID, the International Trade Center's Trade Promotion Project in Vietnam, and the World Bank's joint work with the National Center Social Studies and Humanities on Vietnam's readiness for WTO-accession).
- While representatives from the Government have attended the meetings of the group, progress on strengthening their involvement and leadership has been more modest.

Aligning support to the CPRGS over the next 12 months

- The group will continue to be a forum for exchange of ideas and presentations of planned major projects and studies, as well as dissemination of outcomes and conclusions from completed studies and other analytical work.
- Many of the planned policy changes in the CPRGS reflect recommendations from studies and analytical work stemming from work by members of the working group. These include plans for QR removal, tariff reductions, and simplification and rationalization of customs procedures.
- The Group will continue to focus on information sharing about important new policy issues and technical and analytical work on trade reform in Vietnam undertaken by members including e.g. preparation for WTO accession, and implementation of the bilateral trade agreement with the US.

Success criteria for 2004 and beyond

- Continued implementation of trade reform and broad understanding of the program in the donor community.
- Greater and more regular government participation in the working group, including a leadership role as in the working groups on banking reform and PER.

Assistance to trade reform

Table 1 Assistance to trade reform

Donor & Grant or Loan Amount	Purpose	Status
AFD/DREE (France) EUR 3,000,000	Program of Enforcement of Vietnam Commercial Capacities.	2003-2005
Belgium US\$ 89,000	Assess socio-economic impact of WTO accession	Ongoing
CIDA (Canada) US\$ 860,000	Strengthen the capacity of the MOJ in identifying and developing legislation, including amendments to existing legislation, for their conformity with WTO accession requirements.	2002-2007
CIDA (Canada) US\$ 5,800,000	The Economic Integration Program (EIP) in Southeast Asia will assist six selected countries (Thailand, Philippines, Indonesia, Cambodia, Vietnam and Lao PDR) to develop their capacity to meet WTO obligations and integrate their economies into the global trading system in the following areas: trade in agricultural goods, trade facilitation and customs administration, and GATS and financial services.	2003-2008
European Commission EUR 3,100,000	Multilateral Trade Policy Assistance Program (MUTRAP) - Training in trade policy and WTO framework/ Studies on agriculture and services trade related issues - Support to the management of the WTO accession process for the Ministry of Trade - Research on the impact of service liberalization - Fostering knowledge of the Doha Development Agenda; - Establishment of the Technical Barrier to Trade (TBT) and Sanitary/Phytosanitary (SPS) enquiry points;	Ongoing 2001-2004
European Commission EUR 5,100,000	Multilateral Trade Policy Assistance Program (MUTRAP-Phase II) Strengthen the capacity of the government of Vietnam and Vietnamese stakeholders for managing WTO accession and meet their commitments and challenges from other international trade related	Planned 2004

	agreements. (Activities similar to MUTRAP phase I)	
European Commission US\$1,700,000 (Vietnamese component)	EU-ASEAN Intellectual Property Rights Co-operation Programme the general objective of this regional EC/ASEAN program is to enhance EU/ASEAN investment and trade. The specific objective is to achieve further economic co-operation by upgrading the ASEAN intellectual property rights systems, in line with the highest international standards and practices.	1999-2006
France -- Ministry of Foreign Affairs US\$ 1,850,000	Training programs and technical assistance to the NCIEC and line ministries for economic integration and WTO accession	2003-2006
Italy US\$ 400,000	Assistance to develop subsidy and countervailing policy in relation to WTO accession.	2002 - 2003
NZAID (New Zealand) US\$ 185,000	English language training for trade policy specialists Scholarships for Masters level study at Hanoi National Economic University on trade liberalization topics	Current Current
Sida (Sweden) US\$ 200,000	Technical assistance on rules of origin	Ongoing
Sida (Sweden) US\$ 47,500	Strengthening of research capacity for Vietnam Institute of Trade	Ongoing - 2005
Switzerland (seco) US\$ 300,000 p.a.	Policy Advice towards Vietnam's WTO accession	Ongoing
Switzerland (seco) (ITC executed) US\$ 2,000,000	Support to Trade Promotion and Export Development. Assistance to the Government in trade promotion both at central and local levels	Phase II: in preparation mid-2003 – 2006
Switzerland (seco) US\$ 1,800,000	Technical assistance in enforcement of Intellectual Property Rights as set forth in international treaties.	Ongoing
UNDP US\$ 3,000,000	Equitable Management of Globalization	2002 – 2005
USAID (United States) US\$ 8,000,000	Support for Trade Acceleration (STAR) program. Assistance to the Government of Vietnam in legal and policy reforms consistent with its trade and investment commitments under the U.S -Vietnam Trade Agreement (BTA)	2001-2004
USAID (United States) US\$2,000,000	Trade and Law Exchange and Partnership program – a Grant to the U.S Vietnam Trade Council (U.SVTC) to provide assistance to the BTA implementation with particular focus on the BTA commitments related to WTO disciplines.	2002-2004
World Bank	Work with the National Center for Social Studies and Humanities to assess Vietnam's readiness for WTO accession.	Ongoing.

Vietnam's WTO Accession: Summary of TA programs (Approximately US\$ 57 million)

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
ADB	Tariff and Industrial Policy Analysis		8-10/2003							ADB
ADB	Capacity building for MOF to support Analysis (tariffs, industry and subsidy) for WTO Accession		Planned			Build capacity in MOF to conduct tariff policy analysis; review and assess in detail the current Government assistance programs, in particular, the financial supports, such as the subsidies in the context of WTO accession; propose modalities/approaches to the Government on how to deal with these issues; and assist MOF to strengthen the WTO accession and implementations issues.				ADB
Australia	AusAid Regional WTO Capacity Building Project	3,000,000 – 5,000,000 AUD	/2004 /2006		Policy analysis and capacity building in 4 selected ASEAN countries	To support a program of WTO related capacity building	Training Researches Policy Analysis			AUSAID
Australia	AusAid-MARD programme on capacity building for WTO accession and training on WTO-related issue under CEG facility	600,000 USD	/2003 /2005-	Agriculture Agreements	Policy analysis and research Capacity Building	Improving understanding of the implications of integration, Developing policies to optimise the domestic consequences of integration	Policy research Training seminar	MARD	MARD	the Governments of Australia and Vietnam
Australia	Vietnam integration in the World Economy Capacity Building for Anti Dumping under CEG facility	393,032 USD	2003-2004	Anti-dumping Agreement	Policy development	Improving the capacity to develop policy	Policy development	MOT		
Australia	AusAid Regional SPS Capacity Building Project	3,000,000 AUD	/2004 /2006	SPS Agreements	Capacity Building on Trade related Plant and Animal quarantine for 8 ASEAN countries	Building capacity for MA	Study tour, surveys, booklet, Seminars workshops and courses on the SPS issues	N/a		AUSAID
Belgium	Trade liberalisation and environment, socio-economic impact of WTO accession	100,000 EUR		Environment			- Assess the socio-economic impact of VN's accession to WTO - Assess impact of the environment			
Canada	Strengthen the capacity of the MOJ for legal reviews in accession to WTO	N/a	2002-2007		Capacity building	Identifying and developing legislation, including amendments to existing legislation, for their conformity with WTO accession requirements.	---	MOJ	MOJ and relevant ministries	CIDA
Canada	The Economic Integration Program (EIP) in Southeast Asia	N/a	2003-2008	GATS, agriculture, trade facilitation, MA	Capacity building	Assisting six selected countries (Thailand, Philippines, Indonesia, Cambodia, Vietnam and Lao PDR) to develop their capacity to meet WTO obligations and integrate their economies into the global trading system in the following areas: trade in agricultural goods, trade facilitation and customs administration, and GATS and financial services.	Training, seminar	---	---	CIDA
Canada	APEC Economic Integration Program (APEC/EIP)	9,000,000 CND	/2002 /2006		Capacity building	To assist in building the capacity of some developing economies in APEC in Southeast Asia to negotiate their	Training, WTO-related technical assistance, development of	To be selected	Vietnamese authorities	

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
						accession to the WTO and/or implement their specific WTO commitments	regional learning forum			
Canada	Legal Reform Assistance Project (LERAP)	4,995,000 CND	/2002 /2006		Building national capacity	- Assisting Vietnamese Government in reforming legal and governance systems by achieving greater efficiency, equity, coherence and transparency in the legal system	Strengthening the legal capacity for international economic integration and capabilities for the enforcement of civil judgements - Increasing comparative law research and analysis capacity enforcement of civil	KPMG and University of Victoria	Victoria	
Canada	Policy Implementation Assistance Project - Phase II	10,000,000 CND	/2001 /2006			Further increase the knowledge and analytical capacity in priority areas identified by the Prime Minister to support the government's economic and social reform agenda.	- eliminate barriers to fair competition - create more attractive investment climate and gradual economic integration - human resource development - address social problems - redefine the role and structure of Government	Stikeman Elliott Int.	Several Standing Committees of the National Assembly, PMRC, GEER, GCOP, MOSTE	
Denmark	Agricultural Sector Program Support / WTO assessment and related training	330,000 USD	5/2002 – 5/2004		WTO assessment and related training			MARD/ Program Officer Pham Thi Hong Hanh		DANIDA
European Commission	Multilateral Trade Policy Assistance Program (MUTRAP)	3,250,000 EUR	01/2001- 3/2004		Capacity building, technical assistance and advisory	Supporting Vietnamese officials in policy-making departments of all relevant ministries involved in multilateral trade policy issues	Training on WTO issues, Research on the impact of service liberalization; Fostering knowledge of the Doha Development Agenda; Establishment of the Technical Barrier to Trade (TBT) and Sanitary/ Phyto sanitary (SPS) enquiry points; Training of judges on trade and related issues; Trade Law Chairs in Universities; and negotiation techniques;			
European Commission	Multilateral Trade Policy Assistance Program II (MUTRAP II)	5,100,000 Euro	2004-2007		Capacity building, technical assistance and advisory	The project purpose is to strengthen the capacity of the government of Vietnam and Vietnamese stakeholders for managing WTO accession and meet their commitments and challenges from other regional and international trade related agreements.	- Sector specific: legal, policy, capacity building, training (Agriculture, Services (general and sectoral), SPS (Animal, plants, health, fisheries/TBT, enquiring points) - Horizontal issues (legal, capacity building network & curricular development, information & awareness raising, trade and environment, gender, social issues	Multilateral Trade Policy Department, Ministry of Trade	Relating ministries	
European Commission	EU-ASEAN Intellectual Property Rights Co-operation Programme	N/a	1999-2006			Enhancing EU/ASEAN investment and trade to achieve further economic cooperation by upgrading the ASEAN intellectual property rights systems, in line with the highest international standards and practices.	Seminars, training, research	---	Ministry of Science and Technology (National Agency of Intellectual Property Right)	---

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
Finland	Project on assistance on Capacity building for the Ministry of Trade	8,500,000 Finnish Mark	2001-2003			Assisting the Ministry of Trade to raise the capacity of its officials in formulating and managing policies.	Providing training programs and training consulting on formulating and implementing trade strategies and policies. Supporting to upgrade the information system of the Ministry of Trade.			
France	Technical assistance to the NCIEC and line ministries for economic integration and WTO accession	1,600,000 EUR	1/2002-11/2005	Laws	Regulatory Capacity building	Training and assisting reviewing of legal system Capacity Building and Support to media	Training, Study tour	NCIEC	NCIEC	Ministry of Foreign Affairs, France
Germany	Vietnam's Accession to WTO: Preparation for Competing in a New Environment.		10/2003		Seminar on subsidy agreements, anti-dumping regulations, impacts on business, and trade disputes.		Seminar	NCIEC		Ministry for Economic Cooperation and Development, Germany
Germany	Support for Economic Reform (GTZ/CIEM Project)	5,624,211 EUR	10/1993-03/2003		Economic advice	Economic advice to Government through support to CIEM. One (of four) results to be achieved in the present phase: "The conditions of regional and global integration of Vietnamese economy are improved."	Advisory	CIEM	Target group of decision-makers in the Government, the Communist Party and in central and local admin. Units	GTZ
IMF	Legal Aspect of International Financial Institution		Annual Seminar		Covers legal, institutional and operational aspects of IFIs and WTO	Human capacity building for senior lawyers responsible for legal aspects of IFI and WTO membership.	Seminar	IMF-JVI Institute	SBV, MOF, and MOT	IMF
IMF	Balance of Payments statistics mission		9/2003		Statistics of trade, investment income, transfers, and FDI	Enhance the accuracy of the BOP statistics towards international practices.	TA report	IMF	SBV, GSO, MOT, and MPI	IMF
IMF	Article VIII Review		6/2003 - ?		Removal of all exchange restrictions under Article VIII of the IMF's Articles of Agreement	To verify that Vietnam has a fair and open international trade and investment environment.		IMF	SBV, MOF, MOT, and MPI	IMF

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
Italy	Providing technical assistance for institutional enhancement to facilitate the Socialist republic of Vietnam's accession to the WTO	EUR 786,202	01/2003-07/2003 (estimated)			Enhancing the skills and knowledge of Vietnamese policy and regulations makers in addition of researching and organizing current knowledge body in order to develop a long-term subsidy and countervailing measures policy and WTO-compatible detailed regulations which support domestic production while establishing fair competition for domestic producer	Basic training course Initial Follow-up and Evaluation Workshop; Tailor-made training course composed of four phases WTO trade policy course participation through scholarship; Intermediate follow-up and evaluation workshop; Final Seminar presentation of training component results.			
Japan	TA Project on WTO issues	---	/2001 /2003	GATS, Safeguard, IPR, Competition	Human resources development	To support capacity building related to the implementation of the WTO Agreements	Seminar by Japanese experts	Multilateral Trade Policy Department - MOT	NCIEC member agencies	JICA
Japan	APEC Regional Training for WTO related		/2002 /2004	TBT, AD, Safeguard, SPS	Human resources development	To train government officials to improve the basic knowledge of the individual WTO agreement	Training in Japan	MPI	Govt. officials	JICA
Japan	(*5) Modernisation of IPA project	n/a	04/2000 03/2004	TRIPS	Institutional capacity building	To training maintenance staff of computer system, management staff of industrial property administration, application formality examination, substantial examination registration, publication licensing and legislation staff will be developed	Dispatch of Japanese experts Vietnamese officials, providing equipment	NOIP	NOIP/MOST	JICA
Japan	Modernisation of Customs Administration		/1998 /2003		Institutional capacity building	Capacity building for General Department of Vietnam Customs to realize the modernisation of customs procedures	Dispatch of Japanese experts, training Vietnamese	GDVC	Govt. officials	JICA
Korea Rep	Knowledge Partnership: Sharing Korean Economic Development and Crisis Management Experiences with Developing Countries	About 200.000 USD (Under preparation)	2003-2004		General WTO issues, economic adjustments	Sharing Korean experience of economic development: economic development planning, financial crises and the implemented adjustment and restructuring programs ... Assisting policy makers of developing countries gain both theoretical and practical knowledge to achieve their economic development goals and overcome the on-going financial crisis;	Selected consultants will be dispatched to Vietnam and disseminate knowledge and experiences related to a variety of issues regarding economic development processes.	MOT	MOT and other relevant Ministries	Korean International Cooperation Agency
New Zealand	English language training for trade policy specialists Scholarships for Masters level study at Hanoi National Economic University on trade liberalization topics	185,000 NZD	Ongoing Ongoing							
Singapore	International Trade Institute of Singapore				Trade facilitation, TA	To provide premier training, research and consulting institution in customized training programmes, courses, seminars, conferences in international business and trade to help companies maintain their competitive edge (ASEAN Initiative for CLMV)	Training, research, consulting, seminar		Companies, officials from relevant agencies	Singapore Trade Singapore Trade

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
Sida (Sweden)	Technical assistance on rules of origin (ROO)	About 200.000 EUR	9/2003-6/2004	ROO	Capacity Building	Reviewing legal framework on ROO, case studies and study tour in Sweden	Seminar, training	NCIEC	NCIEC members	Sida
Sida (Sweden)	Strengthening of research capacity for Vietnam Institute of Trade	---	Ongoing - 2005	---	---	---	---	---	---	Sida
Switzerland	Swiss Import promotion Program (SIPPO)	1,500,000 USD	04/1999 03/2003		Export promotion capacity building	To assist SMEs in Vietnam in their efforts to gain access to the Swiss and European markets	Technical assistance; training information; contacts	SIPPO	Small and medium sized enterprises (SMEs)	SIPPO
Switzerland	High Level Policy Advice Towards Vietnam's WTO Accession	2,100,000 USD	4/1997 4/2004		Negotiating capacities	To enhance the strategic negotiating capacities of Vietnam's policy-makers for their country's WTO accession	TA	Mr. Dunkel, IDEAS-Int'l Trade, Development, Economic Governance Advisory Sev	MOT	Mr. Dunkel
Switzerland	(5*) Special Program of Co-operation in the Field of Intellectual Property	1,800,000 USD	01/2002 12/2003	TRIPS		To assist Vietnam to fulfill the obligations set forth in International treaties on I.P. incl. TRIPS Agreement under WTO	TA in enforcement of Intellectual Property Rights	Swiss Federal Institute of Intellectual Property, NOIP, Swiss Consulting Co.Ltd	NOIP	Swiss Federal Institute of Intellectual Property
Switzerland	Support for Trade Promotion and Export Development	2,000,000 USD	1/2003 1/2003		Export promotion	To assist Vietrade, trade supporting institutions and exporting enterprises to take advantage of the new export opportunities offered by trade liberalization and economic integration.	Capacity building in export promotion	ITC, VIETRADE	VIETRADE, Trade supporting institutions and exporting enterprises	ITC
Switzerland (seco)	Policy Advice towards Vietnam's WTO accession		Ongoing							
Switzerland (seco) (ITC executed)	Support to Trade Promotion and Export Development. Assistance to the Government in trade promotion both at central and local levels Phase II: in preparation		mid-2003 – 2006							
Switzerland (seco)	Technical assistance in enforcement of Intellectual Property Rights as set forth in international treaties.		Ongoing							

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
UNDP	Managing Vietnam's Integration into Global Economy (Phase I: Integration Study)	230,000 USD	10/2001 9/2003		Research and stock takings	Stocktaking of Vietnam integration process and signed trade and trade-related agreements including the US BTA, AFTA, APEC, Worldbank's PRSC, IMF's PRGF, WTO accession. Road mapping the integration strategy. Capacity gap assessment on implementing international trade-related commitments. Study on the inter-ministerial coordination mechanism for WTO accession and experience of acceding countries.	Integration Study	NCIEC	NCIEC member agencies	UNDP
UNDP	Integration Study Extension: Commercial Law Revision	55,000 USD	2003		Legal reform and Capacity Building	Revision of the Commercial Law to support a level play field for commercial activities and for WTO compliance	In-depth research to examine the status of the Commercial Law in relation to other domestic legislation and its consistency with the WTO treaty and BTA obligations. Clear set of recommendations relating to the proposed changes of the Commercial Code.	NCIEC	MOT	UNDP
UNDP	Competition Law	200,000 USD	2001-2003	Competition policy	Legal reform and Capacity Building	Support drafting and finalisation of the first Competition Law	Technical support provided by UNDP/UNCTAD and international competition experts to review the successive drafts of the laws. Organise several advocacy events to raise awareness on the competition law and policy. Conduct a study on state monopoly applied to 5 sectors.	MOT	MOT Legal Department and Drafting Committee	UNDP
UNDP	Capacity Strengthening to Manage and Promote Trade in Services in Vietnam in the Context of Integration	2,550,000 USD	2003-2005	GATS	Promoting the Regional and Global Integration Process	<ul style="list-style-type: none"> To build a comprehensive development strategy for the services sector; To improve information flows on trade in services and increase public awareness of required reforms in the services; To conduct research on the impact of services trade liberalization and on the competitiveness of selected services sectors; To strengthen human resources and institutional capacities in the area of trade in services; and To provide specific technical assistance to the on-going negotiations for WTO/GATS accession. 	Technical support provided to formulate a comprehensive and integrated development strategy for the services sectors in the context of Vietnam's international economic integration to ensure a long-term inter-agency and cross-sector coordination on policy formulation and implementation in the services sectors	Dept. for Trade & Services, Ministry of planning & Investment (MPI)	MPI and other related agencies	UNDP
UNDP	Training and research capacity building for Vietnam on trade and development policy making and negotiations	300,000 USD	2003	GATT, GATS, Agriculture, S&D, Trade remedies	Curriculum development and research capacity building	To enhance the capacity of Vietnamese trainers to adapt the "generic" UNCTAD/Commercial Diplomacy training tools on WTO issues to the local data, legislation, economic structure, development needs	Conduct a series of workshop on selected issues in the international economic agenda, WTO accession, training of trainers on trade policy. Research done by national university lecturers and researchers on WTO related issues in agriculture, trade in services, market access, and trade remedies for the post-curriculum development.	UNCTAD	Universities	UNDP

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
UNDP	Enabling a level playfield for commercial activities to support trade liberalization in Vietnam	2,000,000 USD	pipeline	Legal compliance in relation to WTO treaty obligations	Commercial legal drafting and enforcement (commercial law, competition law, anti-dumping regulation, e-commerce regulations, etc.)	Create appropriate commercial legal foundations and environment for the international integration process of Vietnam in line with its accession to WTO.	Legal drafting Conduct policy research papers to evaluate inconsistencies between the commercial regulations and other legislations and regulations	MOT	MOT and law drafting committees	UNDP
UNDP	Asia Trade Initiative	1,500,000 US D	mid-2002 2004			To facilitate the cross fertilization of experiences and lessons learnt on trade, investment and economic governance. To strengthen the ability of countries in the region. To facilitate the coming together of governments (developed and developing) and non-governmental groups to learn from each other and strengthen their collective perspectives in trade fora and institutions. To advocate for human development policies.		Participating national governments, UNCTAD, Regional CSOs, UNDP COs and SURFs	Participating national governments, UNCTAD, Regional CSOs, UNDP COs and SURFs	UNDP
UNDP	Support for Trade Promotion and Export Development	690,930 USD				- To address the needs of Viet Nam in Institutional Development, Human Resources Development, and Export Strategies. - To identify goals, outputs, activities and strategies for the preparation of a full-scale project document.				UNDP/ Switzerland
USA	Support for Trade Acceleration Program (STAR)	7,900,000 USD	09/2001 09/2004	Trade in goods and services, customs valuation, transparency, right to appeal, investment relations, protection of IPRs, dispute settlement and arbitration.	STAR is demand driven, responding on an ongoing basis to requests by state agencies. ¹	To support the Government of Vietnam's efforts to implement reforms required for the successful implementation of the US-Vietnam Bilateral Trade Agreement -To support Vietnam's efforts to accede to the World Trade Organisation (WTO).	TA on legal and economic issues, support for policy and training workshops and seminars, provision of reference materials and guidebooks, limited study tours, support of legal and economic research	The Government Steering Committee for a Program to Implement the BTA, chaired by the Office of the Government and including 9 other state agencies	Assigned to work with 42 state agencies, including many ministries, the national assembly, the Supreme People's Court, the party and including 10 People's Committees	USAID

¹ The BTA covers much of what is in the WTO, with stronger investment requirements and limited requirements on agricultural support, tariff levels, subsidies and anti-dumping. Key focus areas for STAR's work, as currently requested by our Steering Committee, include: for trade in goods -- customs reform, commercial arbitration, trading rights, non-tariff barriers, SPS, TNT, safeguards; for IPR includes -- conforming with 5 international conventions on IPR and IPR enforcement in TRIPS, which includes strengthening court procedures and skill levels, remedies and enforcement of judgments and publication of court decisions; work on services includes -- complying with GATS and Annexes on Telecommunications, Financial Services and natural persons, the Telecoms Reference Paper, and liberalization of joint venture and other market access for more than 30 services, including banking, insurance, telecommunications, professional services, construction services, education services, health-related services, and travel-related services; investment includes -- TRIMS plus export requirements, strengthened investment protections, investment dispute settlement processes (ICSID), streamlining investment procedures, eliminating discriminatory pricing, certain corporate governance issues; transparency includes -- rules for publishing laws of general application, rules for public comment of draft laws; the right to appeal administrative actions; and general including -- non-discriminatory cross-border transactions. Trade in goods and services, transparency, investment relations, protection of IPRs, dispute settlement

Donor	Project	Project budget	Start - End	Related WTO Agreements	Focus area	Objectives	Project components	Executing Agency	Beneficiaries	Funding Agencies
USA	U.S.-Vietnam Trade Council – Education Forum	4,000,000 USD	Ongoing	GATT, GATS (including telecom and financial services), TRIPS, TRIMs, CVA, Agriculture Agreement, SPS, TBT, Marrakesh Agreement (accession provision). Also negotiations and market access (tariffs).	Accession and Negotiation Issues with targeted assistance on specific topics WTO International Trade Law Curriculum Key policy Issues concerning BTA implementation (see footnote 1 for BTA issues)	In support of WTO Accession Capacity Building on WTO Law In support of BTA Implementation (see footnote 1 for BTA issues)	Research, Memos, Study Missions, Seminars, Consultations, visiting experts, on the ground experts Assisting the building of WTO International Trade Law Curriculum and Modules; Training of Faculty; Lectures, IPR reference collection, radio and TV programs Study Missions, Research, Seminars	Members of VN Negotiation Team and others Hanoi Law University; HCMC Law University; HCMC Bar Association; Ministry of Justice Relevant agencies and policy makers based on topic		Atlantic Philanthropies and other partners Atlantic Philanthropies and other partners USAID
World Bank Institute (Multi-donor Trust Fund in preparation)	Diagnosis of Vietnam's WTO readiness and awareness building among key Government stakeholders	USD 700,000	2003 -			Provide Institutional support to the Vietnamese Authorities that are preparing roadmaps for policy reform that will pave the way to Vietnam's accession to the WTO.		National Center for Social Sciences and Humanities		WBI
World Bank	Vietnam's exports: Challenges and Opportunities; Assessment of policy recommendations for improving Vietnam's competitiveness		Completed in 2003							

SMALL AND MEDIUM ENTERPRISES PARTNERSHIP GROUP

A meeting of the SME Partnership Group was held on 07 November to discuss the state of Vietnam's SME sector and further the SME development agenda, as a follow-up to the "SME Cooperation Enhancement Meeting" hosted on 09 April 2003 by the Department for SME Development (SMED) of MPI.²

The meeting inaugurated and co-chaired by the Agency for SME Development, the Embassy of Japan and UNIDO, was attended by delegations from Canada, France (AFD), Germany (EoG, GTZ and KfW), Italy, Japan, the Netherlands, Norway, Sweden, Switzerland (seco and SDC), the United Kingdom and the United States. Also attending were representatives from the Asian Development Bank, the European Commission, the International Finance Corporation (IFC and MPDF), International Labour Organization, United Nations Development Programme, World Bank, as well as from International Non Governmental Organisations.

As the SME and private sector are evolving very rapidly, with several aid programmes under preparation, the meeting was aimed at enhancing the cooperation and coordination in the donor community, with the attempt to articulate strategically the latest information on current and future SME sector activities.

Opening remarks by the co-chairs

- The Agency for SME Development, in its opening remarks, acting as the MPI body in charge to shape the effective public action towards the development of the domestic SME sector, pointed out the importance to strengthen the coordination mechanism for efficient and effective implementation of the Government of Vietnam policies and donors' assistance in promotion of the private sector and particularly of SMEs. In this context, the Agency for SME Development recommended the donor community to unify their efforts and find out a common ground for cooperation.
- To that end, UNIDO is elaborating a Donors' Matrix as an interactive tool to provide all the actors involved in the SME sector with a dynamic and collaborative information system: the current information flow between donors and the Government related to the SME activities in Vietnam is now based on a mailing system, which produces descriptive and passive outputs, often not exhaustive. Through the Matrix, later to be uploaded onto the SMED Agency web site, all the registered users will update on a regular basis their respective initiatives in terms of sectors and geographical area within the country, as well as other relevant information (national counterparts, main beneficiaries, main activities, cost and nature of activities, start and end dates, etc.); thanks to a query-and-sort procedure, the user can easily extract the subset of information that his directly relevant to his/her programmes. Ultimately, the Agency for SME Development will be able to map this overview of ODA resources on the one hand, into their expected contribution to broad SME development strategies on the other hand.

² Upon instruction of MPI, Japan and the United Nations Industrial Development Organization (UNIDO) act as co-chairs of the "Partnership Group for SME Promotion and Private Sector Development" in Vietnam.

- SME sector development is one important pillar of the forthcoming Vietnam Country Assistance Programme (CAP) of Japan. The new CAP envisages the private sector and SME development as priority areas in the promotion of economic growth. The Japanese support will be focussed on policy support and support to business. The previous assistance includes policy planning, management diagnosis, financing and technical support for SMEs; the latter concerns the development of supporting industries. JBIC's cooperation is directed to facilitating SMEs' access to finance through improving linkages between the BDS and the financial sector, expanding the financing options available to SMEs, and establishing a credit appraisal support centre. The assistance of JICA includes the delivery of SMED department training programmes with the purpose to share Japan's experience with officials in charge of SME development in Vietnam.

Presentation of donors programmes

- ADB supports the SME sector in Vietnam in two ways: one is the joint ADB-DFID initiative "Making Markets Work Better for the Poor". The other is a technical assistance "Preparing the SME Sector Development Programme" which has recently produced the *SME Road Map*©; future assistance along this line will be focussed on the regulatory framework, access to finance and to land (in particular for private enterprises), technology and technical standard issues.
- The promotion of SMEs is likewise one of the main objectives of the EC Country Strategy 2002-2005. The EC cooperation in Vietnam includes three programmes: the establishment of a SME Development Fund (SMEDF II) with a total budget of €20 million for loans and €1 million for technical assistance; a Private Sector Support Programme (€9 million) aimed at promoting an enabling business environment in nine provinces and the establishment of two incubators in Hanoi (food processing and packaging) and in Ho Chi Minh City (information technology); and a labour market project due to start in 2004, with a grant of €10 million. The programmes will be in liaison with GTZ.
- The German Development Cooperation GTZ conducted several appraisal missions in recent months, culminating in the negotiations between Vietnam and Germany, under way in November in Germany. The main thrust of the cooperation framework is on technical and financial support to SMEs. The technical assistance programme by GTZ is focussed on four areas of intervention: SME policy, local economic development, value chain development and advanced technical services. As for financial assistance, KfW extends credit lines to rural SMEs (through VBARD, in particular) and strengthens in general the market for micro-finance in rural areas, as a way to promote reforms at local level and foster the links between informal and formal businesses. GTZ and KfW work in close coordination with partners such as the ADB, the EU and MPDF.
- The ILO's "Start and Improve Your Business" (SIYB) programme aims at stimulating small-scale entrepreneurship development in Vietnam; the Vietnamese Chamber of Commerce and Industry (VCCI), through its branch network, is the national SIYB focal point and implementing partner for the forthcoming three-year development plan,

which will cover eight provinces and consists of the following components: the creation of a business enabling environment, the support to business associations, and the strengthening of public-private partnership and of BDS. The total budget is of US\$ 4 million.

- The Mekong Private Sector Development Facility (MPDF) pursues a comprehensive approach to private sector development, by providing direct assistance to SMEs through a BDS market approach. This is two-fold: the first pillar is related to the demand stimulation, through operational review, awareness seminar, promotion campaign, targeted market priming; this is complemented by supply strengthening activities in terms of technical and managerial as well as on-the-job training, partnerships development, and IT support.
- The Netherlands's new programme of cooperation with emerging markets led to a Memorandum of Understanding with MPI in August 2003: the aim is to facilitate and finance pilot projects in the SME sector, by proving a 50 % grant of the total project value to the counterpart company. The Vietnamese implementing partner is the VCCI. One of the programme objectives is to determine favourable conditions for matchmaking with Dutch companies willing to operate in Vietnam. The programme at present covers 13 developing countries with a budget of US\$30 million, of which US\$2 million are earmarked for Vietnam alone.
- SNV, a Dutch NGO, executes since 1995 a programme on income and employment generation in Vietnam, with a sub-programme covering the central provinces of Quang Binh, Quang Tri and Thua Thien Hue. The sub-programme emphasizes the creation of incomes for women in the three provinces, supported by training initiatives and a micro-credit scheme (with VBARD); it also promotes rural enterprises, the development of a market for BDS, and brokers policy dialogue between entrepreneurs and local authorities.
- UNDP's assistance to the Government of Viet Nam is directed at improving the regulatory environment for business. Major support is given in the drafting of the necessary amendments to, and the implementation decree(s) of, the Enterprise Law. As part of its work on the legal framework of business, UNDP also includes the SOE law and the implementation of the investment law in some 20 provinces. Finally, UNDP also provides assistance to the national business information network, research on factor markets, and the organization of regular meetings of domestic businesses.
- USAID has launched the second phase of the "Vietnam Competitiveness Initiative I", with a total budget of US\$ 6 million, and three main programme components: the first component concerns the SME regulatory policy and environment, with the goal to create enabling business conditions, such as land and tax reforms. The attempt to strengthen the private SME sector, through the setting up of clusters, and the support to Business Associations is another programme objective. The planning component refers to the creation of favourable conditions for improving the market for financial services in Vietnam.

Conclusions

The SME Partnership Group concluded with the importance of such meetings in bringing about better understanding, and hopefully closer coordination, amongst SME or PSD-oriented donor programmes. The Agency for SME Development further recommended that two, possibly three such plenary meetings be held on a yearly basis, supported by technical Working Groups where smaller groups of donors could engage in more substantive exchanges around areas of common interest, such as SME finance, the business environment, or the implementation of SME support programmes at local level.

EDUCATION

1. Government plan and coherence

The international partners in the education sector strongly support the Government of Vietnam's "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" approved by the Prime Minister in July 2003.

We believe the combination of strong local ownership and well-coordinated implementation of both the "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" will enable Vietnam to accelerate progress towards higher growth and poverty reduction.

We intend to align our assistance programmes to the Government of Vietnam's strategy and EFA Action Plan in the education sector.

Initial discussions started with the Government of Vietnam and donors on Targeted Budget Support for basic education. This targeted budget support will be an important step towards moving to a sector-wide approach.

The key activities below represent an update of progress achieved in the last six months:

- **The National Education for All (EFA) Action Plan 2003-2015 approved by the Prime Minister** (July 2003). The National EFA Action Plan provides a coherent and comprehensive account of the Government's vision for fulfilling basic education needs, together with the targets and programmes that will be necessary to achieve this. It offers a sound foundation for the long term strengthening of education and a credible strategic framework within which Vietnam's international partners can provide support. It is coherent with the aims and targets of the CPRGS.
- **Implementation of the National Education for All (EFA) Action Plan 2003-2015.** This will be a key challenge for the coming years and a key area of donor support to the Government. **Provincial Education Planning** is a central component of EFA implementation aimed at strengthening provincial capacity in education planning and supporting decentralization processes.
- **Education Bonds:** Government started issuing bonds to mobilize additional national funds for education.
- **Medium Term Expenditure Framework (MTEF):** MOET, in collaboration with MOF, WB and other donors, continues to develop a modern budgeting system for education.
- **Support to Organizational Development and Management Information Systems:** MOET, with support from EC, has developed a national Education MIS to strengthen education management. Baseline data has been collected from all provinces and should be available by end of this year. A national Personnel MIS has been implemented to assist employment planning. Provincial and district management capacity has been

strengthened in the analysis and application of MIS. A review of roles and tasks required for educational management as part of decentralization is underway.

- **Improving education quality:** National curriculum reform for primary and lower secondary education continues to be phased in (grade 2 and 7 respectively). The Primary Teacher Development Programme continues to strengthen teacher training. The quality assessment of Grade 5 is still ongoing.
- **Education for Girls:** MOET, UNESCO and Oxfam GB held a TV roundtable on Education for Girl's with a focus on ethnic minority girls, for the Education For All Week of action. A film on education in Sapa District, Lao Cai Province, funded by Oxfam GB, was broadcast on VTV. Over 45,000 participants took part in a Guinness world record attempt to break the record on the World's largest simultaneous lesson to highlight the importance of education especially for girl children.

The National EFA Action Plan provides a coherent framework for the development of basic education and focuses on 4 target groups: 1) Early Childhood Care and Education; 2) Primary Education; 3) Lower-secondary education; 4) Non-formal education. Ongoing initiatives include:

- **Early Childhood Care Education:** the Save the Children Alliance (SCUK, SC Japan, SCUS) has prepared a new project with MOET. UNICEF and UNESCO continue to actively support ECCE.
- **Primary Education:** MOET's Primary Education for Disadvantaged Children (PEDC) project, co-financed by a multi-donor Trust Fund (AusAID, CIDA, DFID, NORAD and World Bank), became effective in October (budget: US\$240 million). This project will promote a minimum standard of education in all schools (fundamental school quality level) and extend access to disadvantaged children. The Primary Education Development Program (PEDP), supported by JICA, has started its second phase and completed 61 provincial up-dates. Broad Areas of Possible Interventions (BAPI) are being processed and will be disseminated shortly.
- **Lower Secondary Education:** MOET's Second Lower Secondary Project is under preparation with ADB assistance, in accordance with the Secondary Education Sector Master Plan, the Education Development Strategic Plan 2000-2010 and the National EFA Plan framework. This project will help MOET develop fundamental school quality levels for lower secondary, will promote greater quality, efficiency and access to lower secondary as well as help strengthen management and planning capacity at provincial down to school levels.
- **Non-Formal Education:** UNESCO and National Federation of UNESCO Associations of Japan (NFUAJ) coordinates support to MOET in improving and spreading Community Learning Centres (CLCs) to disadvantaged population groups in respectively five central highland provinces and nine northern upland provinces.

2. Sector co-ordination

- **Formation of an Education Sector Working Group (ESWG):** this group has been newly set up to support Government's priorities in the education sector, to improve aid

effectiveness and to reduce transaction costs. The group reflects the evolving trust between donors and the need for more coherent ways of working between donors and government.

- **Joint Government-donor review of the National EFA Plan (16-18 September):** this provided a much-appreciated forum for donors and government to jointly and openly discuss the recently approved EFA Action Plan. International partners congratulated the Government on the preparation of a credible and comprehensive plan and committed to align their support to the programmes and priorities of the Plan. A significant outcome of the meeting was a joint donor statement on the National EFA Plan, submitted to the Minister of Education and Training and signed by representatives all agencies working in education.
- **Primary Education for Disadvantaged Children (PEDC):** This project is co-financed by the Government of Vietnam and five donors. The implementation arrangements require the harmonization of procurement, financial management procedures and project monitoring and evaluation between donors and government.

3. Education Forum

- **Forum on ‘Child friendly learning environment’ (August 2003):** This was a special event as the forum was opened by children from different areas in Vietnam who presented their collective experience on education gather during a 4 day children’s forum “ Children Speak out about Education”.
- **Next Topics:** The forum will hold regular quarterly meetings with sessions on (a) Primary pupil achievement and assessment of learning outcomes in reading and mathematics [January] (b) Education for All and (c) Education management and Information systems.

HIV/AIDS

DEVELOPMENTS SINCE DECEMBER 2002

1. The Government commitment to HIV/AIDS

- The Prime Minister's Directive on HIV/AIDS issued in February 2003, which provides a strong policy and programme framework for HIV/AIDS work. The Directive assigns clear responsibilities for action on HIV/AIDS to six Ministries (Culture and Information; Public Security; Labour, Invalids and Social Affairs; Planning & Investment and Finance; and Health). The overall responsibility for HIV/AIDS programmes and coordination continues to be assigned to the Ministry of Health. The responsibilities of provincial and local authorities are also identified.
- New operational structure related to AIDS program. In May 2003, the Prime Minister issued a new Degree on defining the function, responsibility, authority, and framework of organization of the Ministry of Health. Based on this new Degree, the Minister of Health issued a new decision on establishment of General Department for Preventive Medicine and HIV/AIDS Prevention and Control that is now acting as the standing office on HIV/AIDS for the National Committee for HIV/AIDS, Drugs, and Prostitution Prevention and Control.
- Development of the first National Strategy on HIV/AIDS Prevention and Control. In April 2003, the Ministry of Health took lead in coordination and consultation to develop the National Strategy on HIV/AIDS Prevention and Control for 2004-2010 with a vision to 2020. Currently, the 6th draft of National Strategy is submitted to the Office of the Government for approval.
- Report of the Government on HIV/AIDS at the 3rd meeting of XI Session of the National Assembly. In April 2003, as recommended by the Committee for Social Affairs of the National Assembly, the Ministry of Health was responsible for preparation a report on HIV/AIDS situation and response that was highlighted the needs for increasing the state budget on HIV/AIDS.
- Work to amend the 1995 HIV/AIDS Prevention Ordinance: This work is in process of development. In the next few months, the draft of revised Ordinance will be submitted to the Committee for Social Affairs of the National Assembly for approval. The Government has indicated that the revised Ordinance will focus on strengthening the multisectoral involvement and coordination: access to treatment and human rights and policy environment.
- HIV/AIDS and Harm Reduction workshops with the leading national institutions. The topics related to HIV/AIDS prevention among injecting drug users (IDUs) and drug issues were is the most concerned. The series of workshops related to these topics were held during the last 12 months with the participation of the national leading institutions e.g.: the Central Party Commission for Culture and Ideology; the Central Party Commission for Science and Education; the Committee for Social Affairs of the National Assembly and non-health ministries.

- Conducting a new HIV and AIDS estimations and projection. Presently, the Ministry of Health is working to review the new HIV and AIDS estimation for the year 2003 and projection to 2007. It is planned that the new result will be release at the end of November 2003.
- Country report on the Implementation of Declaration of Commitment on HIV/AIDS made at the 27th Special Session on HIV/AIDS of the UN General Assembly (UNGASS). In April 2003, the Government has submitted its first country report on implementation of UNGASS Declaration for the year 2002. While documenting existing activities, the report highlighted the need to improve HIV surveillance data systems, and to establish an effective monitoring and evaluation system.

2. Working in Partnership for an effective and expanded Leadership on HIV/AIDS

The Government, United Nations system, bilateral donors, development agencies and national and international NGOs that were made up of the Community of Concerned Partners on HIV/AIDS, have increasingly recognized the key role of leadership in the national response to HIV/AIDS. The major activities below highlight the involvement of donor community working in partnership with the government in specific areas:

- The HIV/AIDS Policy Forum convened for the third time in January 2003. The meeting was co-chaired by the Vice Minister of Health and UN Resident Coordinator and included the participation of people living with HIV/AIDS (PLWHAs).
- Organized the three consultation workshops to discuss the new initiative on the Asia Pacific Leadership Forum (APLF). The workshops brought the members of leading institutions and non-health ministries to explore the priorities for Viet Nam in implementation of APLF. The overall goal of the APLF is to engage political and mass organizations leadership to reduce the spread and impact of the HIV/AIDS epidemic in the Asia Pacific Region.
- Working with the Central Party Commission and the National Assembly to address the issues on prevention of stigma and discrimination toward People Living with HIV/AIDS (PLWHAs). The series of workshops at regional levels (north, central and south) were held.
- Contributing to the development of HIV/AIDS National Strategy. Several informal meetings between the donor community and the Ministry of Health were held to discuss and review the drafts of the strategy.
- Leading by the HIV/AIDS Technical Working Group consists technical expertise from various national and international organizations to share resources and experience, engage in planning and form partnerships for HIV/AIDS prevention, care and advocacy on technical issues. During the last twelve months, the HIV/AIDS Technical Working Group organized several meetings to discuss on technical aspects of HIV/AIDS. Main topics or issues discussed were harm reduction, Voluntary Counselling and Testing (VCT), Greater Involvement of People Living with

HIV/AIDS (GIPA), access to treatment and prevention and care interventions with 05 and 06 rehabilitation centres.

3. Mobilizing additional financial and technical resources for HIV/AIDS

The last twelve months have seen major achievements and developments on the mobilization of additional resources for HIV/AIDS programmes:

- The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) for support to PLWHA, Voluntary Counselling and Testing, and Prevention of Mother to Child Transmission: The Global Fund approved a grant to Vietnam for \$US 12 million for four years period. The Grant Agreement has recently signed with an amount of \$US 7.5 million for 2004 and 2005. The Project components include (i) strengthening capacity and implementing at all levels of 20 provinces on care and support; (ii) implementing a comprehensive program on care, counselling and support to PLWHAs; (iii) integrating prevention and care through a programme on voluntary counselling and testing (VCT) and prevention of mother to child transmission of HIV (PMTCT);
- Development Partner funding for condom social marketing; sexually transmitted infection services; harm reduction programmes and care and treatment and medical research: agreements signed in the last six months include:
 - A US\$ 25 million project over five years from the UK and Norwegian Governments, with WHO's support, for (i) training, technical assistance, advocacy and research; (ii) condom social marketing focusing on sex workers and their clients, IDUs; and (iii) Behavioral Communication Change activities in 21 provinces;
 - A C\$ 4.5 million project from the Canadian International Development Agency for four years on the prevention and treatment of sexually transmitted infections in Ho Chi Minh City, An Giang, Kien Giang and Can Tho;
 - An Australian A\$ 9.37 million regional project funded through AusAID covering Viet Nam, Myanmar and China (Guangxi and Yunnan). The Asia Regional HIV/AIDS Project focuses on strengthening the capacity of countries to take a more strategic and evidence-based approach to policy making, planning and programming to reduce HIV related harm associated with injecting drug use. There is a multisectoral approach to capacity building, with a particular emphasis on effective partnerships between police/public security and health.
 - Within the French Government ESTHER Project, in partnership with MOH, WHO, UNAIDS and the GFATM, the twinning of two hospitals in Hanoi and two hospitals in HCMC with hospitals in France has been realized. This cooperation is aiming at improving and developing VCT, care and access to treatments in an integrated approach. The project is planed on 3 years; the spending for the first year will amount to 700 000 US\$.

- The research program conducted by the French National Agency for Research (ANRS) on HIV/AIDS is going on in HCMC: 5 research projects are involving teams active in Risk behavior, Clinical care, Virology, Microbiology and Immunology at the Pasteur Institute, the Preventive Medicine Center, the Center for Tropical Diseases and the Pham Ngoc Thach Hospital. Among the research projects, a clinical trial studying therapeutic management of a simplified antiretroviral treatment including 100 patients is about to start.

PROPOSED ACTIVITIES FOR THE NEXT 12 MONTHS

- Continuing to support the development of HIV/AIDS National Strategy. The donor community will support the government in development of seven action plans that were proposed in the national strategy and to organize a series of seminars for different stakeholders to discuss the implementation process.
- Participation in the amendment of HIV/AIDS Prevention Ordinances. Once the draft of revised Ordinance is submitted to the National Assembly, the consultation process with international and national entities is proposed. Through small groups with different players will be convened to discuss the practices and share experiences to finalize a sound HIV/AIDS Ordinance and to guide the implementation.
- Developing the HIV/AIDS evidence-based advocacy materials. Based on the findings of existing researches, results of new HIV and AIDS Estimation and Projection, and successful and experiences of projects/programmes, the HIV/AIDS evidence-based advocacy material will be developed. This material is aim at promoting the involvement of the leading national institutions on HIV/AIDS and to coordinate international support to national HIV/AIDS advocacy and leadership activities.
- Organizing the national scientific workshop on HIV/AIDS. At the stage, there are several research, studies, assessments ongoing e.g. HIV/AIDS social-economic impact; the GIPA research looking at the existing laws, regulations, policies towards PLWHAs. It is crucial to convene a national workshop to present the findings and discuss the effective application of researches' results in development and implementation of AIDS programmes.
- Continuing the information and technical resource network through regular meetings and communications, focusing on specific and concerned issues such as harm reduction, access to care and treatment, GIPA, and policies and strategies.

HEALTH SECTOR PARTNERSHIP REPORT

1. Introduction

The Health Sector Working Group (HSWG) was established a number of years ago and comprises donors and international organizations working in the health sector, including all the major partners of the Ministry of Health (MOH). In the last 12 months the HSWG has continued to meet on a regular quarterly basis in order to:

- Share information on on-going and future projects/ programmes;
- Discuss ways to improve the management and effectiveness of ODA and to support better priority setting;
- Exchange ideas on how to best support the development and implementation of health policies, operational plans and the CPRGS, in order to move the health agenda forward.

During the past few years a number of initiatives has taken place to improve the dialogue between the MOH and the international community. One useful mechanism has been the International Support Group (ISG), which under the leadership of MOH has increased understanding, transparency and coordination. Unfortunately the ISG was not able to meet in 2003. However previous experience showed that MOH, other Ministries and donors have appreciated the ISG as a forum for collaboration.

Following a recent review it is proposed to strengthen the role and function of the ISG. It is envisaged ISG, chaired and organized by the Ministry of Health, will in future meet once or twice per year for 2 days. It is intended that the meeting will operate as a Health Sector Consultative Group and would possibly attract high-level donor representatives from their Headquarters. The meeting will focus on new developments in the health sector, the performance of ODA and action plans for future cooperation.

In addition, smaller working groups will meet on specific issues relating to ODA management and coordination (Safe Motherhood, Reproductive Health, TB, Health Financing, Health Systems Development etc.)

2. Progress over last 12 months to support CPRGS and sectoral strategies and programs:

The CPRGS highlighted the link between health and development and the growing evidence that investments in health and improving health can prevent or offer a route out of poverty.

The CPRGS set out five main goals and objectives for achieving better health and greater equity in health.

Donors and international organizations have continued during the last 12 months to work together with and to support the Ministry of Health and wider government to implement the policies and strategies aimed at achieving these goals.

Some key collaborative achievements and progress are listed below under the five main health goals of the CPRGS:

- a) Formulate appropriate policies to reduce the burden of medical expenses for the poor when they seek health services

- ✓ Decision 139/2002/QD-TTg: Establishment of Health Care Fund for the Poor. The establishment of the fund increases government spending on health and channels more resource to subsidize people who cannot afford to pay for health care.
 - ✓ Interministerial Circular 77/2003/TTLT-BTC-BYT on Implementation of Voluntary Health Insurance aimed at assisting more farmers and other members of informal sector to join health insurance, increase the level of fund pooling and risk sharing within community.
 - ✓ Piloting community health insurance schemes to find most appropriate and feasible financing approach to support the poor.
- b) Focusing on conditions that effect the poor disproportionately and the Millennium Development Goals (MDGs) / Viet Nam Development Targets (VDTs)
- ✓ Reducing child mortality and malnutrition: Publication of a number of key policies including a draft directive to strengthen newborn care activities in order to reduce infant mortality rates, the National Master Plan on Nutrition 2003-2007, the directive on Exclusive Breast Feeding to 6 months and the Master Plan on Safe Motherhood.
 - ✓ Reducing maternal mortality. Publication of the results of a Maternal Mortality Study conducted in 7 provinces. The results of this study are important as they highlight the growing disparities in MMR between the urban and rural/ remote areas. In the light of the findings the MMR for Viet Nam is now estimated to be 165 per 100,000 live births (previous estimate 95 per 100,000).
Medical abortion services have been introduced in Viet Nam.
The Safe Motherhood Master Plan has been published and planning commenced for implementation in a number of provinces.
 - ✓ Reducing TB – major review undertaken of TB services which recognized the strengths of the TB services, but also highlighted that case finding is still low among the poor, vulnerable and ethnic minority groups most affected. Efforts continue to target the urban poor and homeless particularly. The review also examined the link between gender and TB.
 - ✓ Malaria services: Submission of a proposal to Global Fund for Aids, TB and Malaria (GFATM). The bid is for \$22.7 million and the overall goal of this project is to roll back malaria in the few remaining areas of Viet Nam where transmission remains intense and to ensure that the impressive results achieved by Viet Nam’s National Malaria Control Programme over the last decade can be maintained
 - ✓ Preventing the spread of HIV (See HIV/ Aids Partnership Report)
- c) Improve the supply of health services in order to improve geographical access to basic health care
- ✓ Continued investment in improving health care infrastructure and increasing the number of commune health stations and outreach health care in the remote and isolated areas.

- d) Improve the quality of health services especially at grassroots level and in mountainous and remote areas.
- ✓ Continued implementation of Directive 06 of the Executive Committee of Central Party on consolidating and strengthening the basic health care network.
 - ✓ Continued development of appropriate preferential mechanisms and policies for health personnel working in disadvantaged, remote and isolated areas.
- e) Encourage and support policies in other sectors that have an impact on the wider determinants of health
- ✓ Water and sanitation: introduction of the Participatory Hygiene and Sanitation Training (PHAST).
 - ✓ School health promotion: developed a framework for improving the health of children and teachers in school, which have been widely introduced in primary schools especially in remote areas. Development of life skills education teaching/learning materials and introduction into primary schools and informal, out-of-school programmes.
Capacity of health care and education providers developed to deliver youth friendly services. The first ever national youth survey (Survey and Assessment of Vietnamese Youth: SAVY) involving various line ministries designed and initiated.
 - ✓ Prevention of injury and road traffic accidents: National Injury Prevention policy adopted and multisectoral pilot project initiated in six provinces. A joint injury prevention network has been established, chaired by government and a series of capacity building workshops have taken place to develop injury surveillance. Work has started to improve emergency medical services for accidents and an assessment of district-level emergency care facilities has been initiated.
 - ✓ Prevention of Tobacco use - Under a landmark cooperative agreement between the Sports Committee and MOH, Vietnam will host the first smoke free South East Asia Games from Dec 5-13, 2003.
Vietnam has actively taken part in the negotiating process of the Framework Convention on Tobacco Control (FCTC), and it has been the sixth country in region to sign the FCTC. The government has approved the MOH request that Vietnam takes necessary steps to ratify the convention.

3. **SARS**

It is important in this report also to acknowledge the collaborative work between MOH, WHO and the international community during the SARS outbreak in Viet Nam. Viet Nam was the world's first nation to be declared free of SARS by the WHO on April 28, 2003.

4. **Concrete actions the Health Partnership will take over the next 12 months to align donor support to the CPRGS:**

- The ISG will meet at least once for 2 days focusing on the following topics:
 - Vision for health policy including issues of health coverage;
 - Performance of ODA programmes and aligning ODA to key priorities;

- ❑ New government policies and strategies and new developments in the health sector and plans for future cooperation;
 - ❑ CPRGS, VDTs and MDGs;
 - ❑ Funding of the health system.
- HSWG will continue to meet regularly to exchange information and review activities in context of the CPRGS.

5. Success criteria / milestones for 2004 to ensure partnership group reaches development outcomes

- Two day meeting of the ISG held between Government and donors and clear action plan for cooperation developed.
- Continued interaction and integration of the ISG, HSWG and working groups on specific topics.
- Continued implementation of the health sector development program as outlined in the CPRGS and the policy matrix.

FOREST SECTOR SUPPORT PROGRAM AND PARTNERSHIP (FSSP & P)

1. Activities over the past 6 months

- 1.1 The Partnership Steering Committee (PSC) Meeting took place on June 26th 2003, with the participation of involved stakeholders, to review FSSP&P performance in the first half of 2003 and to discuss the activities for the second half of 2003. The conference elected two new PSC co-chairmen, Mr. Pieter Smidt, Principal Project Implementation Officer in ADB and Vice Minister of MARD, Mr. Bui Ba Bong. The conference also endorsed (1) the 1st half of 2003's Progress Report and the main activities in the 2nd half of 2003 and (2) the Matrix of Affiliation of international and Vietnamese partners in the FSSP&P.
- 1.2 In response to PSC meeting, the FSSP Coordination Office (CO) has been strengthened with more staff, with an additional program officer and a communication officer.
- 1.3 Harmonization of Project Implementation Framework (HIF) exercise for forestry sector within the FSSP framework has been officially restarted by the Conference August 22, 2003 with the support from ADB. Two provincial workshops have been held in Son La and Kontum and one national workshop has been held in Hanoi. It is expected that by April 2004 the study will be completed. The results of the study will be used to avoid proliferation of (conflicting) operational approaches and cost norms, reduce current high transaction cost of planning and implementing, reduce complexity of program-project design, and improve disbursement rates as well as quality of implementation in large scale loan and grant financed sector initiatives. The basic principles of harmonized implementation frameworks will be presented at the next December 2003 PSC meeting.
- 1.4 The Annual Review Mission initiated its activities in October 2003 with an aim to measure the implementation progress made in FSSP&P, identify key issues to be addressed, specify updates and modifications for the FSSP framework, and propose the measures to improve the FSSP implementation process. The final report will be delivered at the PSC meeting to be held in December 2003.
- 1.5 The preparation for establishment of Trust Fund for Forest is started. It is expected that the proposal for TFF will be considered to be approved by the Government of Vietnam (GOV), the MOA and Guidelines for usage will be signed before the end of this year. The Trust Fund represents a further step in the development of the Partnership. Donors involved in the development of the Trust Fund have agreed to 'pool' future commitments to the forest sector and ensure that funds are used to address priorities agreed by the partnership framework.
- 1.6 Belonging to FSSP structure, the Provincial Reference Group (PRG) has been set up. It has conducted some initial activities, such as introducing FSSP&P to local levels, and receiving funding requests of investments within the scope of FSSP.
- 1.7 The Common Work Program (CWP)- one of four implementation tools of the FSSP has been further developed with the launch of CWP software. CWP is updated regularly on the website of FSSP CO, to provide information about ongoing and future events in the FSSP&P and forestry sector. Three FSSP newsletters have been published and disseminated widespread to partners timely.

- 1.8 The compilation of the Forestry Sector Manual (FSM), another one of four implementation tools, is on process with the support from REFAS office and various national and international agencies. Ten chapters are being finalized.
- 1.9 The design of Monitoring and Evaluation system(M&E), another important tool for operation of FSSP, is getting underway. FSSP CO's new technical advisor will devote a major position of her efforts towards supporting the design, piloting, and implementing of the M&E system. A working group on M&E issues is being established and a team of four consultants recruited to help with the M&E design.
- 1.10 Elaboration of the report, "Development of farm forest in Vietnam: from policy to technology" is being finalized with the support of FAO by the end of 2003. This documentation provides an overall picture of farm forest development in Vietnam, serving as a reference for Vietnamese and international partners when making policies and plans for farm forest development.

2. Major activities over the next 6 months

- The Partnership Steering Committee Meeting will review the past activities and decide plans and priorities for the coming period;
- FSSP's M&E system will be designed and implementation piloted;
- Continue the HIF exercise in order to obtain a MOA between MARD and international partners on Harmonized Implementation Frameworks;
- Continue preparation of the Forestry Sector Manual;
- Complete Study on "Forestry, poverty alleviation and rural livelihoods";
- Decentralize the FSSP to provincial level with strong engagement of the PRG's members;
- Initiate the sub-partnership activities for various Result Areas;
- TFF is established and will start to play a role in the forestry development.

3. Success criteria by June 2004

- The results of the 2003 Annual Review will provide guidelines for improvement of FSSP&P and the CO activities;
- TFF is established, with funding granted for initial FSSP&P priorities;
- FSSP implementation process is widely understood by provinces and the FSSP framework is initially applied at the provincial level;
- Final reports of the HIF and study on Forestry, poverty alleviation and rural livelihood are available;
- FSSP's M&E system is in place and functions well;
- The CWP and Matrix of Affiliation are regularly updated and accessible to all the FSSP&P partners and sector stakeholders;
- Drafts of additional several chapters of the FSM are available and published on the FSSP's website.

FOREST SECTOR SUPPORT PROGRAM & PARTNERSHIP
TENTATIVE MATRIX OF NATIONAL AND INTERNATIONAL INSTITUTIONAL AFFILIATIONS

(version August 2003)

Narrative Summary	Indicative Performance Standards	Key Nat'l Institutional Affiliations	Key Intert'l Institutional Affiliations
<p>BROAD GOAL The sustainable management of forests and the conservation of biodiversity to achieve: a) protection of the environment, b) improved livelihoods of people in forest dependant areas, and c) enhanced contribution of forestry to the national economy.</p>	<p>Reduced incidence of poor and hungry households, and reduced gap between average household income in forest dependent areas and average national household income. Long-term forest estate defined [by year 2002] Forest quality is maintained or improving. Increased contribution of forestry to Gross Domestic Product (GDP) in absolute terms (not in percentage).</p>		
<p>FOCUSED OBJECTIVE / PURPOSE³ Through coordination and collaboration between stakeholders, an effective and efficient partnership, an effective institutional and policy framework, and mobilisation of relevant resources, small and medium enterprises' (SMEs), farm households, small economic entities and communities are sustainably managing and conserving forest resources in priority areas, leading to enhanced livelihoods of rural people.</p>	<p>Living standards and the proportion of poor households in forest dependent areas⁴ taking into account equity issues. Employment rates in the forest sector, including gender disaggregated data. Quality and quantity of forest resources in priority areas. Forest products are harvested at sustainable levels. The balance of trade in forest products is optimised. Number of households and other forest users involved in sustainable forest management and conservation activities. Area (ha) of forests under sustainable management according to approved forest management plans.</p>		<p>Full participation at all levels, including at planning stage Population growth rates will continue to decrease. No major economic crisis will occur The natural disaster preparedness and prevention capacity continue to improve in Vietnam National planning efforts can simultaneously promote sustainable forest management, conservation of biodiversity, and economic development</p>

³ This objective is more focused than the Broad Goal. It refers specifically to the Objective for the Forestry Sector Support Programme (FSSP), over a ten-year (2001-2010) time period. This time period was chosen to match the current Government of Vietnam (GOV) planning periods. The focused objective stresses the idea of building a partnership among GOV and the donors who agree to contribute to the FSSP. This partnership would support the other items mentioned in the objective.

⁴ Forest dependant areas could be defined as either districts or communes with more than 20% of forest cover or forest land as measured by FIPI

RESULT AREA 1. Effective systems for collaborative planning and monitoring of strategic developments for the forest sector adopted				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations:</i></p> <p>1.1.1 The FSSP Program Framework is regularly updated and increasingly used to direct joint government – donor efforts to improve quality of forestry in Vietnam.</p>	<p>Yearly updates of FSSP Program Framework are produced which reflect views of all concerned stakeholders.</p> <p>Overall review of FSSP process is carried out in participatory manner in 2003 and 2006</p>			
<p>1.1.2 Investments in the forest sector in Vietnam are subject to economic appraisal and increasingly planned and implemented in a harmonised manner.</p>	<p>New investment projects increasingly adopt harmonised planning, integrating 5 MHPR and donor funded investments</p> <p>After initial projects have been successful in integrating approaches a number of pilot projects are under implementation which have progressed to harmonised budgeting; integrating 5 MHPR budget, Donor financing and GoV counterpart funding</p> <p>Procedures outlined in the Forest Sector Manual are increasingly used to plan, approve, implement and monitor forest sector related projects by GoV (central and provincial), donor agencies and commercial sector actors in forest sector</p>	<p>KFW;</p> <p>IUCN (NTFP phase 2);</p>	<p>EU; RNE and all potential contributing donors to the TFF (ie: RNE, Germany, Sweden, Switzerland, Finland)</p> <p>KFW;</p>	
<p>1.1.3 Management Information System established and functioning, including M&E information, which together with other forms of feedback ensures that strategic planning for forest sector makes optimal use of all knowledge on forest sector in Vietnam.</p>	<p>Draft Forest Sector Manual prepared by end 2002 and updated on a regular basis as required.</p> <p>Bi-annual reports are produced on progress in implementation of FSSP Program Framework</p> <p>Forest Sector Manual integrates M+E results and findings from other special studies</p> <p>Regular briefings conducted with all stakeholders on developments relevant to FSSP</p> <p>FSSP web site is established and maintained on regular basis.</p>	<p>Finland; IUCN (NTFP phase 2); EU; GTZ (REFAS)</p>	<p>Tropenbos International</p>	<p>WWF (relevant chapters)</p>

MATRIX OF NATIONAL AND INTERNATIONAL AFFILIATIONS

RESULT AREA 2. Policy, legal and Institutional Framework to harmonise national-provincial policies for forest land and resources in place				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations</i></p> <p>2.1.1 MARD's technical departments at central level and forest institutions at Provincial level are operating in line with redefined mandates as defined in 2001 MARD administrative reform process</p>	<p>Linked to promulgation of results of administrative reform process in 2.4.1 concerning shifts in mandates and staff redeployment</p> <p>Efficiency and effectiveness of MARD technical departments and provincial forest institutions improved in policy making, planning and implementation of investment projects and in supportive capacity building measures</p>	<p>GTZ (REFAS proj.); RNE via support to the PAR project in MARD</p>		
<p>2.1.2 Commercial sector's role in managing forest resources increased</p>	<p>Percentage of forestry product value attained by commercial economic sector compared to gross forestry value increased by ... %</p> <p>Percentage of labourers in the commercial sector compared to forestry labourers on the government payroll</p>	<p>WWF (Promotion of Sustainable forest management in VN); WB (FSDP)</p>	<p>GTZ (Trade & marketing proj.)</p>	
<p>2.1.3 Emphasis in policy making and planning in forest sector has shifted from national to provincial level</p>	<p>Increasing number of Provinces have Forest Development Plans in place which guide natural resource management</p> <p>Common Planning Frameworks which integrate all proposed forest sector interventions from GoV, donors and commercial sector</p>	<p>RNE support via SNV and WWF Cat Tien National Park Conservation Proj. to NC & SE AEZ provinces ;EU; GTZ (REFAS Proj.)</p>	<p>SNV</p>	

MATRIX OF NATIONAL AND INTERNATIONAL AFFILIATIONS

RESULT AREA 3. Macro Land Use Planning to select priority areas for project investment consolidated and implemented				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations:</i> 3.1.1 Effective and efficient macro and meso-level Land Use Planning systems and procedures to identify priority areas for investment⁵.</p>	<p>National and provincial processes of identification of priority areas for investment for different categories of forest land completed.</p> <p>Priority vulnerable watersheds and mini-watersheds in each agro-ecological region are identified.</p> <p>Priority ‘forest dependent’ communes in each agro-ecological region, provinces and districts are identified according to agreed environmental and socio-economic criteria (see RA 4).</p> <p>Priority areas for biodiversity conservation and wildlife habitat corridors are defined, and investment needs for strengthening the Special Use Forest Area System are identified (see RA 6).</p> <p>Cross border cooperation in Special Use and Protection Forest planning and management is strengthened.</p> <p>Mechanisms used for better coordination between forest sector and land administration agencies on harmonization of land data and land classification and allocation procedures.</p>	<p>RNE & SNV delivered via SNV & the C.Tien NP Conser - proj. to NC&SE AEZ prov. TFF study & additional work supported by GTZ;</p> <p>EU; BirdLife & Denmark/WWF</p> <p>EU SIDA in coporation with IFAD</p>	<p>Tropenbos Int’.; Oxfarm GB; Finland</p> <p>IUCN;</p> <p>Tropenbos Int’.;</p> <p>ADB (Forest & Livelihood Proj.)</p>	<p>EU</p> <p>IUCN;</p>

⁵ In the Program Framework “macro” level land use planning covers the national and agro-ecological regional levels of resolution, “meso” level covers the province and district levels of land use planning and land administration, while “micro” level relates to commune land use planning and forest area management planning.

MATRIX OF NATIONAL AND INTERNATIONAL AFFILIATIONS

RESULT AREA 3. Macro Land Use Planning to select priority areas for project investment consolidated and implemented				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
3.1.2 Forest monitoring system in place providing relevant data on forest <u>area</u> and <u>quality</u> at national, regional and priority watershed levels, and fed into on-going strategic planning ⁶ (see RA 6, 9).	Baseline for FDS and 5MHP forest area and quality monitoring (focusing on forest dependent areas) is completed. Monitoring studies and reports on forest area and quality at national, regional and priority watershed levels produced as required.		FAO	WWF – application of landscape scale M&E system; WWF – cooperation with CIFOR’s planned forest rehabilitation project.

RESULT AREA 4: Integrated (micro) land use planning / allocation leading to the development and implementation of commune development plans adopted				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<i>Operations:</i> 4.1.1 Forest land that is eligible to be allocated to communes, households or other local non-state units ⁷ , is equitably distributed and effectively managed.	Number of communes, households or other non-state units with allocated forest land or entering into other forms of agreement with province and district authorities. Area of forest land of different categories brought under sustainable commune management in different provinces and agro-ecological regions. Local rules and regulations (commune and village conventions) are developed for forest protection and use through transparent participatory processes and approved. Equitable allocation of forest land to households and equitable distribution of benefits from tree and forest products. Joint and integrated approaches to community forestry by 5MHP and donor assisted projects in are introduced in a number of pilot localities. Small and medium scale processing of tree and forest products promoted (see RA 9).	WB (F. Protection & Rural Dev. Proj); ADB (F. Sector Proj.); WWF; Oxfarm GB; IUCN (NTFP – phase 2); WB; ADB KFW; IUCN;EU; GTZ/SFDP EU; BirdLife EU; GTZ/SFDP, SNV ADB Forest Sector Proj.;EU SIDA	Oxfarm GB; WB (F. Sector Dev. Proj) & ADB (F. & livelihood Proj.) KFW; ADB (F. & livelihood proj.) IUCN (Huong river Basin Managment program)	

⁶ This Result Area would encompass forest area and quality monitoring in relation to the goals and objectives of both the Forest Sector Development Strategy and 5MHP. Ideally this would be linked to the specific targets and indicators on environmental sustainability that are currently being development by GOVN under the International Development Targets.

⁷ Other non-state units is here defined as including: a) farm households, cooperatives, and other units that are eligible for land allocation, and b) forest “user group” structures that may be appropriate in different regions and amongst different ethnic groups based on household groups, hamlets, extended family or clan structures etc.

MATRIX OF NATIONAL AND INTERNATIONAL AFFILIATIONS

RESULT AREA 5: SFE renovation implemented				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations:</i></p> <p>5.1.1 Current land use and tenure under SFEs known and influences determinations of appropriate management organisation and decisions on the assignment of functions to SFEs.</p>	<p>Data of current land use and tenure under SFEs</p> <p>Forest inventory and land tenure data sufficient to identify and delineate commercially viable forest management units collected by the end of 2002.</p>	<p>GTZ (REFAS Proj.)</p>	<p>Tropenbos Int?.; Finland</p>	
<p>5.1.2 A proportion of SFEs rationalised and restructured to assume responsibilities and functions as commercial enterprises.</p>	<p>Selected SFEs allocated proposed wood supply areas (RA 9.2)</p> <p>Commercial SFEs operating profitably</p> <p>Commercial SFEs have realistic business plans</p> <p>Impact of renovation process on SFE households/ workers in terms of access to land, capital and other assets and services.</p>	<p>EU; WB (F. Protec. & Dev. proj.)</p> <p>SNV, EU</p>	<p>WB (F. Sector Dev. proj.); Oxfarm GB</p>	<p>BirdLife</p>
<p>5.1.3 A proportion of SFEs rationalised and restructured to assume responsibilities and functions as Forest Protection Management Boards (FPMBs) and Special Use Forest Management Boards (SUFMBs).</p>	<p>Selected FPMBs/ SUFMBs have unambiguously defined forest areas under their jurisdiction.</p> <p>FPMBs/ SUFMBs have management plans for their forest units.</p> <p>FPMBs/ SUFMBs have adequate staff and funds to meet their responsibilities</p> <p>Impact of renovation process on SFE households/ workers in terms of access to land, capital and other assets and services.</p>	<p>WWF, SNV</p>	<p>WB (F. Sector Dev. proj.); Oxfarm GB;</p>	<p>BirdLife</p>

MATRIX OF NATIONAL AND INTERNATIONAL AFFILIATIONS

RESULT AREA 6: Sustainable forest management planning and implementation accomplished based on the different functions of the three types of forests				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations:</i></p> <p>6.1.1 The long-term benefits of the 5MHRP investments are maximised through sustainable forest management of the priority forests (identified through sub-results of R3).</p>	<p>Percentage of 5MHRP projects involving priority forest areas for which forest boundaries, owners and users have been clearly identified and sustainable forest management plans negotiated and under implementation.</p> <p>Number and quality of investment plans and area management plans completed and under implementation for priority Special Use Forests.</p> <p>Appropriate mechanisms in place to ensure communes and villages are adequately informed and involved in planning and decision-making in forest management.</p>	<p>SIDA, WWF; KFW (afforestation proj. 1, 2, 3 & 4); GTZ/SFDP; BirdLife</p> <p>EU</p> <p>IUCN (PARC proj.); EU; GTZ /SFDP; BirdLife</p>	<p>Oxfarm GB; KFW; Finland; FAO</p> <p>WB Forest Sector Dev. Proj./Vietnam Conser. Fund; SNV</p> <p>KFW (afforestation proj. IV – Q.Nam, Q.Ngai, B.Dinh & P.Yen)</p> <p>GTZ (Tam Dao Proj.)</p>	<p>IUCN (Landscape F. Restoration Pro. for contries in lower Mekong region);</p>
<p>6.1.2 Forest area and quality enhanced through effective restoration of degraded forest landscapes and rehabilitation of forest productivity.</p>	<p>By 2003, management plans offer clear scope for monitoring forest area and quality.</p> <p>By 2008, forest area and quality indicators are being measured and show improvements.</p>	<p>KFW (Afforestation proj. Nr.1, 2, 3, & 4);</p>	<p>WWF;</p>	<p>IUCN (Landscape F. Restoration Pro. for contries in lower Mekong region);</p>

RESULT AREA 7: Sustainable use and conservation of indigenous forest flora and fauna developed and integrated into biodiversity conservation				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<p><i>Operations:</i></p> <p>7.1.1 The use of indigenous species and assisted natural regeneration techniques in reforestation, agroforestry and NTFP development programmes is substantially increased.</p>	<p>At least 80% of all tree nurseries produce some indigenous species by 2008⁸.</p> <p>Ratio of the area under assisted natural regeneration to the area planted annually increases to at least 50% in all mountainous agro-ecological zones by 2008.</p> <p>Planting material of indigenous species is available in all agro-ecological zones by 2004.</p>	<p>KFW; IUCN (NTFP – phase 2); EU;</p>	<p>ADB (Forest & livelihood proj.) Tropenbos Int'l.; GTZ; FAO</p>	<p>KFW; IUCN (Landscape F. Restoration Pro. for contries in lower Mekong region);</p>
<p>7.1.2 Sustainable use regimes for a significant number of indigenous forest species and their habitats are developed and incorporated into forest management plans.</p>	<p>Sustainable use regimes developed and incorporated for at least ten species in each agro-ecosystem zone by 2005.</p>	<p>IUCN (NTFP phase 2 proj.)</p>	<p>SNV</p>	
<p>7.1.3 Key indigenous species that are in short supply or threatened with local extinction are domesticated and the appropriate technology transfer is incorporated into relevant forestry programmes.</p>	<p>At least two new indigenous fauna species involved in captive breeding programmes and ten new indigenous flora species domesticated by 2005.</p>	<p>IUCN (NTFP – phase 2)</p>	<p>Tropenbos Int'l.</p>	<p>IUCN (Landscape F. Restoration Pro. for contries in lower Mekong region);</p>
<p>7.1.4 The harvest and trade in threatened species is more effectively regulated to conserve forest biodiversity.</p>	<p>The percentage of interceptions of illegal trade in endangered wildlife species increases to at least 50% of the estimated total trade by 2008.</p> <p>Pilot schemes that support self-regulation approaches to using and conserving forest biodiversity (eg. registered collectors, collector associations).</p> <p>Mechanisms for cross-border cooperation in the regulation of the trade of tree and forest products are further utilised and expanded (see RA 3).</p>	<p>WWF (TRAFFIC); IUCN (NTFP); EU</p> <p>EU; BirdLife</p>		<p>IUCN (Medicinal plant conservation)</p>

⁸ An alternative standard that may be more difficult to measure is: the ratio of the number of seedlings of indigenous species planted to the number of seedlings of exotic species planted in one year is higher than 50% in all agro-ecological zones by 2008.

RESULT AREA 8: An integrated system of demand-driven and appropriate research, extension, education and training developed and implemented				
Narrative Summary	Indicative Performance Standards	Existing engagement	Planned or Pipeline engagement	Possible future engagement
<p><i>Operations:</i></p> <p>8.1.1 Research, education, training and extension organisations are successfully collaborating on the development and application of integrated approaches, methods and techniques.</p>	<p>Application and documentation of innovative approaches to integrated and demand driven research, education and extension.</p> <p>Approaches and methods are successfully scaled up.</p> <p>Changes made in inter-institutional roles, responsibilities and relationships and formation of collaborative partnerships between institutions</p> <p>Institutional and HRD analysis and planning carried out for each institution in forest sector research, education and training in the integrated system.</p> <p>Implementation of capacity-building measures for institutions and personnel.</p> <p>Donor funded projects and programs are working towards mainstreaming their support with national, regional and provincial research, education and training organizations.</p> <p>Donor funded projects and programs are coordinating their capacity building efforts with responsible Organisational and Personnel Departments at central and provincial levels.</p>	<p>Switzerland (SDC/Helvetas), WWF; Tropenbos Int'; IUCN (NTFP – phase 2); EU; GTZ/SFDP</p> <p>Switzerland (SDC/Helvetas), Tropenbos Int'</p> <p>Switzerland (SDC/Helvetas)</p> <p>GTZ/SFDP</p> <p>Switzerland (SDC/Helvetas); RNE</p> <p>Switzerland (SDC/Helvetas)</p> <p>Switzerland (SDC/Helvetas)</p>	<p>Oxfarm GB</p> <p>RNE (Vocational training sub sector strengthening proj.)</p>	
<p>8.1.2 Effective training and extension is provided to farmers and other forest users (including the commercial sector) on technical and managerial topics, skills and competencies as identified under the other Result Areas.</p>	<p>Training courses and other learning mechanisms developed and delivered to farmers and other forest users.</p> <p>Research, training and extension activities provide at least 80% of the critical technical inputs of the 5MHRP by 2005.</p> <p>Regular monitoring of training and extension targets and impact through carrying out tracer studies on application of learning in the work place in order to revise and update plans and content.</p>	<p>Switzerland (SDC/Helvetas), WWF; IUCN (NTFP-phase 2); GTZ/SFDP</p>		

RESULT AREA 8: An integrated system of demand-driven and appropriate research, extension, education and training developed and implemented				
Narrative Summary	Indicative Performance Standards	Existing engagement	Planned or Pipeline engagement	Possible future engagement
8.1.3 Effective education and training is provided for both new staff and existing staff in forest sector institutions on technical and managerial topics, skills and competencies as identified under the other Result Areas.	Number of new and existing staff at professional, technical and vocational levels obtaining qualifications to approved standards. Graduates from professional, technical and vocational training apply their learning.	Tropenbos Int'; IUCN (NTFP-phase 2); GTZ/SFDP	RNE (Vocational training sub sector strengthening proj.)	

RESULT AREA 9: Forest Products in targeted areas being marketed and processed at a sustainable rate				
Narrative Summary	Indicative Performance Standards	Existing engagement	Pipeline engagement	Possible future engagement
<i>Operations:</i> 9.1.1 Existing plantation areas expanded, where appropriate, to create viable wood supply units to support processing industries.	Timber supply zones designated and capable of achieving supply targets.		GTZ (Trade & Marketing Proj.); WB (forest sector dev. proj.)	
9.1.2 Harvesting and transport systems upgraded and costs reduced	Delivered wood costs internationally competitive.		GTZ (Trade & Marketing Proj.)	WWF
9.1.3 Small and medium scale processing of tree and forest products promoted (see RA 8)	Provincial and Commune Forest Development Plans contain proposals and resources for promotion of SMEs.	KFW; IUCN (NTFP-phase 2)	GTZ (Trade & Marketing Proj.)	KFW

NATURAL DISASTER MITIGATION (NDM) PARTNERSHIP FOR CENTRAL VIETNAM

I. Introduction

The Natural Disaster Mitigation Partnership for Vietnam (NDM-Partnership) was established with the signing of the Memorandum of Agreement in June 2001. The actual implementation of the NDM-Partnership started in April 2002 with the approval of a one-year Preparatory Assistance phase with support from UNDP, Royal Netherlands Embassy and Luxembourg. As some activities could not be completed as planned, the preparatory implementation phase was extended up to August 2003. As more work needed to be carried out, UNDP further supported for an extended period of the NDM-Partnership up to December 2003. This note presents the key outcomes that the Partnership has achieved over the past six months, actions for the next six months as well as success criteria for 2004.

II. Progress of the Partnership over the past six months

The NDM-Partnership support to sectoral strategies has been reflected in its facilitating and co-ordinating role for mobilisation of support for disaster mitigation in the Central Viet Nam as well as all over the country. During the past six months, it has been focusing on improving its coordination functions and initiating concrete interventions in Central Viet Nam. The Partnership has also initiated discussions on how it could best support the Government in improving sectoral policies and to link its objectives and activities with other major development policy frameworks such as CPRGS and MDGs. Major outcomes achieved include the following:

Mobilising support for disaster mitigation

- A Framework Document and Action Plan for the NDM-Partnership up to December 2005 has been finalised. The document gives a direction for the Partnership to further enhance its coordination and mobilisation role to gradually contribute to efforts to make disaster mitigation an integral part of the policy making process in all other sectors. The document will serve as a framework to mobilize further support to disaster mitigation either directly to the sector or through different poverty reduction and sustainable development programmes. Support for implementing the next phase of the NDM-Partnership up to 2005 is being mobilised.
- The NDM-Partnership considers community based disaster management action planning as an important means to reduce vulnerability of the poor that will help achieving the targets set out by the CPRGS in disaster mitigation. This has been reflected in the Framework Document and Action Plan that has been prepared for implementing the NDM-Partnership up to 2005.
- Partnership Secretariat continued facilitating the donors in activities of implementing priority projects for Central Viet Nam. The Royal Netherlands Embassy (RNE) supported developing some pilot priority projects for disaster reduction in Central Vietnam. The Partnership fielded a Start-up Verification Mission to the Central Provinces in February-March 2003 for appraising five provincial priority projects. Based on the data collected by expert teams on engineering, socio-economics, environmental and institutional analysis project

documents of 5 pilot priority projects were prepared. Each of the five pilot projects includes capacity building and community based disaster management planning in addition to rehabilitation of water disaster risk reduction infrastructure. These projects are now available for Donor support. Efforts are on to mobilize funding for implementing these pilot projects.

- The Master Plan for Disaster Mitigation in Central Vietnam has been updated based on the information received from the Central Provinces on the status of 21 priority projects listed for urgent implementation and the current provincial priority. Out of 21 priority projects, 6 projects have so far received part or full support from Government or bilateral agencies.
- Under the Partnership's framework, the Government is preparing for a World Bank loan of approximately US\$ 150 million for natural disaster mitigation in Viet Nam. The NDM-Partnership is continuing its support to the preparation of this important project.

The coordination role of the NDM-Partnership has been improved

- The NDM-Partnership is regularly publishing a quarterly Newsletter for information sharing between Government, Donors and NGOs in the field of disaster mitigation. A website for the NDM-Partnership (<http://www.undp.org.vn/ndm-partnership>) has been launched and is being regularly updated.
- With the aim to improve emergency needs assessment for more effective emergency relief, the NDM-Partnership has fostered co-ordination with the Disaster Management Working Group and the UN Disaster Management Team which are active in the disaster relief activities to develop a co-ordinated assessment of relief needs. Common guidelines and tools have been developed for carrying out joint assessment of relief needs in the event of a natural disaster. A Joint Assessment Team, including the representation of Central Committee for Flood and Storm Control (CCFSC) has been formed for carrying out the joint assessment. This will be integrated in the existing mechanism of the Government for emergency needs assessment.

Improving the existing national institutional arrangements for disaster mitigation

- NDM-Partnership has completed a study for assessing the institutional capacity for disaster mitigation in Vietnam. The study reviewed the existing system and national capacity for disaster prevention and control in the country and identified the strength and weaknesses to make the most feasible recommendations for improving the effectiveness of institutional capacity for disaster management in Vietnam. The findings of the study will be shared with the Partners and all concerned agencies before finalising the report. The second phase of the study will be implemented in November-December 2003 including a study tour of Government officials to some countries to learn the existing best practices of disaster management.

Structural changes in the Partnership implementation framework

- The lessons learned during the preparatory implementation of the Partnership lead to the necessity of some structural changes in the implementation framework of the Partnership. Though the Minister of MARD (Ministry of Agriculture and Rural Development) is the Chair of the Steering Committee of the Partnership, the implementation authority of the Partnership has been given to a Department of the Ministry. Though the implementing authority has the necessary technical experience,

they need to be strengthened with expertise on ministerial level advocacy, donor coordination and inter-ministry coordination. The capacity available within the MARD is being assessed in order to design a suitable implementation mechanism for the NDM-Partnership.

III. Concrete Actions for the next six months

- Set up the new structure for implementing the next phase of the NDM-Partnership up to 2005.
- Mobilise Donor support for implementing the next phase of the NDM-Partnership up to 2005.
- Mobilise Donor support for implementing pilot priority projects for disaster mitigation.
- Facilitate Donors for implementing priority projects.
- Implement capacity building for provincial officials for developing projects for disaster mitigation.
- Implement community capacity building for developing community disaster management action plans.
- Develop the NDM-Partnership that is now focussed at the Central Provinces to a nation wide Partnership for disaster mitigation.
- Continue the information sharing mechanism that supports policy dialogues for the implementation of the Framework Document and identification of further strategic interventions by the Partnership.
- Support the Government to improve the emergency needs assessment.

IV. Success criteria for 2004

- New mechanism of implementation framework of the Partnership implemented.
- Donor support committed for the NDM-Partnership operations up to 2005.
- Government and Donor/NGOs consensus reached on set goals and identified activities that help to meet the CPRGS targets. The consensus is reflected in the implementation of Partnership joint actions as well as Donor/NGOs bilateral activities in disaster mitigation.
- NDM-Partnership expanded to nation-wide Partnership.
- Timely approval of donor and Government obtained for priority projects.
- Information sharing mechanism is updated regularly (Regular issues of quarterly Newsletters published and distributed; Website regularly updated, Partnership meetings organised as planned).
- Coordination mechanism established and operationalised for inter-agency assessment of disaster needs, appeal and distribution of relief material.

PARTNERSHIP TO ASSIST THE POOREST COMMUNES

(Updated as of November 2003)

The Partnership to Assist the Poorest Communes (PAC) began the second phase of its life in March 2003 with the adoption of the PAC's concept paper and agreement on its 2003 work plan.

Objectives of the PAC focus on three areas, namely

- Improving coordination of government and donor-funded projects and programs working to reduce poverty in Vietnam's poorest communes.
- Developing more unified and effective approaches and procedures across government and donors for the preparation, administration and implementation of poverty reduction and community development efforts in the poorest communes.
- Strengthen mechanisms for learning from direct experience of project and program implementation and incorporating this learning into the design of future projects/programs and regulatory frameworks.

In longer term, the partnership aims at increasing complementarities between donor and government procedures and integrating lessons learnt into GoV's revising and implementing poverty reduction target programs.

Under the leadership of MPI, a renewed PAC began a comprehensive program of applied demand-driven researches, policy dialogues and dissemination workshops and publications to help consolidating the rich body of existing experience and lessons learnt from various community based project and programs which target the poor communes. The PAC's program is financed by an ASEM II grant (mobilized by the World Bank) and other interested donors such as UNDP, DIFID and the World Bank.

Activities in 2003

No	Activities/Completion Time/ Responsibility	Description	Status
1	Re-establishment of the PAC March 2003 Lead: PAC Partnership Group	<ul style="list-style-type: none"> • Adopt the Concept Paper • Agree the 2003 work plan 	Done
2	Study on Community Contributions to Infrastructure Development April 2003 Lead: UNDP/IFAD/PAC	<ul style="list-style-type: none"> • Assess and disseminate experience of IFAD and GoV's Program 135 in four provinces: Tuyen Quang, Ha Giang, Ha Tinh and Quang Binh 	Done
3	Study on Community Driven Development in Vietnam September 2003 Lead: World Bank/PAC	<ul style="list-style-type: none"> • Consolidate Vietnam's experience in Community Driven Development (CDD) into a platform • Identify factors determining outcomes of CDD in the country 	Done
4	Study On Best Practices in Integrated Rural Development September 2003 Lead: UNDP/IFAD/PAC	<ul style="list-style-type: none"> • Assess experience gained in Integrated Rural Development under UNDP and IFAD projects/programs in Vietnam and consolidate them into a manual "Best Practices in integrated Rural Development" • A Workshop to discuss and disseminate the 	Done

5	Training Workshops in Sustainable Livelihood October 2003 Lead: DFID/PAC	<ul style="list-style-type: none"> experience and lessons A series of training workshops in sustainable livelihood concept and its application in Vietnam for key stakeholders at both central and provincial levels 	Done
6	Study on Poverty Reduction in Poor Coastal Communes Nov 2003 Lead: PAC/MoFi/MONRE/Oxfam GB	<ul style="list-style-type: none"> Support of the formulation of a new government program to assist poorest communes in coastal areas of Vietnam through developing targeting criteria and identifying facing problems, need for assistance and potential interventions and their mechanisms A workshop with active participation of key provinces to discuss the study's finding and recommendations 	Done
7	Study on Making User Groups More Effective November 2003 Lead: UNDP	<ul style="list-style-type: none"> Review the existing institutional environment influencing the formulation, operation and sustainability of user groups Assess the experience gained from related capacity building efforts 	On-track
8	Village Development Planning & Grassroots Democracy: Fieldwork November 2003 Lead: GTZ	<ul style="list-style-type: none"> Assess the impact of village development planning on the Grassroots Decree, Programs 135, 925 and HEPR, and village-level poverty reduction. 	On-track
9	Study on M&E in Community Driven Development Projects/Programs December 2003 Lead: World Bank/PAC	<ul style="list-style-type: none"> Provide an up-to-date picture of main current and planned donor supported community driven development projects operating in poor commune areas nationwide. Establish a database on CDD projects and programs to be maintained by MPI. Lay out a foundation for a M&E system to ensure complementarities and avoid overlap among CDD projects & programs 	On-track
10	Study on Harmonizing Government & Donor Procedures in CDD Projects January 2004 Lead: World Bank/PAC	<ul style="list-style-type: none"> Identify potentials for harmonization of approaches and procedures of decentralized CDD projects/programs and how to achieve it, focusing on four particular aspects, namely (i) financial management and fund flows; (ii) procurement and contracting procedures; (iii) monitoring and reporting requirements; and (iv) procedures for the mobilization of local people's participation, at the provincial and sub-provincial levels. Link to Harmonization Group (ADB, JBIC, UN, bilaterals, World Bank activity) 	On-track
11	Study on Community Infrastructure Operation & Maintenance January 2004 Lead: World Bank/PAC	<ul style="list-style-type: none"> Gain a better empirical understanding of the current situation with respect to operations and maintenance (O&M) of commune and village infrastructure, including financing mechanisms, the use of local contributions vis-à-vis recurrent budgetary allocations & building technical O&E capacities. 	On-track
12	Progress Report November 2003 Lead: PAC Core Group	<ul style="list-style-type: none"> Summarize findings and conclusions from 2003 	On-track
13	Work Program for 2004 December 2003 Lead: PAC Partnership Group	<ul style="list-style-type: none"> Develop and agree program for 2004 	On-track

Links to CPRGS and Poverty Working Group. PAC supports the implementation of the CPRGS by helping to identify mechanisms to mobilize people's participation in development efforts and to unify approaches taken in national target programs (e.g. national programs for Hunger Eradication, Poverty Reduction and Employment Generation). PAC augments the work of the Poverty Task Force by relating experience from project and program implementation and administration to broader implementation of the CPRGS.

Organization. PAC's organization consists of a Management Team, Core Group and wider Partnership Group that works under the guidance of Vice Minister Nguyen Xuan Thao of the Ministry of Planning and Investment (MPI).

PAC's Core Group

- MPI – Department for Agricultural Economy
- MPI – Department for Local Economy and Territory
- MPI – Department for Labor and Social Affairs
- MPI – Department for Foreign Economic Relations
- ActionAid
- AusAid
- DFID
- GTZ
- JBIC
- Oxfam GB
- UNDP
- **World Bank**

PAC's Partnership Group

Government agencies

- Center for Water Supply and Sanitation
- Committee for Ethnic Affairs
- Farmers' Association
- Government Office
- HCM National Political Academy
- Investment Newspaper
- Ministry of Agriculture and Rural Development
- Ministry of Construction
- Ministry of Education and Training
- Ministry of Finance
- Ministry of Fisheries
- Ministry of Health
- Ministry of Labor, Invalids and Social

Donors / NGOs / Centers

- ActionAid
- ADB
- AusAid
- CIDA
- Coordinating Center for Poverty Reduction
- DFID
- Embassy of the Netherlands
- EU Delegation
- GTZ
- Helvetas
- JBIC
- New Zealand Embassy
- NGO Resource Centre

- Affairs
- Ministry of Natural Resources & Environment
 - Ministry of Planning and Investment
 - MPI Research Centers
 - State Bank of Vietnam
 - Women's Union
 - Oxfam GB
 - SDC
 - SIDA
 - UNDP
 - Various donor-assisted projects
 - Vietnam Gardeners Association
 - World Bank

INTERNATIONAL SUPPORT GROUP (ISG-MARD)

I. Progress over the past six months to support CPRGS and sectoral strategies and programs

- The ISG Steering Board met 17th June 2003 and approved a new set of documents as framework for the ISG operation over the next three years 2003-2005. A review undertaken in April/May 2003 concluded that the ISG process has achieved commended results and that ISG's scope of work being further widened to meet the current needs and challenges. It is in particular found that ISG should assist MARD-the International Cooperation Department (ICD) with coordination and policy dialogue at horizontal and vertical levels during all levels of the project cycle: identification through to impact evaluation and dissemination of lessons learned.

The rationale for this revision was to help Vietnam more effectively address and response to the challenges of the transition from an agriculture and rural economy focusing on increased production scale into a development model appropriate to market needs in an economy more and more closely integrated into the world economy, at the same time pay special attention to poverty alleviation and social equity.

According to the ToRs of ISG process:

- ISG will pay more attention to integration, water services, especially CPRGS implementation via activities of three TAGs.
 - Coordination should be not only at vertical but also horizontal levels with the presence of provincial dialogue platforms.
 - ISG Steering Board in November 2003 to approve the work plan with log-frame and a set of performance indicators to evaluate ISG coordination effectiveness.
- The Annual ISG Plenary Meeting was successfully held on 22 September 2003 in MARD. The meeting was entitled "*International Integration and Development of Rural Areas*". Participating in the Plenary Meeting were around 200 participants as representatives from international donors, NGOs, national relevant agencies, non-state organizations, and news agencies.

The meeting addressed two important issues:

1. how to successfully transfer the Vietnamese agriculture to be able to integrate into the global economy, and
2. how to improve the livelihood of the poor in the rural areas.

The meeting had four sessions, including

1. further renovation under the context of global integration;
 2. MARD organization & responsibilities;
 3. the sector's roadmap for international integration; and
 4. roles of non-government partners (NGOs, businesses, research institutes) in supporting international integration and rural development.
- Given the recent restructure of MARD organization and newly issued legal documents by the Government and MARD, and in an effort to support MARD to effectively and efficiently manage and use the external sources of funds for the

sector, ISG is supporting the establishment of a working group, comprising of officers from related Departments in MARD to revise the Decision No. 132 /1999/QD-BNN-HTQT dated 22 September 1999 by the MARD Minister on Promulgation of the regulation on management of programs and projects using external fund sources under responsibility of MARD.

- Three Technical Coordinators for the three ISG TAGs were appointed by MARD to take over the responsibility for the coordination and operation activities of the relevant TAGs.
- In preparation for establishment of dialogue platforms in several piloted provinces, working visits by ISG Secretariat have been paid to the provinces of An Giang and Vinh Long. The platforms, once established, will:
 - Facilitate the policy dialogues that ensure short, medium and long term plans and priorities at central and local levels are known to the donors and for donors to identify areas of support at a very early stage.
 - Benefit interested provinces if they can exploit the chance to communicate with the Government and donors regarding priorities in their development strategies and plans for seeking external support.
 - Encompass sharing of relevant information and forecasts of local, national and international market tendencies for agro-forestry and salt products; progress of poverty reduction programmes/projects at local levels.
 - Support strengthening relations between State managers, scientists, entrepreneurs, and farmers to ensure interactions among them.

II. Over the next twelve months, main concrete actions to be taken, including to align donor support to the CPRGS

- Operation of each TAG of ISG process will be accelerated with regular meetings of the TAGs and their intended activities:
 - TAG 1 on Support International agro-economic integration and policy: with the AusAID-funded project “Strengthening Capacity of the Agriculture and Rural Development Sector for International Integration” be the core.
 - TAG 2 on Support to hydraulic works development, disaster control and rural water supply: with the review of current hydraulics works in Vietnam be the core.
 - TAG 3 on Support of the implementation of CPRGS in agriculture and rural areas: with the World Bank-funded project “Support of Monitoring and evaluation of CPRGS implementation in Vietnam’s rural areas” be the core.
- To complete an analysis report regarding the establishment of dialogue platforms in some selected provinces. Accordingly, 7 platforms should be established and starting operation soon in 2004.
- Special event: the annually ISG Plenary Meeting will be held in May/June 2004 to serve as an open forum for horizontal policy dialogue between MARD, relevant Government agencies, donor community, and NGOs.
- The ISG Management Information System (website, ODA database, consulting services database, ISG News Letters, CD-ROMs...) will also be strengthened in order to meet the requirements by MARD, donor community, and ISG partners in several piloted provinces.

III. Organizational Structure of ISG process

The following describes the ISG organization:

Steering Board (SB)

Established by MARD Minister in 2000 with 22 permanent members; the Minister, the Vice-minister, the Director Generals of MARD relevant Departments, MPI, MOF, and 10 members from the international donors and NGOs. Chaired by MARD Minister, the SB meets twice a year to: (i) update and outline policy framework for ISG and its cooperation with the donors, (ii) to discuss and select thematic issues to be reviewed and coordinated, and (iii) review and approve plans and budgets.

Plenary Meeting (PM)

Annually held and chaired by MARD Minister and selected donor representatives. PM will serve five major functions: (i) briefing on MARD's and Government of Vietnam's current development policies with particular relevance to MARD's mandate, (ii) development priorities (iii) trends and tendencies in donor support; (iv) up-date on on-going and up-coming projects and programmes, (v) review and discussions of lessons learned and (vi) presentation of a relevant technical topic by a resource person.

ISG Secretariat

Established by MARD Minister in 2000 to play a very crucial role for ISG to achieve its objectives; its functions include: (i) coordination and networking within MARD as well as with other ministries, donors, NGOs and provinces, (ii) organize SB and PM meetings, (iii) assist in coordinating TAG activities, disseminate information and lessons learned, (iv) maintain and update the ISG web-site, (v) produce and distribute the ISG newsletter on a regular basis, (vi) liaise very closely with ICARD regarding dissemination activities, and (vii) to manage ISG's funds and assets.

Thematic Ad-hoc Groups (TAGs)

There are now three TAGs under ISG framework.

TAG 1: International Agro-economic Integration and Policy;

TAG 2: Support to Hydraulic Works Development, Disaster Control, and Rural Water Supply; and

TAG 3: Support the Implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) in Agriculture and Rural Areas;

Apart from serving as for a dialogue and experience exchange in a motr technical manner, TAGs also review and examine specific technical topics identified by the SB and PM and provide them with inputs for further discussion. MARD department Director Generals chair the TAGs together with a donor representative on a rotating basis. Each TAG is assisted by a technical coordinator seconded by MARD to work on part time basis.

IV. Where does ISG process stand now

ISG process is a forum for policy dialogue between MARD, donor community and other Vietnamese relevant agencies involved in the agriculture and rural development. With the current active, enduring and responsible participation of various stakeholders, the ISG process will better perform its role to support coordination of external sources for the agriculture and rural development.

V. Recommendations for further improvement in the partnership work. Future plan for your partnership group in terms of working formula.

The members of ISG as a whole or of any TAG particularly should:

- play the active and constructive role in the flexible process of ISG;
- regularly provide/exchange information relating to strategies, action plans, policies, priorities to the sector and CPRGS;
- regularly provide information of pipelined, ongoing activities in the sector;
- pay special attention to sharing of experience and lessons learnt.

VI. Sector update - Water Sector Brief:

- The Ministry of Natural Resources and Environment has set up the Department of Water Resources Management. There are now approximately 30 staff members who have been transferred from MARD and the General Department of Hydrometeorology. Organization and programs are being set up to activate the department, based in part on the recommendations made by a Joint Donor Task Force to advise MARD and MoNRE on the transfer of water resource management responsibilities. The Office of the National Water Resources Council is located in the Department.
- The Government issued Decree 86/2003/ND-CP on 18 July 2003 on the Mandate, Tasks, Powers and Organizational Structure of MARD. Following that, MARD Minister issued Decision 93/2003/QD-BNN on 4 September 2003 on the Mandate, Tasks, Powers and Organizational Structure of the Department of Water Resources in MARD. These documents describe the responsibilities of the ministry and the department regarding hydraulic works and related water resources. Decision 93 indicates that the Department of Water Resources will be the standing organization of the river basin planning management organizations and will be responsible for related planning activities.
- On 9 June 2003 the NWRC held its fourth meeting. In concluding the meeting, Deputy Prime Minister Nguyen Tan Dung mentioned the important role which the NWRC will play in advising Government on water resources management, the role of MoNRE as the standing agency of the NWRC, and some of the objectives of the Council and MoNRE with respect to water resource planning, legislation and information management. The Council expects to meet on a regular 6-month basis.
- The first meeting of Dong Nai River Basin Planning Management Board was held in Hanoi on 8 September 2003. The Board discussed organizational details such as membership and joint working groups. It also received a report and recommendations on priority water quantity and quality issues in the basin. Work will continue on these issues through the working groups.

OFFICIAL DEVELOPMENT ASSISTANT PARTNERSHIP (ODAP) HO CHI MINH CITY

Progress made in second half of 2003

1. A May workshop was held for review of ODA projects' performance in HCMC. The conclusions from the workshop cover the HCMC PC's recommendations to the central government to consider the legal framework applicable to ODA projects and the necessary activities to be conducted by the PC to facilitate the ODA performance and to improve the PMU capacity. The conclusions from the workshop was an important input to the national-level workshop held by MPI and like-minded group in June. It also drew a large national-wide attention in the performance ODA projects not only in HCMC but also throughout the country.
2. PMU Forum No. 9 was held in July to discuss about the draft of regulations related to ODA management in HCMC. Most of the comments concentrated on the framework of cooperation among the city departments for ODA management, the schedule and the administrative responsibilities of the departments in project preparation and assessment and the updated regulations on organization of PMU and their incentives.
3. In the meeting of the Steering Committee in May 2003, AFD and EU were officially to be accepted to participate in the ODAP. Now the number of ODAP members is 10 covering HCMC PC, MPI, WB, UNDP, ADB, JBIC, JICA, BTC/DGIC, AFD, EC and INGOs in HCMC. The final draft Memorandum of Understanding (MOU) was approved by the ODAP members and the signing was conducted in early July 2003. The amended MOU emphasized that ODAP is a non-binding gesture of intent. The mandate of ODAP is provide an overarching framework to identify priorities for donor support to the city's development and to facilitate the linkages with foreign direct investment and the city's domestic programmes, to strive toward consensus on policy reform and solutions to operational issues, to facilitate project implementation and to share relevant information and coordinate donor knowledge and activities so that data, documents and project activities are more accessible to the partners.
4. A preliminary survey among the ODA PMUs was conducted in September to identify the common information that the donors often required from the city & PMUs during the project preparation, implementation and finalization. This will enable the ODAP to develop a efficient framework for information sharing in future. The report will be presented in the ODAP Steering Committee in late November.
5. The training course of project management for ODA PMUs and city departments was held by ODAP with supporting from HCMC PC and Public Administration project VIE/02/010 funded by UNDP in September. For the preliminary assessment, the trainees seemed to have a great expectation in the course and desire for more seminars on the critical issues concerning the project preparation and implementation. The HCMC DPI will take a supervision on the training to evaluate the efficiency of the course to ODAP members.

6. The preparation for a Workshop on Compensation and Site clearance of ODA projects in HCMC is ongoing. This workshop will give a consideration on the compensation framework which could be not so much different among ODA projects as well as the domestic projects. In addition, the approach of conduction of compensation and site clearance would be a concentration, specifically the collaboration among the stakeholders.

Plans for the next six months

1. There will be an ODAP workshop on compensation and site clearance, probably in November. The compensation for the poor would be one of the concerns of the workshop.

2. The main ODAP activities aim to facilitate the ODA projects covering institutional improvement of the ODA PMUs and relevant HCMC departments through continuous training courses and development of framework and coordination of information sharing among the city and the donors.

3. Collaboration with MPI in conduction of development of ODA project E&M (MIS).

4. In order to follow the mandate that to provide an overarching frame work to identify the priorities for donor support to the city's development and to facilitate the linkages with foreign direct investment and the city's domestic programmes, ODAP should need an international consultant to support the HCMC DPI in such issues.

Success criteria to assess the performance of the partnership

The indicators for evaluation of the success of the partnership will be developed by donors in the next year.

TRANSPORT PARTNERSHIP GROUP

- 1) What progress has your partnership group made over the past six months to support CPRGS and sectoral strategies and programs?

Since the first transport sector meeting in July 2000, the group has mainly focused on consolidating information and experience on projects, programs and related activities by transport stakeholders. Apart from the aforesaid activities, several members of the group have advanced discussions on the further co-ordination process. The main activities of the group members were as follows:

1. Activities of Donors in the Sector

1.1 Rural Transport

In rural transport, there have been a number of events and studies looking at how to achieve the existing government targets on Basic Access for All. This has led to a common understanding of the needs of the sub-sector. The WB and DFID are now beginning preparation activities for the next programme of support for the sub-sector. They are actively seeking the participation of other partners to bridge the investment gap, which currently exists in poorer areas to help achieve the CPRGS targets. Besides, the Japanese Government, through JICA, with over 100 small and medium-scale bridges on rural roads facilitates all-weather access in deep-lying and remote areas. ADB is also preparing a project for provincial/district roads in the Central Region.

1.2 Inter-Provincial Transports

In national and inter-provincial transports, JBIC, ADB and WB have supported the improvement of National Highways and bridges. KfW has focused on projects on improvement of railway. JBIC has also supported the improvement of railway projects.

1.3 Urban Transport

In urban transport, to assist the government to renovate this sub-sector to assure smooth operations for transport participants and efficiency for vehicles, the WB, JICA and JBIC have implemented substantial interventions in two big urban areas of Hanoi and Hochiminh city as well as on the country's arteries.

2. Policy Issues

2.1 CPRGS Expansion

Transportation sector has been one of the major agenda for the CPRGS expansion initiative by the Vietnamese government. This initiative is to include in the CPRGS the role played by large-scale infrastructure in economic growth and poverty reduction. The workshop ("Development of Large-Scale Infrastructure for Growth and Poverty Reduction") was held on September 25, 2003, and members from the Transportation

Partnership Group played a vital role to contribute providing inputs for the drafting of the new Chapter in the CPRGS -- a number of supplementary studies conducted by MPI, JBIC, WB, AusAid and DFID in the transport sector was presented at the workshop to support the drafting of the chapter. The inclusion of the new Chapter will contribute to elaborating the importance of co-existence of the poverty reduction and growth in the economy and social development in Vietnam. In addition, it is expected that the revised chapter will guide government and donor policies in the transport sector – particularly in the development of the next PIP.

2.2 Policy Matrix Initiative

Policy Matrix Initiative (PMI), introduced by Japan in close cooperation with MPI, WB, DFID and other donors, is an initiative to provide a comprehensive view of Vietnam's sector plans and strategies in order to better identify areas for alignment through making a matrix of policy objectives, measures, targets, key outcomes, timetables and donor support. It analyzes where gaps and opportunities exist in the sector to improve donor inputs and prioritize investment. PMI links well with the work being undertaken on policy, expenditure in the transport sector and the development of Medium Term Expenditure Frameworks (MTEF) to improve resource allocations in a more consolidated manner and action-oriented characteristics. Transportation could be a candidate sector for PMI for the promotion of alignment with the sector development plans of Vietnam since the sector is expected as one of the four candidate sectors (education, health, transportation, agriculture) for introducing Medium Term Expenditure Framework.

2.3 Sector Studies

JBIC and WB are both revising their transport strategies. Interim reports from both reviews highlight the CPRGS as a key reference point. It is expected that the revised strategies will explicitly define how JBIC and WB will support the priorities and approaches articulated in the CPRGS. Transportation Partnership Group members have actively involved in their revision process through providing comments and attending workshops held by these organizations.

2.4 Operation and Maintenance

A joint meeting was held among MOT, VRA, ADB, JBIC and WB on October 1, 2003 to discuss and coordinate O&M issues on National Highways, Provincial roads and bridges. The meeting also provided to the donors the major information on the transport development policies and plans of Vietnam to enhance the cooperation between the donors and Vietnam in the Transport Sector. All the participants shared a common view that continuous dialogue is necessary to promote coordination between donors with a view to avoiding any overlap and to implement projects effectively.

2) Over the next twelve months, what concrete actions will your group take, including aligning donor support to the CPRGS?
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1. Partnership Group Activities

1.1 General Direction of the Transportation Partnership

- a. Continuing to be a forum for exchange of information on transport issues and presentations of planned, on-going major projects and studies, as well as dissemination of outputs and lessons from completed projects.
- b. Monitoring the MOT's Transport Sector Strategy Plan that is currently being considered by the Government of Vietnam for approval and other plans pertaining to transport sector.
- c. Holding workshops on specific themes by donors if it is necessary by the MOT.

1.2 Discussion for Future Agenda Setting

The 7th transport partnership meeting was held in October 22, 2003. The meeting had worked as the forum for exchange of information on transport issues to promote coordination between donors with a view to avoiding any overlap and to implement projects effectively, thus maximizing benefit for Vietnam. At the meeting, the group discussed reviewing the meeting's role and character and whether to add some facilities to it. It was confirmed that Transportation Sector has been playing a vital role for Vietnam's economic development and there are still growing needs for supporting the sector from both physical infrastructure aspect and institutional aspects. It is a fact that various policy initiatives and challenges closely related with the sector are becoming increasingly important, and therefore a common platform for coordination and collaboration is required. For example, issues related with operation and maintenance, consideration of criteria for prioritizing and selecting "well prepared projects" within PIP, and PMI would be the important agenda for consideration. Since there is no other framework to discuss these progressing policy issues related to the sector, this existing Partnership is expected to be the possible platform for discussing these issues. There was a consensus among the Partnership Group members that issues related with operation and maintenance that would directly affect project effect and sustainability would be discussed as a future agenda. It was agreed that the functions of the Partnership Group regarding these issues would be further discussed.

At the meeting, the group agreed to change the co-chairman from JICA to JBIC.

3) What are your revised success criteria - or milestones- for 2004 to ensure your partnership group reaches its development outcomes?

Specific activities and milestones are not as yet set and will to an extent be defined as the successive discussions among donors and MOT. Starting from the discussion on the policy agenda that could be shared widely within the Transportation Partnership, operation and maintenance issues for example, we intend to activate our discussion on the important policy issues.

**TRANSPORT SECTOR ASSISTANCE PROJECTS IN VIETNAM
TRANSPORT PARTNERSHIP GROUP**

PROJECT	DONOR	STATUS	DURATION	CONTACT
Third Road Improvement	ADB	Ongoing	1998-2005	wcostin@adb.org ldthang@adb.org
GMS: HCMC-Phnom Penh Highway	ADB	Ongoing	1998-2005	wcostin@adb.org ldthang@adb.org
GMS: East-West Corridor	ADB	Ongoing	2000-2005	wcostin@adb.org ldthang@adb.org
Provincial Roads Improvement	ADB	Ongoing	2001-2006	wcostin@adb.org ldthang@adb.org
Central Region Transport Network	ADB	Preparation Stage	2005-2010	pvalley@adb.org wcostin@adb.org ldthang@adb.org
GMS: Kunming-Haiphong Corridor	ADB	Preparation Stage	2005-2010	ytanaka@adb.org wcostin@adb.org ldthang@adb.org
GMS: Southern Coastal Corridor	ADB	Concept Stage	2006-2011	pvalley@adb.org wcostin@adb.org ldthang@adb.org
Implementation of Sector Development Policy (Road Information and Management System)	ADB	Consultants presently being recruited	2004-2005	pvalley@adb.org wcostin@adb.org ldthang@adb.org
Rehabilitation of 15 Main-Line Locomotives	KfW	completed	15.03.1996 - 2000	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Feasibility Study on Urban Railway System of Hanoi	KfW	completed	1999-2000	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Supply of Modern Railway Cranes	KfW	Ongoing	2000-2003	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Workshop Programme Danang	KfW	Ongoing	19.05.1999 - 2004	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Main Line Locomotives	KfW	Ongoing	Begin: 11.10.2001	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Hopper Suction Dredger	KfW	Ongoing	Begin: 29.08.2000	Dr. K. Mueller; Mr. Nguyen Van Minh: office@kfwvn.com
Vietnam Railways Project	GTZ	Ongoing	2001- 2004	
National Highway No. 5 Improvement Project	JBIC	Ongoing	1996 – 2004	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
National Highway No. 1 Bridge Rehabilitation Project	JBIC	Ongoing	1996 - 2005	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Second National Highway No. 1 Bridge Rehabilitation Project	JBIC	Ongoing	1999 - 2004	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Third National Highway No. 1 Bridge Rehabilitation Project	JBIC	Ongoing	2003 - 2009	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp

National Highway No. 10 Improvement Project	JBIC	Ongoing	1998 -2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
National Highway No. 18 Improvement Project	JBIC	Ongoing	1998 -2008	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Bai Chay Bridge Construction Project	JBIC	Ongoing	2001 - 2008	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Binh Bridge Construction Project	JBIC	Ongoing	2000 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Red River (Thanh Tri) Bridge Construction Project	JBIC	Ongoing	2000 - 2008	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Can Tho Bridge Construction Project	JBIC	Ongoing	2001 - 2009	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
National Highway No. 1 Bypass Road Construction Project	JBIC	Ongoing	2001 - 2009	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Hai Van Tunnel Construction Project	JBIC	Ongoing	1997 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Rural Development and Living Standard Improvement Project III (Rural Road)	JBIC	Ongoing	1999 - 2006	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Small-Scale Pro Poor Infrastructure Development Project (Rural Road)	JBIC	Ongoing	2003 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Hanoi – Ho Chi Minh City Railways Bridge Rehabilitation Project	JBIC	Ongoing	1994 - 2005	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Hai Phong Port Rehabilitation Project (Phase II)	JBIC	Ongoing	2000 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Cai Lan Port Expansion Project	JBIC	Ongoing	1996 - 2005	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Da Nang Port Improvement Project	JBIC	Ongoing	1999 - 2004	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Coastal Communication System Project in Southern Vietnam	JBIC	Ongoing	2000 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Tan Son Nhat Airport International Terminal Construction Project	JBIC	Ongoing	2002 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Sai Gon East-West Highway Construction Project	JBIC	Ongoing	2000 - 2007	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Transport Infrastructure Development Project in Hanoi	JBIC	Ongoing	1999 - 2006	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
National Weak Bridges Reconstruction Project	JBIC	Proposed	2004 - 2008	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Cai Mep-Thi Vai International Port Development project	JBIC	Proposed	2004 - 2012	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Hanoi – Ho Chi Minh City Railways Bridge Rehabilitation Project (III)	JBIC	Proposed	2004 - 2009	Yuho Hayakawa, JBIC y-hayakawa@jbic.go.jp
Study on the Red River Inland Waterway Transport System	JICA	Completed	12/2001-3/2003	Komori katsutoshi, JICA komori@jica.org.vn
Traffic Safety Program	JICA	Completed	1/2003-3/2003	Komori katsutoshi, JICA komori@jica.org.vn

Study on Urban Transport Master Plan and Feasibility Study in HCN Metropolitan Area	JICA	Ongoing	8/2002-5/2004	Komori katsutoshi, JICA komori@jica.org.vn
Study on urban transportation master plan in Hanoi (as one component of the Hanoi City Planning Master Plan)	JICA	Proposed		Komori katsutoshi, JICA komori@jica.org.vn
Project for Reconstruction of Bridges in Mekong Delta Area	GOJ/JICA	Ongoing	6/2001-3/2004	Komori katsutoshi, JICA komori@jica.org.vn
Project for Reconstruction of Bridges in the Central District	GOJ/JICA	Ongoing /Proposed	4/2002-3/2006	Komori katsutoshi, JICA komori@jica.org.vn
Urban Transport Improvement Project	WB	Ongoing	11/1998-12/2003	Edward Dotson/ Shomik Mehndiratta edotson@worldbank.org
Road Network Improvement Project	WB	Proposed	12/2003-9/2008	Jerry Lebo jlebo@worldbank.org
Road Safety Project	WB	Proposed		Jerry Lebo jlebo@worldbank.org
Hanoi Urban Transport Development Project	WB	Proposed		Shomik Mehndiratta smehndiratta@worldbank.org
Mekong Transport Infrastructure Development project	WB	Proposed		Simon Ellis sellis1@worldbank.org
Second Rural Transport Project	WB/DFID	Ongoing	01/05/2000 to 12/2005	pid1pmu18@fpt.vn Simon Lucas s-lucas@dfid.gov.uk or Simon Ellis sellis1@worldbank.org
Third Rural Transport Project:	WB/DFID	Proposed		pmu5@hn.vnn.vn Simon Lucas s-lucas@dfid.gov.uk Simon Ellis sellis1@worldbank.org
Surfcing Reas+B17earch	WB/DFID	Ongoing	01/05/2003 to 12/2005	RITST or Robert Petts intech-trl@fpt.vn
Transport sector co-ordination	JBIC/DFID	Design	TBC	TBC
Tra+B17snport safety+B17	NZ/DFID	Design	TBC	TBC

URBAN FORUM

A. Progress made in 2003 with support to sector strategies and programs, and the formulation and implementation of CPRGS

In the course of 2003, the Urban Forum partners led by the Ministry of Construction have continued to contribute to improve the draft of Memorandum of Understanding (MOU) that will serve as a basis for broader commitments and common action under the Urban Forum. As the awareness of the importance of urban issues increases, the MoU has attracted the interest of new urban partners including government ministries, international donors, municipalities as well as civil society, which have appointed their representatives in the Urban Forum. The MoU has so far been signed by 15 initial partners (October 2003) and more are expected to sign in the coming months.

Urban Forum partners have continued to concentrate on the issue of urban poverty, based on the Millenium targets 11 (cities without slums) and 10 (safe water supply). The Comprehensive Poverty Reduction and Growth Strategy (CPRGS), which incorporates a strong urban poverty agenda, which Urban Forum members contributed to define, is now in the implementation process. Several methods to promote and implement CPRGS at city level are being defined and started to be tested.

CPRGS integration into local planning at the city level could correspond to localized versions of a "city development strategy" (CDS) approach. This approach has the support from the global Cities Alliance network as well from MoC, the World Bank, ADB and the Swiss Agency for Development and Cooperation. It will be tested first in 5 cities in Vietnam. Urban Forum partners have continued to develop a Vietnamese CDS approach, which started to be implemented.

Urban Forum partners have also collaborated on planning new programmes with MoC and the World Bank linked to millenium target 11 (urban upgrading) and 10 (district town water supply), as well as the World Bank Urban Planning Training Program, SDC Community Development and Ward Planning approach, EU Urban Environmental Program, Canadian Land Management projects, Asia-Urbs program and GTZ Rioplus Project on sustainable development.

Urban Forum partners engaged in local government PAR (public administration reform) have continued to share experience with and support to the PAR Master Program 2001-2010. As a first "product" of transparent, efficient, client-oriented service delivery, the One-Stop Shop (OSS) approach is now being replicated in 35 provinces, including many district towns. The Prime Minister decision 181 (September 03) requests to have OSS in all district towns in 2004. The Urban Support Unit facilitated by SDC has put in place a special team to support this national process.

A Report Card system is being worked out for Vietnam as a means by which citizens can provide credible and collective feedback on public agencies about their performance. This system, which has been discussed with MoHA, GSO and municipalities involved will first be tested in six cities.

The Urban Forum Support Unit has been active in organizing and participating in meetings and consultations, developing a database on urban projects and contact names, disseminating information, giving regular advice to incoming missions and other secretarial duties. Major documents of the Urban Forum have been posted on the partnership page of the local UN web-site.

2004 Action Plan including concrete actions to align donor support to the CPRGS

This note had to be submitted just before signing the MOU. The action-plan for 2004 will have to be elaborated by the Ministry of Construction (MoC) in consultation with the initial signatories. Therefore, the suggestions below are based on requests for proposals sent by the Urban Forum Support Unit to the partners and summarized by it.

The Urban Forum 2004 Action Plan will include the following:

- ***Consolidation of Urban Forum partnership with MoC***

Agreement has been reached on the MoU of the Urban Forum, with MoC appointed as coordinating agency by the government to facilitate the Urban Forum's activities. The Urban Forum's functions and structure will be encouraged to continue to evolve and to be strengthened. The Executive Board and the Urban Forum Secretariat will be put in place. MoC will provide a Secretariat director (part-time) and appoint in consultation with its partners a full time coordinator, one administrative staff and short term consultants. MoC and its Urban Forum partners will work out an action-plan and a possibly trust fund mechanisms based on a large consensus and commitment.

- ***City level CPRGS implementation***

First action-plans will be developed and the elaboration of CDS will start in five cities. The roll out of CPRGS at the provincial, district and municipal levels will be supported.

- ***PAR Master Plan Implementation***

MoHA, and cities will be supported in the promotion, establishment, improvement and operation of "one stop shops" (OSS). A sustained effort is needed to implement the MoHA replication strategy to have OSS in all district towns in 2004. If possible, further PAR tools like "block allocations" will be further assessed and tested in municipalities.

- ***Continued Urban Sector Definition***

"Stock taking" of urban development initiatives and programs, policy analyses, surveys and case studies, local capacity building, and information exchange activities, will continue. Emphasis will be given to finalise the "Urban Transition" studies and to formulate policy recommendations. A mission facilitated by the French Embassy (delayed due to SARS) will prepare consultations with Government Agencies and Urban Forum partners interested in this issue.

- ***Report Card System***

The report card system will be tested in five cities and recommendations for further applications made.

B. Criteria to measure the success of the 2004 Urban Forum Action Plan, and implementation of the CPRGS

- Executive Board and Secretariat appointed and operational, workplan agreed and implemented;
- The policy implications of the study on Urban Transition in Vietnam are discussed and various linked policy analyses (including land management) undertaken;
- The CPRGS is promoted by the Urban Forum as a strategic framework and for urban development activities;
- Within the global CDS context 5 cities agree to review / revise city socio-economic development plans / policies to ensure the poverty reduction and even growth focus and the (social, environmental and financial) sustainability / to include the MDG's, VDG's and policy measures laid out in the CPRGS.

PARTNERSHIP NOTE IN THE LEGAL SECTOR¹

From the Legal Needs Assessment (LNA) to the Legal System Development Strategy (LSDS):

There was a smooth shift from the successful LNA to the formulation of the LSDS. Based on the findings and recommendation of the LNA, the LSDS was formulated. Several drafts LSDS were made during this year and widely shared among national stakeholders. Having been approved by the Inter-Agency Steering Committee, which also managed the LNA, the draft LSDS was submitted to and then cleared by the Government in its June session and then shared with the members of the Standing Committee of the National Assembly in October. Given the importance of the Strategy, it is suggested that the draft will be consulted with all committees of the National Assembly and its Deputies for comments before it will be submitted to the highest authority, either the Politburo or/and the National Assembly for final approval.

To keep donors informed of a status of legal development, Mr. Uong Chu Luu, Minister of Justice, addressed the donor community at a monthly donor forum on the legal reforms that was held on September 24, where he was able to directly update the international community on major on-going efforts of the Government in the legal and judicial sector and identify both the priorities and challenges ahead. As he stated, the legal and judicial reform agenda continues to be carried out as a top development priority in Viet Nam, regardless of the fact that the LSDS is still in the process of review.

Major on-going efforts in the legal and judicial sector:

Significant efforts were made to enhance the oversight function of the National Assembly. An example is that the Law on Oversight [tasks] of the National Assembly and the State Budget Law were promulgated to enhance the role of the oversight functions of this institution. The law making process was also made more transparent by the implementation of the amended Law on Promulgation of the Legal Normative Documents, which was approved last year. Now all legal normative documents promulgated must be published in the Official Gazette or in widely accessible publications before becoming enforced. Important draft laws, such as a Draft Revised Criminal Procedure Code, A Draft Revised Land Law and a Draft Competition Law, have been made available, even in Internet, for public comments, and this has strengthened the law drafting process.

The Judicial Reform agenda is in its second year of the implementation of the Resolution No8 of the Politburo. The current draft Criminal Procedure Code has tried to capture important directions laid out in the Resolution to enhance transparency and fairness in the criminal justice to better protect the rights of all citizens.

The promulgation of Decree 79 on Exercise of Democracy in Communes is another step to stipulate greater people's participation in the society and state management. Decree 88 on Association, a product of a ten-year drafting process was approved in July with a Law to come during this legislature. This requires greater consultation with local associations at both central and local levels.

Intensive efforts were made during this year by the Government in implementation of the Enterprise Law to promote business and in the process of economic integration. A common Law on Enterprise and a common Law on Investment is being drafted. The Commercial Law also is being revised to meet new challenges and facilitate both domestic and international trade and commerce.

Donor Efforts to support the Legal and Judicial Reform Agenda.

The Matrix attached illustrates an intensive involvement of the donor community in the legal and judicial sector. Donors continue to share information on on-going efforts in both formal and informal donor forums, ranging from the UNDP hosted monthly Governance Donor Forums informal meetings held in DANIDA funded Joint Projects Support Office, where legal experts and donor officials in the legal sector could share information and discuss common issues.

A significant event was the signing, in September, of the multi-donor and government cost shared Project supporting the finalization and implementation of the LSDS. This project is co-funded by UNDP, SIDA, DANIDA, and cost-shared by the Ministry of Justice. WB and ADB also provided parallel financing to support this effort.

MATRIX OF DONOR ASSISTANCE IN THE LEGAL SECTOR

GENERAL SUPPORT						
Area of support	Donors	Key objectives	Counterparts	Status	Start-end dates	Contact persons
Support the Legal System Development Strategy	UNDP/SIDA /DANIDA/WB/ADB	To strengthen the Management Capacity for the LSDS implementation	MOJ and other legal agencies	On going	Sep. 2003- Sep. 2007	UNDP: Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn SIDA : Anette Dahlstrom at anette.dahlstrom@sida.se or Mr. Vu Tuan Minh at mr.minh@sida.se DANIDA: Mr. Anders Jorgensen Counsellor at anbajo@um.dk WB : Hoi-Chan Nguyen Hnguyen3@worldbank , or Soren Davidsen sdavidsen@worldbank.org ADB: Mr. Ramesh Adhikari at radhikari@adb.org or Mr. Dao Viet Dung at dvdung@adb.org
	UNDP/SIDA /DANIA	To implement a number of high priorities of the legal and judicial reform agenda		On going	Sep. 2003-Sep. 2007	
Assistance in revising legal issues relating to the implementation of the Bilateral Trade Agreement between Viet Nam and the United States	USAid	To create a legal environment for implementation of the BTA	Relevant government agencies	On going		Mr. John Bentley at johnbentley@fpt.vn
EC Institutional Support Programme (ISP) for Vietnam (EC contribution: 8 million Euro)	EC	Institutional support to the legislative and legal/judicial sectors in Vietnam pertaining to integration issues including a) policy advice and institutional support and b) capacity building and training.	M OJ, ONA, SPC, SPP	Planned	2004 three years	Mr. Francisco Fontan Pardo at Francisco,Fotan@cec.eu.int
LAW MAKING AND DRAFTING, INCLUDING SPECIFIC LEGISLATION						
Area of support	Donors	Key objectives	Counterpart	Status	Start-end dates	Contact persons

Strengthening legislative drafting process	UNDP	To strengthen capacity of reviewing constitutionality, legality and consistency of normative legal documents	MOJ	On going	Sep. 2003	Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn
Revision of Trade Law	UNDP	To revise the Trade Law	Ministry of Trade	On going	2003	Khuong Viet Thang at viethang@undp.org.vn
Draft of SOE Law and Revision of Cooperative Law	UNDP	To increase a more efficient business environment	CIEM	On going	2003	Do Thi Nguyet Nga at nga@undp.org.vn
Draft of government regulations on business registration and licenses	UNDP	To effectively implement the Enterprise Law	CIEM	On going	2003	Do Thi Nguyet Nga at nga@undp.org.vn
Draft of a Law on Investment	UNDP	To create an uniformed legal basis for both foreign and domestic investment	CIEM	On going	2003-2004	Do Thi Nguyet Nga at nga@undp.org.vn
Draft of a Competition Law	UNDP	To create a legal foundation for fair competition in business	MOT	On going	2001-2004	Jerome Bouyjou at bouyjou@undp.org.vn
Amendment of the Law on Local Election and the Law on Organization of People's Councils and Committees	UNDP	To support the debate on amendment of the law and in consultation with people's councils and committees	ONA	On going	2003-2004	Jerome Bouyjou at bouyjou@undp.org.vn
Draft of a Decree and other legal regulations to implement the State Budget Law	UNDP/AusAid/SECO/DFID	To support the implementation of the Revised Budget Law	MOF and CEBA	On going	2003-2006	Trinh Tien Dung at tiendung@undp.org.vn
Legislation on human trafficking, smuggling of migrants and transnational organized crime.	UNDCP	Enable VN to ratify the UN Convention on Transnational Organized Crime and its protocols	MOJ	On going	2003-2005	Troels Vester at Troels.Vester@unodc.org
Drafting Ordinance on registration of secured transactions	ADB	To assist in drafting the Ordinance	MOJ	On-going	2003	Ms. Xuechun Zhang at xzhang@adb.org or Mr. Ramesh adhikari at radhikari@adb.org
Revision of criminal and civil procedure laws	DANIDA	To support on-going revision of criminal and civil procedure codes and the introduction of adversarial elements with the objective of moving towards greater independence of the courts and strengthen the professional capacity of the procuracy	SPP SPC	On going	2004 2005	Thorkild Høyer SLA@jopso.org.vn Susanne Ravn PC@jopso.org.vn
Support revision of laws	DANIDA	To support a speedy introduction of the adversarial system in Vietnam	SPP	On going	2005	Thorkild Hoyer, sla@jopso.org.vn

Strengthening the NA and ONA participation in the legislative process (study tours on specific laws, comparative studies, workshops, internships etc.)	DANIDA	To reduce the adoption time of laws presented to the NA and increase the number of laws passed in each session of the NA.	ONA	On-going	2005	Anne-Dorte Johansen jpo@jopso.org.vn
Legislation on Anti-Dumping	CEG Facility (AusAID)	Develop legal and institutional framework to deal with anti-dumping measures taken against Vietnam and against foreign products in Vietnam	MOT	Proposed	2004	Graham Alliband GAlliband@ceg.edu.vn
Increasing capacity to undertake comparative law analysis	CIDA	Improving law drafting and research	MOJ	On going	2001-2007	vu.yen-thi@dfait-maeci.gc.ca
Revision of Law on Credit Institutions	CIDA	Creating a legal foundation for credits	VSB	On going	2003-2004	vu.yen-thi@dfait-maeci.gc.ca
Support legislative drafting and review process	CIDA	Strengthening law drafting and reviewing	Law Committee and Committee for Social Affairs of NA	On going	2001-2007	vu.yen-thi@dfait-maeci.gc.ca
Establishing legal framework for fisheries sector	NORAD	Creating a legal environment in the fisheries sector	Ministry of Fishery	On going	2000-2004	Chinh Tran < tran.chinh@norad.no >
JUDICIAL REFORMS						
Area of support	Donors	Key objectives	Counterparts	Status	Start-end dates	Contact persons
Drafting a Bench book for Judges	CEG Facility (AusAID)	Improve the professional and practical skills of the judiciary in court proceedings	SPC	Proposed	2004-2005	Graham Alliband GAlliband@ceg.edu.vn
Legal Aid	UNDP/DANI A/SIDA/NO VIB/SDC/	To develop a sound legislation on legal aid and supporting the provincial legal aid centers	MOJ	On going		Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn
Legal Aid	Sida	Strengthen NLAA capacity to carry out legal aid, strengthen the PLAC's capacity to carry out legal aid, strengthen the capacity of mediation groups NLAA/MoJ	MOJ	On going	2001-2004/10	Anette Dahlstrom at anette.dahlstrom@sida.se or Mr. Vu Tuan Minh at mr.minh@sida.se
Legal Aid	CIDA	Strengthening legal aid service for disadvantaged groups in two provinces	MOJ	On going	2003-2005	vu.yen-thi@dfait-maeci.gc.ca

LAW IMPLEMENTATION/ENFORCEMENT

Area of support	Donors	Key objectives	Counterparts	Status	Start-end dates	Contact persons
Support for law enforcement in dealing with administrative violations	UNDP	To strengthen capacity of the police force in implementing the Ordinance on Dealing with Administrative Violations	Ministry of Public Security	On going	Sep. 2003	Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn
Drug law enforcement	UNODC	To strengthen the law enforcement efforts over trafficking in drugs	Ministry of Public Security	To be started soon	2003-2006	Troels Vester at Troels.Vester@unodc.org
Law making and law implementation	Sida	- To strengthen the capacity of MoJ in law making and law implementation - To strengthen law implementation ability of judges and civil executors, - To strengthen MoJ's admin. management capacity	Ministry of Justice	On going	2001- 2004/06	Anette Dahlstrom at anette.dahlstrom@sida.se or Mr. Vu Tuan Minh at mr.minh@sida.se
Assistance in drafting Civil Code, Civil Procedure Code, Enterprise Bankruptcy law, and other laws related to Civil Code including Security transaction Ordinance, Immovable property registration law and Judgment Execution law.	JICA	Basic civil laws consistent with market economy are enacted through the increased law drafting capacity of legislative staff.	MOJ, SPC	On going	July 2003 – June 2006	Maruyama Tsuyoshi at tmaruyam@osk4.3web.ne.jp or Sugiura Masaki at sugiura@fpt.vn
Registration of secured transactions	ADB	To support the capacity building and training	National Registration Agency of Secured Transactions, MOJ	On-going	2003	Ms. Xuechun Zhang at xzhang@adb.org or Mr. Ramesh adhikari at radhikari@adb.org
Support the establishment of an Agency for Criminology and Statistics	DANIDA	To collect, process and disseminate accurate data on crime	SPP	On going	2005	Thorkild Hoyer, sla@jopso.org.vn
Support the international economic integration	CIDA	Strengthening legal capacity for international economic integration, access to WTO	MOJ	On going	2001-2007	vu.yen-thi@dfait-maeci.gc.ca

Improving capacity to enforce civil judgments	CIDA	Strengthening law enforcement capacity	MOJ	On going	2001-2007	vu.yen-thi@dfait-maeci.gc.ca
LAW EDUCATION AND TRAINING						
Area of support	Donors	Key objectives	Counterparts	Status	Start-end dates	Contact persons
Support for the law training for officials at the grass root level	UNDP	- To strengthen capacity of officials at the grass root level in law implementation	Central Party Internal Affairs Committee	On going	Sep. 2003	Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn
Strengthening legal education	Sida	- Upgrading law teachers' knowledge on teaching methods, - library development, - improving project management and international relations	Hanoi and HCMC Law University and the Ministry of Education and Training	on going	2001-2005/02	Anette Dahlstrom at anette.dahlstrom@sida.se or Mr. Vu Tuan Minh at mr.minh@sida.se Lars Malmberg at Hanoi Law University ypsidadhl@hn.vnn.vn larsgm@fpt.vn Duong Thi Hien at Hanoi Law University adb2853@hn.vnn.vn Lu Dong Tung at the Law University Ho Chi Minh City Ldtung74@hcm.vnn.vn
Strengthening judicial training	JICA	Judicial training institutions become capable of developing high-caliber human resources	LPTS (MOJ)	On going	July 2003 – June 2006	Maruyama Tsuyoshi at tmaruyam@osk4.3web.ne.jp or Sugiura Masaki at sugiura@fpt.vn
Assistance to education in Law Faculty of Vietnam National University	JICA	ditto	VNU	On going	Ditto	Ditto
Support to the Judicial Training School of SPC Constructing mock court and develop training material. Procurement of Vietnamese and international books for library	DANIDA	Strengthen the capacity of the court system to move towards greater independence for the courts	SPC	Ongoing	2004 (2005)	Susanne Ravn pc@jopso.org.vn
Support to the capacity building in SPC in administrative law, court management and case management. Procurement of	DANIDA	Strengthen the capacity of the court system to move towards greater independence for the courts	SPC	Ongoing	2004 (2005)	Susanne Ravn pc@jopso.org.vn

Vietnamese and international books for library						
LAW INFORMATION AND DISSEMINATION						
Area of support	Donors	Key objectives	Key government counterparts	Status	Start-end dates	Contact persons
Support for the development of national legal database	UNDP	- To better coordinate existing legal databases and make them available for public use.	MOJ	- On going	Sep. 2003	Luu Tien Dung at luudung@undp.org.vn or Katrine Pedersen at pedersen@undp.org.vn
Strengthening legal information	Sida	- enhance capacity of MoJ's staff in accessing legal information in the National Legal Database - strengthening legal dissemination - library development	Legal Research Institute, MoJ	on going	2001-2004/11	Anette Dahlstrom at anette.dahlstrom@sida.se or Mr. Vu Tuan Minh mr.minh@sida.se
Assistance in improving Judgments and compiling court precedents	JICA	The quality of judgment documents is improved.	SPC	On going	July 2003 – June 2006	Maruyama Tsuyoshi at tmaruyam@osk4.3web.ne.jp or Sugiura Masaki at sugiura@fpt.vn
Support for IT networks	DANIDA	To improve and expand the communication and information system	ONA, SPC, SPP	On-going	2004/2005	Thorkild Hoyer, sla@jopso.org.vn
OTHER AREAS						
Strengthening the function of the NA as representative of the people.	DANIDA	Improved general skill sets of MPs. Communication with voters, handling of claims and petition, policy analysis, debating and presentation skills etc.	ONA	On-going	2005	Anne-Dorte Johansen jpo@jopso.org.vn

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PUBLIC ADMINISTRATION REFORM

Overview

- The Government has made resolute efforts to implement the Public Administration Reform Master Program (PAR MP) in all key focal areas covering legal and institutional, organisation and administrative procedures, including computerisation and e-government initiatives, decentralisation and improving the quality of public officials.
- Some critical and substantive policies have already been put in place such as the amendment to the law on promulgation of normative legal documents; roles and functions of government ministries and agencies; salary reforms; replication of the, “One-Stop Shop” mechanism; and the amendment of the Ordinance on Cadres and Civil Servants.
- However, many challenges and constraints remain. The Government will accelerate the pace of the PAR MP implementation and strengthen its public administration to serve people and businesses in a more competitive environment resulting from further opening of the economy, rapid growth of new domestic enterprises and decentralisation.

A. SUPPORT TO THE PAR MASTER PROGRAMME

I PAR Master Programme Implementation Management

Progress and On-going Activities:

- Among the seven Action Plans of the PAR Master Programme, only Action Plan No. 6 on the, “Renovation of the Financial Management Mechanism for Administrative and Public Service Delivery Agencies,” is still awaiting the Prime Minister’s approval. Implementation of Action Plan Nos. 3 and 5 on Downsizing and Salary Policy Reform began immediately after promulgation of the PAR Master Programme.
- At present, 55 out of 61 provinces, cities and most ministries and central offices have developed their own plans for administration reforms towards 2005 and have started to implement them.
- The Government of Vietnam has been implementing the Scheme for Renovation of the Mode of Management and Modernisation of Public Sector Offices of the Public Administration System – Phase 1 (2003-2005), launched as per Decision No. 169/2003/QD-TTg dated 12 August 2003 by the Prime Minister.
- Decision No. 178/2003/QD-TTg on the Advocacy Programme for the PAR Master Programme 2001-2010 was approved by the Prime Minister on September 3rd, 2003. The Advocacy programme will mainstream PAR advocacy measures into the activities of ministries and provinces and will target cadres and civil servants at all levels and the people in general. Measures to be taken include mobilisation of mass media, wide distribution of written material on PAR, training to disseminate PAR content and integrating PAR contents in activities of education institutions.
The first introductory information session with the mass media was organised by MOHA and held on October 23rd, 2003.

Future Activities:

- For the immediate future, the focus is to develop a scientific and practical basis for the promulgation of legal and regulatory documents on the mode of management and modernisation of public sector offices of the public administration system.
- Implement and intensify advocacy, information and communication activities according to the guidelines stipulated in the approved proposal.
- Operationalise an M & E system for PAR Master Programme implementation.
- Prepare a consolidated multi-year rolling plan based on the approved action programmes.
- Intensify the publicity of the Government's PAR-MP and increase awareness among businesses and the public.

II. Institutional Reform**Progress and on-going activities:**

- On September 4th, 2003, the Prime Minister issued Decision No. 181/2003/QĐ-TTg on the Regulation of the implementation of the "One Stop Shop" (OSS) Mechanism in administrative offices of local authorities. The Decision will be applied at the provincial and district levels from January 1st, 2004 and the communal level from January 1st, 2005. Based on requests raised by local authorities, the Minister of Home Affairs is providing assistance to 16 provinces throughout the country for the implementation of the OSS Model. Only one of these provinces has introduced the OSS Mechanism to date. In each of the 16 selected provinces, four districts will receive resources provided by the PAR Support Facility (PSF) under Project VIE/01/024/B, to establish One Stop Shops at the People's Committee Offices.

To date, thirty-five out of sixty-one provinces/cities implemented "one-stop-shop" mechanism in 196 out of 1281 Provincial departments (accounting for 15.3%), 160 out of 631 District Departments (accounting 25%), 905 out of 10594 Commune Departments (accounting for 8.5%).

- A series of important legal documents to regulate socio-economic development and the organisation and operation of the administrative system have been promulgated and put into action, e.g. the Foreign Investment Law, Domestic Investment Law, Enterprise Law, Land Law, Labour Code etc. These reforms have helped to regain confidence among foreign and domestic investors, economic sectors in general, and the private sector.

With the promulgation of the Enterprise Law alone, together with adjustments in administrative procedures for granting business registration permits and abolishing about 170 unnecessary business permits, approximately 20,000 private enterprises have been created and put into operation each year for the past three years. New legal stipulations have forced State administrative agencies to adjust their operation, shifting from interfering with internal affairs of enterprises to serving the people.

The law making process has been strengthened in a more participatory and transparent way. The amended Law on the Promulgation of Normative Documents

requires consultations with stakeholders in the legal drafting process. The draft law on Land which will be submitted to the NA in December 2003 for approval, is being circulated widely to gather comments from people throughout the country before finalising and submitting to the National Assembly.

The adoption of Decree No. 60/2003/ND-CP on June 6th, 2003, guiding the implementation of the State Budget Law (promulgated in December 2002), provided the framework for fiscal/budget central-local decentralisation.

Future Activities:

- To up-scale the “One-Stop-Shop” (OSS) mechanism.
- To continue to implement the block grants mechanism.
- To implement and intensify advocacy, information and communication activities according to the guidelines stipulated in the approved proposal.
- Capacity building to implement PAR, including OSS and other decentralisation initiatives at district and commune levels.

III. Reform of the organisational structure of the administrative apparatus

Progress and on-going activities

Major successful results have been achieved through important changes in the tasks and functions of the government, ministries and local administrative agencies. The central and local governmental apparatus has been restructured and streamlined. In comparison with 10 years ago, the numbers of ministries and governmental agencies has reduced from 46 to 39, provincial departments from 30 to 20-22, and district departments from 16-17 to 10-11. The organisation and operation of administrative agencies has also been changed through a series of major reforms including:

- Decentralising and delegating power between central and provincial levels and among local levels to provide them with greater ownership and accountability;
- Building and implementing the mechanism of organisation, finance and personnel for the administrative agencies and public service delivery agencies in order to separate administration from businesses and public service delivery agencies, and to clarify the functions and activities of administrative civil servants and employees in public service delivery agencies.
- The Government is implementing the Scheme for Computerisation of State Administrative Management 2001-2005 as per Decision No. 112/2001/QD-TTg dated 25 July 2002 by the Prime Minister. Application of information technology to the functioning of State agencies and establishment of a Government wide area network (WAN) is one of the major components of the modernisation of the public administration programme. The Scheme is linked to the implementation of the 2001-2010 Public Administration Reform Master Programme and the Modernisation of the Public Administration Programme.
- Under its program loan, ADB provides technical assistance and financial resources to support the implementation of this component. As agreed under the framework of the program loan, some measures have been completed, such as the preparation of a training needs assessment and a training plan for concerned officials to strengthen ICT system capacity. The first tranche has been released to provide financial resources for the implementation of this component.

Future Activities:

- To develop the proposed scheme for decentralisation between central and local governments, to clarify those tasked areas directly under the jurisdiction of the central government and those under the jurisdiction of local governments.
- To implement regulations on decentralised staffing indicative norms according to the Government Resolution.
- To continue with the proposed revised Law on Organization of People's Councils and People's Committees to be submitted to the National Assembly for approval at the end of 2003.
- Accelerate the implementation of administrative modernisation, including computerisation and e-government initiatives.

IV. BUILDING AND DEVELOPMENT OF THE STATE EMPLOYEES AND CIVIL SERVANTS**Progress and on-going activities:**

The reforms in this field focus on improving the knowledge, skills and abilities of State employees and civil servants and changes in personnel management. Major achievements include:

- Building and introducing profiles and standards for different categories and grades of state employees and civil servants in the State administrative apparatus and public service delivery agencies;
- Changing recruitment practices based primarily on screening and assessing applicants' CVs and support documentation to a recruitment procedure based primarily on competitive entry examinations;
- Conducting training, retraining and upgrading courses for such categories as junior specialists, principal specialists, senior specialists and other equivalent categories;
- Promoting a strong sense of responsibility of cadres and civil servants in delivering services to citizens;
- Effectuating public sector salary improvements while developing a proposed scheme for public sector salary reform to be submitted to the National Assembly for approval. Consultations to receive feedback from stakeholders for the finalisation of a new salary proposal before submission to the National Assembly were held in Hanoi and HCM City in September 2003.
- The component, "Training and retraining to improve the quality of public officials" has been receiving the assistance from ADB through a program loan and a technical assistance grant. Upon the completion of agreed measures and actions, the ADB's Program Loan became effective on 19 August. The TA commenced on 1 October 2003 with the mobilization of the Team Leader/HRD Expert.
- A Decree has been drafted and stakeholders have been consulted for feedback on the accountability mechanism for heads of government agencies as an anti-corruption measure.
- Recently, four Decrees have been issued under the amended Ordinance on cadres and civil servants as follows:

- I. Decree No.114/2003/ND-CP on governing cadres and civil servants at the grassroots level.

- II. Decree No. 115/2003/ND-CP on the arrangement for skilled civil servants, “awaiting official placements.”
- III. Decree No. 116/2003/ND-CP on the Recruitment, Employment and Management of cadres and civil servants in public service delivery agencies.
- IV. Decree No. 117/2003/ND-CP on the Recruitment, Employment and Management of cadres and civil servants in public institutions.
- V. Decree No. 121/2003/ND-CP on the Incentive Policy Mechanism for cadres and civil servants at the grassroots level.

Future Activities:

- To roll out and implement the revised Ordinance on Cadres and Civil Servants, and to continue drafting Government Decrees and ministerial circulars for the implementation of this Ordinance.
- To continue to provide training and upgrading courses to state employees and civil servants, with emphasis on the implementation of the Human Resource Development Plan for integration into the international economy in the period of 2003-2005. (Ratified by the Prime Minister on 11 July 2003).
- Implement the new Salary Scheme
- Prepare skill profiles, identify skill gaps, undertake training needs assessments.
- Further reform/strengthen training policy and management for public officials and cadres.

V. The reform of public finance:

Progress and on-going activities

- The Prime Minister issued Decision No. 159/2003/QD-TTG, dated August 4th 2003 on piloting block grants and personnel sizing for the year 2003 by the General Department of Customs.
- The government has issued a series of financial mechanisms such as the financial mechanism for income-generating public service delivery agencies, the block grant mechanism for operation and staff expenditure of state agencies, and the mechanisms for bidding and contracting out certain work in state agencies for the private sector.

after one year of granting financial autonomy to income-generating public service delivery agencies, 29 out of 54 ministries and central agencies and 35/61 local authorities have given financial autonomy to income-generating public service delivery agencies (including 424 units affiliated to ministries, central agencies and 3.973 local units) and 3 ministries and 36 out of 61 local governments have up-scaled their experiments and pilots of the block grant for operation and staff expenditure (including 5 central agencies and 197 local agencies). many ministries, central and local agencies have granted income-generating public service delivery agencies the right to financial autonomy and up-scaled pilots for the block grant for operation and staff expenditure in state administrative agencies. the achievements are still preliminary, but they have brought about many positive changes such as developing new driving forces for improved mobilisation of resources, renovating and enhancing public service delivery quality, creating favourable conditions for improved income generation and enhancing responsibility of state employees and civil servants.

- A World Bank and DFID funded loan project is underway to support the government in the implementation of public finance management at the central level.
Donors such as Danida, SIDA, Norad, The Netherlands, SDC, DFID and CIDA are contributing to the world bank trust fund to provide support to the ministry of finance for the public financial management modernisation in vietnam project.

Future activities:

- To upscale the block grant for operation and staff expenditures and the financial mechanism for income-generating public service delivery agencies on a nationwide scale.

B. PAR partnership activities

- The par partnership meeting organised in june has agreed on the partnership concept and information sharing mechanism. the bi-annual par project review meeting mechanism has also been improved to focus on information sharing and an open dialogue between all participants.
- The role of the ministry of home affairs as coordinating agency in par donors supporting the par master Programme, has been enhanced through information sharing, regular field visits and improved monitoring and evaluation procedures.
- Coordination and cooperation among the PAR projects has improved.
- A Report on Best Practices of PAR Projects will be consulted with donors before publication and circulation at this year's CG Meeting.
- Under ADB and New Zealand co-financing, the TA-3652 Institutional Strengthening of OOG is coming to close; and a new TA-4082 Policy Coordination Support to OOG is commencing on 1 December 2003 under ADB and the Government of New Zealand co-financing.
- TA-3886 Support to PAR Implementation under ADB, France and New Zealand co-financing is coming to end. Two new TA projects – TA-4080 Support to the OOG in the Implementation of Administrative Modernization, Computerization and e-government initiatives; and TA-4081 Institutional Support to Ministry of Home Affairs (with co-financing from the Government of France) – have commenced on 1 October 2003. These TAs will support the Government in the implementation of PAR MP, particularly Action
- Program 4 and 7.

Currently a number of new projects and new phases of on-going PAR projects are being prepared:

- **SIDA** is working with MOHA and Quang Tri province to prepare a new project to support MOHA and selected provinces in the field of personnel management and the second phase of the PAR project in Quang Tri.
- The **SDC** supported urban management and PAR projects in Dong Hoi and Nam Dinh will enter a third phase. SDC is also preparing a project for Cao Bang province.
- **Finnida** is preparing an institutional development project in Hue.
- **Norad** is to fund a second phase of the PAR project in Ninh Binh.

- Work programmes have been finalised for implementation of the **ADB** loan by MOHA and OOG. International TA personnel have been recruited.
- The PAR Project in MARD has started its second phase with support from **UNDP** and the **Netherlands**.
- The second phase of the **DANIDA** project to provide technical assistance to Dak Lak Province is under consideration.

C. SUPPORT TO THE IMPLEMENTATION OF THE CPRGS

- In the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS), accelerated PAR is a key, broad objective and is considered one of the main measures for balancing economic growth and social development. The PAR Master Program envisages increased accountability and improved working styles of civil servants and local cadres to ensure social equity and provide people and enterprises with better access to public services. It recognises the importance of publicity, participation and transparency of planning, decision-making and implementation at the local level. In general, the CPRGS embraces the importance of good governance as a major pillar of economic growth and poverty reduction.
- All par projects at the local level have actively assisted local authorities to introduce and implement the "one stop shop" model, impacting positively on socio-economic development. par project activities have concentrated primarily on the improvement and quality of public service delivery. hcm city, most notably, has introduced iso 9000 and ict in a number of administrative and service agencies. these reform initiatives have initially built new management tools and mechanisms to improve work efficiency, enhance accountability and participation in the local key public service areas.
- Implementation of the revised decree on grassroots democracy (79/2003/nd-cp) and the decree on association (88/2003/nd-cp) has started to promote local democracy and ngo development.
- Some par projects have carried out training courses on generating incomes and employment.
- Eight donors including WB, ADB and UNDP carried out participatory poverty and governance assessments in 10 provinces report citizens' feedback on the quality and effectiveness of the public services delivery.
- Quantitative and qualitative surveys on farmer service demands carried out by the mard project and funded by the UNDP and Netherlands government, is a realistic step towards improving wide-scale service delivery, covering 75% of the population. in its new phase, the ministry is planning to pilot a pro-poor ict scheme to improve public service delivery to local farmers.
- The first ever report card survey on service delivery is being piloted in the six urban sites of Can Tho, Ho Chi Minh City, Da Nang, Dong hoi, Nam Dinh and Hai Phong. The report card focus on the following service sectors: administrative service delivery, health, education, garbage collection and water delivery. The report card is commissioned by the Ministry of Home Affairs and supported by the World Bank and SDC.

Challenges and constraints in PAR implementation

In general, over the last ten months, the public administration reform in Vietnam has achieved significant results as mentioned above. Nevertheless, a number of challenges and constraints still remain:

The state administration is still not on par with the requirements of the new management style and services delivered to the people. The efficiency and effectiveness of the state administration is therefore rather poor and requires further strengthening. This situation owes to a number of key reasons as follows:

- unclear identification of the functions and mandates of the public administration in the market-oriented economy in relation to the state management.
- unclear guidance for promotion of decentralisation and deconcentration.
- inefficient and incoherent administrative institutional systems; cumbersome administrative procedures and a lack of serious discipline among cadres and civil servants.
- inappropriate state management functions in the new economic environment; inconsistent financial policy and financial management mechanisms applied to the administrative institutions and to the public service delivery agencies.
- poor performance among civil servants resulting from lack of skills, capacity and appropriate working styles.

Future directives

- Deepen the implementation of the par-mp at local levels, with special focus on poor, under-developed provinces.
- Improve the business climate to attract investments and provide opportunities to improve living standards.
- Increase advocacy measures targeting the public at all levels.
- Intensify capacity building at the local levels (district and commune) and improve donor coordination in developing capacity of local authorities.
- Increase financial and technical resources to refine and replicate OSS.

PARTNERSHIP DEVELOPMENT IN PUBLIC FINANCE MANAGEMENT

I. Background

In 2003, the partnership has principally focused on supporting and implementing reforms. Many workshops have been held between the Ministry of Finance, Vietnamese government agencies, and donors in public finance management. Many supports were provided and there has been a high level of exchange between the partners.

The master plan for financial sector modernization has been approved by the Ministry of Finance and been further developed and implemented, and this has laid ground for donor support.

II. Partnership development in 2003

1. Partnership meetings, organized by the government, regularly review the progress of reforms as set out in the financial sector modernization master plan initiated by the Ministry of Finance. The plan concentrates on six main areas: budget management, tax policy and administration, including customs administration, SOE management, sovereign debt management, public asset and national reserve management, and pricing.
2. Donor feedback: Donors continued their commitments for funding the implementation of specific activities of this Master plan. However, identified as lesser were priorities in such areas as public asset and national reserve management, and pricing.
3. Strengthening technical assistance: The Ministry of Finance is receiving valuable technical assistance from UNDP, international financial institutions (IMF, WB, ADB), EU, Government of Germany, Sweden, France, Australia, Denmark, and Japan. In 2003, the government and donors focused on implementing the following activities:
 - The Project on Public Finance Management Reform was signed on June 6, 2003. This project aims at implementing an important component of the financial sector modernization program, including development of appropriate public finance information system, state budget management, and strengthening fiscal risk management. The project duration is 5 years and is expected to cost in excess of US\$ 71 million (of which US\$54 million is WB soft credit, approximately US\$10 million is grant from UK government, and the remaining US\$7 million is counterpart fund of the Vietnamese government). On October 7, 2003, the project was officially launched and began implementation.
 - After a long period, documents of MDTF project were agreed between MOF, WB and 7 bilateral donors (UK, Canada, Denmark, the Netherlands, Norway, Switzerland, and Sweden) with the objective of implementing the Master Plan for financial sector modernization. The Prime Minister has in principle approved these activities. Government agencies participating are now considering the draft financial agreement that identifies the program activities in the first 18 months. At the end of this period the MDTF Fund draft will be submitted to the Prime Minister

for official approval, upon which the MOF will begin implementation. The MOF is currently drafting an action plan for the first 6 months of the Fund in order to minimize implementation delays once the project is officially approved and signed.

- Following productive negotiations on September 25, 2003 the project "Strengthening capacity in fiscal policy analysis for human development" was signed between the government and UNDP. The project has a total budget of almost US\$1 million, to be implemented over 3 years, starting December 1, 2003. The project will focus on strengthening capacity to undertake fiscal policy analysis for the government, to enhance the effectiveness of fiscal policy implementation in public asset management.
- The pilot tax administration on self-assessment and self-payment of taxation has made good progress. On September 23, 2003, the government issued Decision 197/2003/QĐ-TTg regarding the pilot tax self-declaration and payment of taxation. The Decision establishes that the pilot implementation will proceed incrementally until 2007, starting from January 1, 2004 with participation of selected businesses in Ho Chi Minh City and Quang Ninh. The MOF and IMF together with a number of other donors are developing projects that support this work.
- With a view to modernizing the customs administration, the government is considering the inclusion of the customs administration modernization project in the list of projects for WB funding, and MOF is proposing funding from PHRD of the Japanese government, entrusted with the WB to prepare for this project.
- The technical assistance program (EURO-TAPVIET II) of EU for the government of Vietnam was signed and is now selecting consultants. MOF is providing project preparation funds that will support activities including reforms of tax policy and tax administration, customs administration, insurance management, and accounting.
- There was an agreement to continue the cooperation program with the Japanese government. Technical assistance activities and research in tax policy and tax administration have also been discussed and are awaiting for project official agreement.
- A proposal on technical assistance for the introduction of public accounting standards has been drafted and submitted for funding from the International Development Fund (IDF) of the World Bank.
- Project documents on the implementation of fiscal policy for private sector development, funded by the CEG of Australia, are now being completed. The Government of Vietnam and Germany are discussing the formulation of the 4th phase of the "Budget reform support" project developed to support the amended State Budget Law. In addition, other projects such as strengthening capacity for public finance management and economic statistics (funded by French government), project on strengthening of foreign debt management (funded by Australia, Switzerland, and UNDP), and project on building legal framework and institutional capacity for resettlement funded by ADB, are all being implemented as scheduled. A TA project proposal to support introduction of public sector accounting standards has been formulated and submitted to request for financing from the IDF of the World Bank.

- MoF takes the lead in managing the ASEM Trust Fund and has been conducting a survey on requests for financial support from the Fund in the coming years by various Vietnamese agencies. MoF also has a proposal for funding from the Fund for continuous implementation and monitoring the Safety Net system for redundant laborers.

III. Results of partnership in public finance management

1. Implementation of amended State Budget Law: The State Budget Law was passed by the National Assembly of Vietnam in December 2002. For the State Budget Law to be fully implemented, MOF undertook the following:
 - i) Preparing and completing guiding documents for State Budget Law implementation, reflecting the reform of the amended Law, such as:
 - strengthening the role and power of the National Assembly and People's Council at different levels in making decision on and allocating the budget, and in budget oversight;
 - redistributing the share of revenue between the central and local budget in such a way to increase the share retained at the local level and encourage local governments to balance their budget;
 - enhancing the autonomy and accountability of ministries, local governments, and units in budget and public asset management, linking the budget management responsibility with the assigned task;
 - reforming budget management, linking the budget funded investment with socio-economic efficiency;
 - enforcing transparency and disclosure in state budget management.
 - ii) Developing and implementing norms for budget allocation in 2004. The new guidelines for budget allocation were approved by the government and will be introduced in fiscal year 2004. The new budget guidelines address the following areas:
 - ensuring necessary funding for implementing socio-economic targets, national defense and security assigned to each ministry, agencies at central level and local authorities; ensure reasonable increase in provincial budget allocations;
 - ensuring equitable, reasonable, and transparent budget allocation among ministries, central agencies, and provinces; ensuring that the criteria and coefficients governing supplementary allocation are specific, clear, simple, easy to calculate and check; and that they address efficiency concerns;
 - ensuring sufficient resources for implementing specific policies and measures of the government for each sector and region. The norms for budget allocation to provinces should include all expenditure estimates of all three budget levels (province, district, and commune);
 - ensuring compliance with the State Budget Law on fiscal decentralization is appropriate to the capacity of government to balance budgets in 2004 and the subsequent years, in respect of context of salary reform and debt servicing;

- iii) Organizing training courses on implementation of State Budget Law for budget management staff in cities and provinces, central agencies, to ensure widespread State Budget Law's comprehension and compliance.
- iv) Preparing a book entitled "Questions and answers about State Budget Law" that clarifies areas of difficulty faced by government units charged with implementing the law.

2. Recommendations for a pro-poor state budget allocation:

- i) Strengthening and scaling-up poverty reduction activities in the agriculture and rural development sectors. The state has invested in irrigation systems, consolidation of primary and secondary canals, consolidation of intra-field canals for poorer provinces, promotion of agricultural production and rural development, structural reform in the rural economy. More support is provided to research in agricultural areas such as high yield seeds, increasing state investment in agricultural, forestry and aquacultural extension, as well as measures to promote improvement in crop and shifting the crop and animal pattern. Agricultural land tax is exempted for farmers so that they can increase accumulation for investment and development.
- ii) Increase budget expenditure in education, health and the social sector. In addition, priority should be given to education and health care for people in poorer regions and provinces; students in mountainous, remote regions, and islands, and poor students should be exempted from tuition and fees; scholarships should be provided to students from ethnic minorities students in boarding schools. Students in extremely poor and disadvantaged regions should be provided with free school textbooks and notebooks. Teachers coming to teach in the mountainous region, Central Highlands, islands, and disadvantaged regions should receive high allowances and other incentives (35-70%). Under the 2003-2004 plan, government bond issuance will be launched to provide funds for building schools. This money collected from bond sale will be used to replace temporary classrooms and improve facilities, abolish school third shift and reduce the level of parental contribution for school construction in poorer areas. Sufficient budget funding is secured to the Health Care Fund for the poor. Nationwide access to health insurance cards will be provided to the poor, or direct payment will be made to ensure health services by the poor.
- iii) A significant amount of funding in the national targeted programs will be spent on poverty reduction activities. It is estimated that in 2003 budget funds for these activities will increase by 25% compared to 2002. The program aims to reduce poverty and stimulate economic development in the mountainous and remote regions through investment in basic infrastructure in poor communes, including roads, small irrigation, water supply, electricity, schools, health centers, and market places, building settlement area for the ethnic minorities, agricultural and forestry extension, access to education to help the poor with experience, production techniques, loans, and occupation development.
- iv) Vietnam has achieved significant success in poverty reduction, the share of poor households has been reduced from 15.7% in 1996 to 9.96%.

2. Budget transparency and disclosure:

- i) According to Decision 182/2001/Q§ - TTg, dated November 20, 2001, regarding the revision of principle of financial disclosure, attached to Decision 225/1998/Q§-TTg, dated November 20, 1998, of the Prime Minister, budget disclosure was implemented in ministries, central agencies, and local authorities (provinces, districts, and communes) throughout the country. Budget disclosure ensures greater accountability by allowing people the chance to monitor the implementation of revenue and expenditure at the local level.
 - ii) In addition to budget disclosure as required by the Prime Minister, MOF published on its website (www.mof.gov.vn) the following information:
 - Final budget accounting for 1996-2000 and 2001 for some sectors, and expenditures as stated in the Public Expenditure Review 2000.
 - Quarterly figures on State budget revenues and expenditures.
 - Disclosed figures on State budget estimates for 2003 and finalization for 2001 in accordance with Decision 182/2001/Q§-TTg, dated November 20, 2001, regarding the revision of principle of financial disclosure, attached to Decision 225/1998/Q§-TTg, dated November 20, 1998, of the Prime Minister
 - iii) For broad and ordered implementation of State budget disclosure, Article 13 of the amended State Budget Law stipulates "Estimates, finalization, and auditing results of State budget finalization and State budgets at all levels, budget estimate units, and state budget funded organizations should be made public. Process and procedures for collection, payment, exemption, reduction and refund of revenues, allocation and budget payments should be posted clearly at transaction places".
3. Establishment of integrated information system on State budget management, of which the State Treasury is assigned for State budget accounting:
- i) Article 61 of the amended State Budget Law states "The State Treasury shall be responsible for carrying out State Budget accounting; and regularly reporting budget revenue and expenditure estimates to the fiscal authority of the same level and other relevant authorities".
 - ii) The Minister of Finance signed Decision 130-2003/Q§-BTC, dated August 18, 2003, regarding "issuance of state budget accounting system and State Treasury Operation", of which regulation on State budget accounting system and indicators for budget revenue and expenditure reporting are included.

IV. Focus for implementation at the end of 2003 and early 2004 in public finance management

1. Continuing to maintain the exchange, consultation and cooperation with concerned partners through the government-donor working group activities.
2. Completing procedures and preparations for projects: the MDTF Fund with 7 donors involvement (by the end of 2003), pilot implementation of tax self-filing and payment in conjunction with IMF and bilateral donors (by the end of 2003), Euro TAPVIET II Program with EU (by the end of 2003), technical assistance and research activities in tax policy and tax administration with Japanese government (by the end of 2003).

3. Implementing the project "Public Finance Management Reform" funded by the WB and UK, project "Strengthening Capacity of Fiscal Policy Analysis for Human Development" funded by UNDP, and the 4th phase of project "Budget Reform Assistance" funded by Germany.
4. Continuing the programs and projects in public finance management as scheduled.
5. Carrying out necessary preparations for formulating the Customs Modernization Project.
6. Focusing on the implementation of the following activities:
 - Disclosing the State Budget Final Account for 2002 and State Budget Estimate for 2004 as regulated and committed. Checking and requesting the compliance of local authorities with this disclosure.
 - Implementing the amended State Budget Law, and addressing bottlenecks faced by local government and units in implementing the amended State Budget Law.
 - Coordinating with the WB and other donors a public expenditure review in 2004.

V. Monitoring indicators for successful partnership

1. Continuing to strengthen cooperation, with the key role of MOF
2. Timely response by donors to the GOV request for assistance
3. Ensuring the provision of information from the government to the donors, including the use of MOF website as a vehicle.

HARMONIZATION AND AID EFFECTIVENESS

THE EU HARMONISATION AND CO-ORDINATION INITIATIVE AND ACTION PLAN FOR VIETNAM

The European Union (Member States and the European Commission) is engaged in major efforts to co-ordinate and harmonise its development co-operation world-wide. The Council of the European Union agreed in Barcelona in March 2002 to take concrete steps in the area of co-ordination of policies and harmonisation of procedures before 2004. The EU, including the Commission, is support of broader OECD efforts towards donor harmonisation, with a few to enhancing aid effectiveness and reducing transaction costs.

The EU Member States and the Commission decided that, as well as defining a global plan for harmonisation, Action Plans should be established in four pilot countries, of which Vietnam is one.

The Hanoi-based representatives of the twelve Member States involved in co-operation with VN and the EC Delegation agreed on an Action Plan for Harmonisation and Co-ordination in May 2003.

The Action Plan was presented to the GoV and donors at the mid-term Consultative Group meeting in Sapa in June 2003.

The plan builds on previous successes, such as the annual Blue Book of EU development activities, the EU local cost norms, joint EU statements and pledging at Consultative Group meetings etc.

It takes a practical approach, focussing on co-ordination of efforts at different phases of the project cycle in certain sectors: health, education, trade, private sector development, and governance, and on one geographical area, the Central Highlands. The EU donors in Vietnam are convinced that harmonisation of practices will follow from close collaboration in terms of joint identification of co-operation opportunities, joint financing etc.

Particular focus is on the introduction of sector approaches and budgetary support.

An implementation schedule for the Action Plan needs still to be drawn up, but there is already progress. Close collaboration on project identification is ongoing, for example, between the European Commission and Belgium in the health sector, and the Commission and Germany in Private Sector Development.

LMDG

The LMDG supported a consultant to work with MPI to produce a draft Harmonization Action Plan, as follow up to the Rome conference early in the year. Ownership of the HAP has now been taken on by Government and it was presented to donors at the aid effectiveness workshop in October. A draft is being discussed by the informal donor group on harmonization comprising representatives from all the major donors and donor groups. The draft will be presented at the December CG.

The LMDG consultant also worked with MPI on a concept note for capacity building for ODA management. This was presented at the October workshop and broadly endorsed by donor. Progress on development of this initiative has not been as fast as we and the Government would have liked.

The CPRGS has provided the background for the assistance strategies of all the LMDG donors during 2003. The LMDG have continued to put in place mechanisms to strengthen Government's core systems. Several members have been actively involved in the public expenditure review process, and welcome the focus and openness with which Government is conducting this.

The multi-donor trust fund for public financial management is up and running after some teething difficulties. This is proving to be a flexible resource for the Ministry of Finance to use in strengthening its own systems. On request from MPI, three LMDG donors provided procurement specialists to review the Ordinance on Procurement in more detail and discuss next step in building a modern procurement system. The DPP and LMDG are now preparing a more detailed proposal for a multi-year project which could begin in 2004. The project will be coordinated with assistance being provided by the multi-lateral development banks to establish guidelines and a system of procurement information and some standard bidding documents.

Two LMDG donors contributed to PRSC 2 and several more are considering joining PRSC 3 in 2004. The LMDG see the PRSC as an effective mechanism for reducing transaction costs in delivering aid and collectively supporting the implementation of key elements of the Government's CPRGS. The LMDG are looking forward to the development of a sector wide approach in education, within the Education for All framework, and with targeted budget support as a forerunner. In addition, we look forward to the development of possible support to Government's targeted programmes.

UNITED NATIONS

In 2001 the UN General Assembly called for full simplification and harmonization (S&H) of UN rules and procedures by the year 2004. The simplification and harmonization of procedures are aimed at reducing duplication and transaction costs for governments and the UN, to increase the effectiveness of development assistance, increase collaboration and synergy as well as improve accountability.

The Executive Committee (ExCom) of the United Nations Development Group (UNDG) spearheads the S&H process and facilitates a programme of work to be completed by the end of 2004. This work can be grouped into three areas 1) programme planning, preparation and Monitoring and Evaluation, 2) programme implementation including financial modalities and joint programming, and 3) harmonization of common service and premises.

The process is guided by important principles of diversity of a country as oppose to ‘one size fits all’ approach, national ownership and national capacity building as well as the principle that the best current practices from among the UN Funds and Programmes should be used and adapted.

The following is an overview of the current UN global initiatives and tools adapted or under development with indication of the status of progress in Viet Nam.

A. Harmonization and Simplification in Programme Planning and Preparation

Efforts are underway to strengthen the strategic joint planning tools of the UN through improved quality support and assurance system for the Common Country Assessment (CCA) and the UN Development Assistance Framework (UNDAF) processes and products. This includes the development of a more strategic and focused UNDAF around a maximum of 3-4 priority areas as a common framework, with maximum attention to achieving strategic results and outcomes. As part of this, efforts are made to further strengthen the link between the UNDAF, national priorities and processes, especially the MDGs and the PRSPs, and agencies’ country programme documents.

It has also been agreed that Governments from now on must sign off on the UNDAF (which has not been the case in all countries) to reinforce overall accountability and national ownership.

<p><i>Status for Viet Nam:</i> this would come into effect in 2004, where Viet Nam will be a pilot country for the next generation of CCA/UNDAF roll-outs.</p>
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Based on the UNDAF each ExCom Agency must complete the Country Programme Document (CPD), which contains the ‘high level’ agreement between agencies and government on strategies, results, resource and partners. The CPD will initially be adopted and used by the four ExCom UNDG Agencies (in Viet Nam: UNDP, UNICEF and UNFPA).

Once the CPDs are approved by the undg Executive Board, each agency will complete, in consultation with national partners, the details of the Country Programme, including indicative resource allocation and management agreements in harmonized Country Programme Action Plans (CPAP).

Status for Viet Nam: the common formats of CPD and CPAP are expected to be introduced by UNDP, UNICEF and UNFPA in the next UNDAF cycle. The CPD will be submitted to the undg Executive Board in mid-2005.

In addition, a shared UNDAF Monitoring and Evaluation Plan will be developed whereby the UN and its partners can, together plan the five year strategy for monitoring progress on joint plans through joint or collaborative monitoring activities.

Also, joint strategy meetings will replace four separate meetings with national counterparts, where strategies will be finalized and identification of common partners and programming focus will assist in identifying opportunities for collaboration including joint programming.

B. Harmonization and Simplification throughout Programme Cycle

Common formats for Annual Work Plan and Budget with Government and other partners will be introduced, as will formats for Standard Progress Reports for periodic reporting.

The ExCom Agencies have agreed to harmonize Country-level financial procedures using the CCPOQ guidelines on national execution as the basic framework. These guidelines emphasize ensuring accountability of partners, efficiency and effectiveness of programme implementation, national ownership of programmes and capacity building. Harmonization of resource transfer modalities will be done on the basis of a financial capacity assessment to be carried out jointly by the government and the UN. Based on this UN/Gov't assessment, UN agencies working with the same national partner at the same level of transfer (activity, project, programme) and the same type of resources (cash, in-kind) would use the same resource transfer modalities and procedures (i.e. disbursement periodicity, financial reporting, monitoring and audit).

Status for Viet Nam: UN Headquarters will provide new procedures and guidance on these measures by end of 2003, which will be applicable in Viet Nam by end of 2003.

As spelled out in the Secretary-General's second report on the UN Reform, joint programming is seen as an enormous potential for interagency collaboration to improve synergy and achieve common outcomes. However, so far there have been a number of both political and practical obstacles to move ahead in this area. Efforts are made to clarify and reach agreement on both the definition of joint programming and the most effective financial and programming modalities needed to pursue joint programming.

Status for Viet Nam: *Draft headquarters guidelines on Joint Programming ready in October 2003 with introduction of alternative funding modalities to help facilitate joint funding of programmes. The UNCT Viet Nam launched its first joint programme in 2003, which focuses on Youth.*

The UNDG ExCom members have agreed to take measures to allow systematic common access of evaluative and best practices information to be in place by 2003 to improve the ability to harness the lessons learned from programme implementation and use them in planning and implementation of future programmes.

Status for Viet Nam: *At the Global UNDG S&H workshop in Nairobi in September last year, the UNCT Viet Nam agreed to pilot the component of Knowledge Management. This incorporates, among other things, the introduction and development of a common database system (DevInfo) to house baseline data for national MDG/CPRGS monitoring, analysis and reporting. In addition, initiatives are under way to strengthen inter-agency UN information and knowledge sharing.*

C. Common Services and Premises

In addition to harmonization and simplification of programming procedures UN Funds, Programmes and Specialized Agencies have been requested by the UN General Assembly to step up work on common, shared services and to introduce common premises. It is expected that this should lead to cost savings and efficiencies through economies of scale, increased bargaining power, greater reliability and quality of service, greater transparency and accountability as well as increase collaboration, cohesion and a unified image of the UN system at the country level.

Efforts on common services include sharing of travel services, procurement, administration of building services, information/communications technology (e.g. VSAT) and fuel procurement.

Status for Viet Nam: *Progress has been made towards establishing common UN premises. Currently, five UN agencies are located in the main UN compound in Hanoi; UNDP, UNICEF, UNODC, UNIDO and UNV. UNFPA and others may join in 2004 pending on Gov't approval of building extension plans.*

The UNCT has also made progress on common services. A common Service Center has been established, common DSA rates have been negotiated and steps have been taken towards common procurement.