

International Non-Governmental Organisations Statement for the Vietnam Consultative Group Meeting 6-7 December 2005

This statement and other reports and documents for the 2005 CG Meeting are available on the NGO Resource Centre website at <http://www.ngocentre.org.vn>

Introduction

More than 600 International Non-Governmental Organisations (INGOs) have now established ties with Vietnam: INGO programs reach all 64 provinces and centrally administered cities. The Government of Vietnam estimates that INGOs disbursed more than USD 140 million in 2004; in 2005 it is expected that INGO disbursements will exceed USD 150 million¹.

A major focus of INGO assistance is human development, in terms of:

poverty reduction;

social equality, with a particular focus on poor, isolated and vulnerable groups including ethnic minorities, women and children;

environmental sustainability;

increasing people's participation and promoting democracy, particularly at the grass roots; and capacity development.

INGOs support both governmental and non-governmental partners in Vietnam. INGOs seek to support Vietnam's efforts to balance the major objectives of simultaneously combating poverty and integrating more fully into the global economy.

INGOs have a strong commitment to information sharing, partnership and coordination. This can be seen through the VUFO-NGO Resource Centre and its associated working groups as well as through wider Government-Donor-NGO Partnership Groups and other initiatives. International NGOs have been strongly supporting the preparation of the 5-year Socio-Economic Development Plan (SEDP) 2006-2010 at the local and national level.

This contribution reflects INGO perspectives and concerns based on our shared experience in Vietnam. The following elected INGO Representatives will participate in the 2005 CG Meeting:

- Deepali Khanna - **Plan International**
- Stephen Price-Thomas - **Oxfam Great Britain**
- Jeremy Stoner - **Save the Children UK**
- Andy Wehkamp - **SNV Netherlands Development Organisation**

¹ Source: The People's Aid Coordinating Committee (PACCOM)

Session I: Direction, tasks and solutions for the successful implementation of the socio-economic development plan, 2006-2010

Main Messages

International NGOs recognize and commend key strengths and improvements in the draft SEDP.

We urge the Government to continue strengthening the draft SEDP through:

- **structural improvements to the Plan document;**
- **reinforcing linkages between the three main pillars of economic growth, poverty reduction and environmental sustainability;**
- **more effectively incorporating gender, children, people with disabilities, ethnic**

International NGOs strongly support the Government in the preparation of the SEDP

Many INGOs contributed to joint INGO written comments shared with the SEDP drafting team in September 2005. Other individual inputs have addressed specific issues like the need for a clear focus on children. INGOs worked with the Ministry of Planning and Investment and other donors to support community consultations, and have also worked with a wide range of Ministries and Provinces in the preparation of their 5-year plans, including incorporation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) principles.

INGOs recognise and commend key strengths and improvements in the draft SEDP, including the focus on sustainable and inclusive development, social and environmental issues, the focus on the quality of development, and the increased share of investment for social sectors

Structural areas where the draft SEDP could still be improved

INGOs have proposed a number of key structural improvements that would significantly strengthen the draft SEDP as an overall operational document to drive economic growth, poverty reduction and environmental sustainability in the coming 5 years. The most important of these include:

- a detailed policy matrix summarizing all major policies and key programs that need to be developed and implemented to achieve the set objectives/targets. This could be included as an annex to the plan;
- greater consistency between strengths, weaknesses, targets and solutions. It would be useful in Part I to consider positive and negative issues together for each sector, clearly linked to targets and solutions in Part II;
- a separate chapter on monitoring and evaluation clearly linked to implementation mechanisms and indicators².

² The formulation of VDGs in the CPRGS set an appropriate precedent

Linking Environmental Sustainability to Economic Growth and Poverty Reduction

Main Messages

The Government's identification of environmental sustainability as a core pillar of the draft SEDP alongside economic growth and poverty reduction is an important improvement.

However, linkages *between* environmental sustainability and economic growth are not yet clearly addressed in the draft SEDP:

- More attention needs to be paid to environmental degradation as a challenge for economic growth and as an issue that cuts across different sectors.
- Full participation by all stakeholders, especially local communities and the private sector, in sustainable management of natural resources is necessary;
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- The natural resource management legal framework and responsible (functional and cross-functional) agencies should be strengthened (incorporating economic and social issues in environment impact assessment);
- Cross-border cooperation for joint action on natural resource management in the

The potential of forestry and environmental services to contribute to poverty reduction and economic growth has not yet been fully tapped. The remote mountainous regions have the highest rate of forest cover and the highest rates of poverty. Agricultural extension methodologies in these remote mountainous regions could be better adapted to the special conditions of mountains by the use of more sustainable production technologies. Thus it is important to integrate the issue of poverty reduction and environmental protection into the objectives and solutions for economic growth.

Economic growth must take place in tandem with development of cleaner and energy efficient technologies. For example, fully realising Vietnam's potential for domestic biogas could reduce CO₂ emissions equivalent to some 4 million tons of firewood.

INGOs commend the emergence of partnerships between civil society organizations and businesses and governments across a spectrum of environmental initiatives:

- Community based environmental management projects in Vietnam demonstrate how a range of stakeholders join together to develop creative solutions to local environmental problems via consensus-based approaches that often integrate environmental, economic and social objectives. Citizens and communities play a vital role by voluntarily working with government and private sector leaders to shape solutions that ensure environmental protection and economic prosperity.
- Vietnamese NGOs have worked with the National Assembly to positively influence the content of the Environmental Protection and Tourism laws.
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Main Messages

International experience demonstrates that increasing inequality can hamper economic growth. Provision of assets, in the form of forest land use certificates to poor people in remote mountainous areas, combined with training in sustainable land use, is a way to achieve economic improvements while environmental resources are managed in an ecologically friendly way.

Government and donors can further support and speed up the process of land certification through harmonized action in the forest partnership trust fund.

International experience demonstrates that increasing inequality can hamper economic growth. Provision of assets, in the form of forest land use certificates to poor people in remote mountainous areas, combined with training in sustainable land use, is a way to achieve economic improvements while environmental resources are managed in an ecologically friendly way. In 2003/2004 over 600,000 land use rights certificates were provided to poor rural households, men and women, for almost 4 million hectares of land, including 38% forest land. Linked with training, this promotes the sustainable use of forest products, and helps poor men and women to obtain credit for investment in sustainable forest production.

The urgent extension of land use rights certificates – in the names of both men and women - and training to other households is needed to ensure quality and sustainability of economic growth.

The steadily expanding demand for water for agricultural, industrial and domestic purposes and the increasing pollution of water sources is threatening this most basic of all natural resources. Much higher priority needs to be given to the protection, conservation and reuse of water in order to reverse the steady decline towards water insecurity. Sound strategies, policies and legislation for integrated water resources management combined with practical ways for implementation and monitoring the results will be essential to success in this critical area of sustainable development.

Enhancing Provincial Competitiveness, Leadership and Decentralization

Main Messages

Recent INGO provincial studies and experience demonstrate the impact of supportive and decisive leadership on the contribution of enterprises to economic growth.

Enterprises need to be involved in policy making and review, for example through a forum for public – private dialogue. To enable this, the implementation capacity of the government agencies at commune and district level must be strengthened.

Administrative reform is crucial, particularly in terms of practical and transparent procedures for land use, development of industrial zones, and business registration including for Small and Medium Enterprises (SMEs).

Regulatory Environment for the Private Sector

The creation of an enabling regulatory environment for the private sector can do more to accelerate economic growth in the short run than infrastructure improvements, which require time and huge investments. Recent research by INGOs on provincial competitiveness, linked to the Vietnam

Competitiveness Initiative (VNCI), suggests that reforms of the regulatory framework can produce significant improvements in the performance of the private sector.

For example, assessments of the regulatory environment and competitiveness in two northern provinces concluded that the environment for business development is less conducive in the two provinces than in the neighbouring provinces that have similar structure and natural conditions. Main issues identified include:

- Uneven approach to creating a regulatory environment. Both provinces focus heavily on introducing incentive policies and building infrastructure and industrial zones; not enough attention is given to the enforcement of policy and communication of policies. Inconsistencies in policy implementation exist between departments at different levels. At the commune and district level, the implementation of policies faced great difficulties due to the weak capacity of the government agencies. Additionally, there is no effective collaboration mechanism to handle issues raised by enterprises. This finding surprised local authorities and policy makers, who initially blamed the private sector for their regions' poor economic performance.
- The conditions for business development and policies are not transparent. Information about conditions is communicated informally and in ineffective ways.
- provincial investment promotion activities and policies mainly target foreign investment and big government funded projects, and not local enterprises. Access for local micro and small enterprises to government information is far more limited than for other groups.

SMEs rarely have the opportunity to participate in policy making and review. As a result, many of the issues faced by SMEs are not appropriately dealt with. There is no platform for policy dialogue.

Linking economic and social development issues and poverty reduction

Main Messages

The SEDP would be enhanced by a clear statement that limited State resources will be directed to the poorest households and regions, and that no person will miss out on accessing adequate basic services due to poverty.

Socialisation of services and 'voluntary' contributions in the health sector

The term "*socialization*" in many sectors needs to be further clarified in the SEDP. It should be emphasized that socialization does not just mean 'user pays' - which would result in the poorest households missing out.

Localities have more power to levy taxes and fees at the local level. There is a risk that this may lead to a proliferation of revenue-raising fees and payments. The increasing application of "voluntary"

contributions acts as another fee for health and other services. While the draft SEDP commits to increasing the proportion of budget for education there is no increase for health services.

There is a strong risk that poor households will suffer delays and excessive bureaucracy in accessing services. The services that they receive are likely to be at a lower level of quality than those with access to private funds. In some cases poor households will simply miss out on basic and essential services. This also raises the risk that they will delay seeking treatment and will seek treatment services outside the formal sector, potentially contributing to the risk of health pandemics. Such fees also add to the cost of doing business, limiting the contribution of the private sector to job-creation.

The SEDP needs to address these risks through clear statements about the purposes and fundamental principles of socialisation in each sector. Health care funding should be increased.

Setting targets for poverty reduction

Challenges related to increasing the national poverty line need to be recognized in the SEDP in order to draw out feasible solutions. It would be useful to formulate and implement effective targeting to the real poor, transparent and effective budgeting, and systematic monitoring of pro-poor policies and programs. Explicit poverty reduction targets for different populations (e.g. for urban/rural and ethnic groups) would help deal with increasingly diversified opportunities, inequality and vulnerabilities (to falling back into poverty), allocate the budget and better monitor results better.

Children and Young People in the SEDP

While 60% of Vietnam's population are under 24 years old, key issues affecting children and young people have not been effectively addressed throughout the draft SEDP. At this stage, INGOs recommend the inclusion of a special section or chapter devoted to highlighting the specific rights and needs of children and young people. Key indicators also need to be included to assess the progress of improving children's development.

Some specific issues that should be addressed in the SEDP include:

- protection of children from violence, exploitation and abuse;
- healthcare fee exemption for under-6 year olds, addressing the reality of de facto fees and ensuring access of poor households;
- early childhood development and education, including for ethnic minority children;
- child-focused disaster preparedness and mitigation at the community level.

Malnutrition rates remain too high in Vietnam and approaches need to be put in place to ensure that this declines dramatically among the most vulnerable children.

The recent moves to provide KT3 category migrants with city citizenship is welcomed but it is not "pro-poor" in conception as only those with permanent jobs can claim these rights. This does not

address migrants who have no permanent contract or those working in the informal sector. There remain considerable issues with migrant children and their lack of access to basic services in cities. Recent GSO statistics of the mid-term census in HCMC suggest 40% of KT4 children in Ho Chi Minh City aged 11-14 are out of school although the total number of children is relatively small. At the same time, 15% of KT3 children aged 11-14 are out of school and this constitutes a much larger group of children. Furthermore, this figure can rise to as much as one quarter of KT3 children in some districts. INGOs feel that further legal reform is needed to ensure that vulnerable children in cities can access basic services.

HIV/AIDS

Vietnam's current National HIV/AIDS Strategy has been widely praised; the SEDP should clearly link to and incorporate the main components and overall indicators from this Strategy.

There continues to be a pressing need for strong national-level leadership on issues of stigma and discrimination in access to services. The need for strong leadership from the highest levels to inform and allay public fears can clearly be seen in the recent National Assembly discussion on the right of children with AIDS to attend mainstream schools.

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Including People With Disabilities in Education and Poverty Reduction Programs

Recognition of people with disabilities needs to be mainstreamed into all aspects of the SEDP and of all development programs, documents and strategies, not just into social protection policies. In particular, people with disabilities represent a significant proportion of the poor and it is vital they are fully including in all poverty reduction programs.

A key challenge for people with disabilities including children is gaining access to education and training. Addressing this is essential in order to guarantee the full participation of people with disabilities in Vietnam's future.

People with disabilities (especially women) must be given access to social services, e.g. loans, credits, basic health services, and vocational training. Creating accessible physical environments such as basic infrastructure, public buildings and public services (such as public transport) will facilitate the full participation of people with disabilities to social, economic activities and communities.

Consultation and involvement of private sector and civil society

Main Messages

The continuing lack of clear legal and policy definitions on the status, roles and contributions of Vietnamese non-governmental organisations is limiting their ability to give input into the SEDP drafting process and to contribute to Vietnam's development.

The SEDP should clearly address the roles of Vietnamese non-governmental organizations within implementation of the SEDP, including a commitment to provide an appropriate legal framework during the life of the plan.

International NGOs strongly commend Government efforts to involve a wider group of stakeholders in consultations for the preparation of the new SEDP. However, the continuing lack of clear legal and policy definitions on the status, roles and contributions of Vietnamese non-governmental organisations have limited progress.

Within the content of the SEDP, people's participation in design, implementation and monitoring of concrete solutions and policies needs to be further stipulated. All economic and social actors (public and private) should be supported to be more visible and to play a stronger role in all socio-economic spheres.

Concrete steps to strengthen this through the SEDP could include a separate chapter or annex on governance with a sharp focus on effective participation and empowerment of people, communities and social actors from the local level upward in the whole planning cycle of all development policies and programs. This should include a strong commitment to full and consistent implementation of grass roots democracy in all localities, with special attention to ethnic minority areas, together with continued development of the role of people's councils at the commune, district and provincial levels.

There should be a clear commitment to multi-sector (i.e. state/private sector/NGOs) service delivery giving larger choices to people while ensuring that State resources are particularly targeted to poorer households. There should be ; more attention to the role of Vietnamese non-governmental organizations in achieving the plan's goals, including a commitment to provide an appropriate legal framework during the life of the plan.

There should be consistency between legal documents and decisions from different official agencies in relation to Vietnamese non-governmental organisations. For example, it is essential that regulations on the management of INGO aid do not restrict some types of Vietnamese civic organisations with development and humanitarian fields from receiving INGO funds, particularly when these organisations have already been given the right to raise funds from international sources within Vietnamese law.

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Linking planning and budgets

The basis for allocating government budget and identifying investment priorities in each sector and province needs to be clearly stipulated in the SEDP. The document would be much stronger with a clear link to the Public Investment Programme and the recurrent Government budget/Medium Term

Expenditure Framework. Clear linkages between plans and budgets need to be established at the local level.

Balance between funding for physical infrastructure and human resources is needed. In investment directions for some sectors, there is a need for greater focus on people (capacity building) in line with infrastructure support (facility building). The issue of recurrent funding also needs to be better addressed so that infrastructure investments are maintained and a heavy burden of ongoing fees is not placed on poor households.

Main Messages

Combating corruption requires the participation of the whole of society, including improved public awareness, a strengthened role for the mass media, and the development of effective mechanisms by which people may participate in preventing and addressing corruption.

Avian Influenza

Main Messages

Effective response to avian influenza can only occur through coordinated efforts and continued transparency and action of government, donors, INGOs and community based organizations.

Ongoing work at the community level is vital. Government and supporting agencies urgently need to promote awareness and behaviour/practices change for the prevention and control of avian influenza in animals and humans. The effectiveness of the centrally co-ordinated strategy will be enhanced if small farmers can see their own self-interest in the measures taken to control avian influenza. Commitment to follow up measures to ensure community ownership of change is vital to obtain sustainability and permanence.

The government and the international community need to consider the impact of avian influenza on livelihoods and the long-term consequences to poverty and development in Vietnam. The provision of alternative income sources will ease the burden of compliance for these vulnerable groups.

INGOs commend the Government of Viet Nam for their leadership and transparency on the issue of avian influenza. It is imperative to maintain open and effective communication regarding the status of the virus in order for INGO partners to support the government's strategy. INGOs applaud the Government's initiative requesting United Nations agencies specializing in animal and human health to support the preparation and implementation of a national human epidemic preparedness plan. INGOs believe that given their existing work, particularly in the fields of

emergency response, health and rural development, they are well situated to assist such a national plan.

INGOs acknowledge the difficulties in harmonizing donor efforts. INGOs recognize the importance of ensuring key messages, initiatives and geographical areas where work is carried out are coordinated with the Government, UN agencies and local authorities. The INGO community urges the Government and multilateral agencies to ensure INGO representation on key Avian Influenza Working Groups in order to maintain effective and timely harmonization and coordination.

The need for immediate initiatives to begin at the community level is great. In a recent joint meeting with humanitarian and development NGO's and OCHA, David Nabarro, Senior United Nations coordinator for avian and human influenza, emphasized the need for NGOs to become more active in the global response. Nabarro noted that NGOs have the strengths in surveillance and community mobilization that can effectively complement national strategies through grass-roots campaigns

Achieving awareness and understanding of bird flu linked to behavior change within the whole community is the biggest challenge in fighting the virus in Vietnam. The role of INGOs in promoting awareness and behavior change should be a strong component in a collaborative effort between INGOs and Government.

Avian Influenza incentives to avert impact on poor farmers and local marketers' livelihoods. INGOs remain concerned about the effects of AI on poverty in Viet Nam. While pandemic planning is vital, and the Government has instituted a compensation package for those losing poultry due to AI, incentives and alternatives must be put in place in order to a) firstly encourage communities to heighten surveillance and report to authorities and b) to ensure poor people are not pushed back or left deeper in poverty. Alternative livelihoods will be needed to replace the breeding and sale of millions of chickens and ducks that currently help to sustain poor households.

Unless effective compensation and livelihoods are addressed along side education and training, the measures to control AI will be at odds with the immediate self-preservation of the most vulnerable sectors of the community.

While the Government has a strong central plan, more attention needs to be given to the province, district and commune levels. Though improvements in the national strategy, including revised compensation schemes, are a necessary first step, the speed of action in lower levels of Government must be improved. Uneven responses at the provincial and district level demonstrate a weak link between national strategy and local action. Additionally, continued greater ministerial and departmental cooperation remains necessary. The INGO community appreciates the recent outreach to them by MARD and MOH. In response, INGOs working in the field are keen to assist responses in remote and grass roots areas, supporting the collaboration of these two vital departments as community surveillance and reporting is strengthened and promoted.

Session II: Opportunities and challenges for Vietnam's integration with the global economy

Main Messages:

Key issues currently under negotiation that are essential to Vietnam's ability to continue to deliver excellent poverty reduction results must be agreed by donor WTO Working Party members without further demands being made.

CG members must support Vietnam in studying, and then preparing for, the likely impacts of accession on Vietnam's poorest and most vulnerable groups, including children.

Where Working Party members have insisted Vietnam comply with commitments from the date of accession (instead of allowing transition periods as has previously been the norm), all necessary technical assistance must be provided to Vietnam as a matter of urgency.

Status for WTO accession, challenges in implementation and expected impacts

Vietnam is entering its final stages of WTO accession negotiations. Although it will not achieve the goal of joining the World Trade Organisation (WTO) by the time of the Hong Kong Ministerial Conference in December, negotiators desire a swift end to the process.

Analysis of progress made between the two Working Party meetings of April and September 2005 reveals that Working Party members are continuing to demand further concessions from the Vietnamese negotiators. If agreed, these concessions have potentially damaging consequences for Viet Nam's ability to safeguard the livelihoods of its poorest people.

The demands are being led by three of the six countries yet to complete bilateral negotiations with Viet Nam: the United States, Australia, and New Zealand, all of which are Consultative Group members. Yet INGOs believe that hope for a pro-development accession package is not yet entirely lost.

INGOs believe that as a minimum, rich country members of the WTO should allow the following:

- Viet Nam should be able to use all the instruments available to other developing country WTO members to further protect vulnerable farm sectors. These measures include tariff rate quotas, the current WTO Special Safeguard, and the new provisions now under negotiation at the WTO (Special Safeguard Mechanism and Special Products).
- Viet Nam should not be asked to make greater commitments on the scale and timing of reductions in export subsidies than those made by other developing countries at the WTO, or those agreed in current WTO negotiations. More specifically, investment incentives for enterprises operating in disadvantaged areas should be granted on the basis that they represent non-actionable subsidies for regional development, which are legal within the WTO.
- Upon accession, Viet Nam should be able to maintain its current WTO-compliant export management controls on rice, in order to protect food security.
- Members of the Working Party should not include non-market economy provisions that restrict most favoured nation rights, with potentially damaging consequences for Viet Nam's textiles and clothing industry. In this respect, WTO-plus provisions on trade safeguards in the bilateral trade agreement concluded with the USA should not become part of the accession package.

- The USA should abolish textile and clothing quotas for Viet Nam upon accession, since these were abolished for all other member states at the end of 2004.
- Compliance with the agreements on Sanitary and Phyto-Sanitary measures must be tied to the provision of technical assistance, in order to spread the costs of implementation and to build the required technical capacity to implement them.

INGOs understand that Viet Nam has recently agreed to join the 1991 International Union for the Protection of New Varieties of Plants (UPOV), which would likely restrict the rights of farmers to save, use, exchange and sell seeds. This is of particular concern in view of the diverse crop genetic resources developed and conserved by Vietnamese farmers. The UPOV convention is not a part of WTO regulations, but it was already a condition of the BTA that Viet Nam concluded with the USA that it should be a signatory to UPOV. Adherence to non-WTO intellectual property agreements led by the USA, is a common feature of Free Trade Agreements. INGOs believe that it should not also become a standard WTO-plus demand for acceding countries.

It is essential that Vietnam is able to prepare as well as possible for the negative – as well as positive – impacts of accession. In cooperation with Government, INGOs have conducted studies of the possible impacts of WTO accession on poor groups in Vietnam, and it is important that the international community urgently support similar efforts to allow Vietnam to prepare for the impacts of accession. One example is the possible impact on children: UNICEF has recently called for a social impact assessment of WTO accession in order to stimulate discussions on necessary amendments of laws on children and related social policies and programmes: INGOs would support this wholeheartedly.

Session III: Harmonization, disbursement and aid effectiveness

Main Messages:

In order for the Hanoi Core Statement on Aid Effectiveness to be really effective, donors and international non-governmental organizations also need to commit themselves to harmonization at the provincial level.

The Hanoi Core Statement on Aid Effectiveness does not specify at what level donor harmonization must take place. Thereby the harmonization process risks becoming an issue on the national level alone, leaving the work in the provinces untouched.

Strong leadership at the provincial level, including transparency about budget sources and information about which international agencies are active in the province could have a very positive impact on avoiding duplication and gaps, and could result in more effective development support and less burdensome administrative procedures.