

**International Non-Governmental Organisations'
Statement for the Consultative Group Meeting**

**Hanoi, Vietnam
3 - 4 December 2009**

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Introduction

More than 650 international non-governmental organisations (INGOs) have established ties with Vietnam, and their programmes reach all 64 provinces and centrally administered cities in the country. INGOs work with governmental and non-governmental partners in Vietnam, seeking to support Vietnam's efforts to balance the major objectives of simultaneously combating poverty and ensuring equitable, environmentally sustainable development. INGOs have a strong commitment to information-sharing, partnerships and coordination. This can be seen through the VUFO-NGO Resource Centre (NGO RC) and its associated working groups, as well as through wider government-donor-NGO partnership groups and other initiatives.

This statement is the outcome of a series of consultations by email and at an INGO forum held in November 2009, attended by INGOs and other networks, concerning policy and development issues relating to the agenda of the Consultative Group (CG) Meeting. The statement was finalised by the NGO RC and the INGO representatives for the CG Meeting. The INGO delegation to the meeting comprises:

- Kim N. B. Ninh, Country Representative, The Asia Foundation;
- Phan Van Ngoc, Country Director, ActionAid Vietnam;
- Stephen Price-Thomas, Country Director, Oxfam Great Britain;
- Peter Newsum, Country Director, CARE International;
- Marko Lovrekovic, Managing Co-Director, VUFO-NGO Resource Centre.

This statement therefore brings together the views of INGOs on four themes that will be discussed at the CG meeting:

- Positioning Vietnam for Growth in Post-Crisis World
- Emerging Challenges for Poverty Reduction
- Strengthening Public Administration and Fighting Corruption
- Ensuring Sustainable Development

Positioning Vietnam for Growth in Post-Crisis World

Key message: Focus on the quality of growth rather than the rate of growth in the next phase of Vietnam's development

The decades of modernisation have increased economic growth and reduced poverty. Even before the global financial crisis, however, there were signs that a more balanced approach to development was needed to address environmental degradation, the growing gap between urban and rural areas and the persistent vulnerability of the poor, disadvantaged women, ethnic minorities and other groups.

Now, as the world recovers from the financial crisis, it is timely for Vietnam to carefully consider the next phase of economic development, and how growth can be

more stable, and the economy more competitive, through a dynamic private sector, a strong domestic market, a better integrated urban-rural development strategy, and greater attention to rectifying shortfalls in human resources, the capacity of institutions and infrastructure.

Growth that takes into account environmental issues, labour concerns, and the rural-urban divide is much more likely to be sustainable in the long run, by more efficient use of assets and resources, and by giving different groups within society a stake in the system.

Key message: Better integrate rural-urban development strategy

Vietnam is still predominantly an agricultural country, but current industrialisation and urbanisation policies do not assist sufficiently the rural economy to modernise or to benefit from urban development. A more integrated urban-rural development strategy is needed, linking policies such as industrialisation, urbanisation and land use policies that support the modernisation of the agricultural sector, meet the employment needs of rural areas as the rural labour force changes and improve rural infrastructure and public services to narrow the gap between them and their urban counterparts.

Key message: Address the bottlenecks in the capacity of human resources, institutions, infrastructure and the private sector

Building the capacity of human resources, institutions, infrastructure, and the domestic private sector is critical, as Vietnam seeks to move from a low wage economy to one that is knowledge-based, from a small-business model to one that can compete in international markets and from reactive responses to external shocks to responses based on nimble forecasts of volatility that mitigate its impacts. Educational reform at primary, secondary, and higher education levels is needed in order to move toward a knowledge-based economy and also to improve vocational training to provide the skills that are needed for further industrialisation and enable people to enjoy better jobs. People with disabilities, who comprise up to 10% of the population, should be fully included in education and employment so that they can contribute their skills to Vietnam's human resource development. The draft Law on Disability is a key step forward in this direction.

Key message: The exports slowdown due to the global financial crisis underlines the economic importance of the domestic market

Vietnam's two decades of market-oriented growth have focused on exports. However the recent fall in exports due to the global financial crisis has affected company earnings and employment. More attention should be paid to the country's significant domestic market, with a population of 84 million, and its growing purchasing power. Market research has shown that the public is increasingly choosing local products but also indicated that domestic brands and competitiveness are undermined by concerns about quality and price. The Government should consider policies, regulations and incentives that help link the domestic market, the private sector and economic growth - particularly as they affect rural communities.

Key message: Improve industrial relations and better protect workers' rights

Strikes were increasing in Vietnam even before the global financial crisis, reflecting challenging labour relations and growing workers' dissatisfaction with wages and working conditions. The exports slowdown caused by the financial crisis in turn has meant factories have let go of workers or cut their hours. It has been reported that some companies have taken advantage of the crisis to replace workers with new ones on lower salaries. Additionally, many workers looking for employment overseas through labour export companies have found on arriving at their destination that they are exploited in the workplace or that their contracts are short term or terminated early so they cannot repay fees they owe to the export companies. These situations are becoming more frequent and are giving Vietnam a problematic reputation regarding labour relations. They should be addressed by the Government quickly.

Emerging Challenges for Poverty Reduction

Key message: Vietnam should aim to eradicate poverty by 2020. The Government and donors must remain focused on this target.

INGOs applaud the Government on its successes in reducing poverty, which are recognised as among the best in the world. As Vietnam prepares the next 10-year Socio-Economic Development Strategy (SEDS), INGOs urge the Government to set the ambitious but achievable objective of completely eradicating poverty by 2020.

This will require the whole nation's firm commitment to eradicating poverty. Overcoming the remaining challenges – in particular poverty among ethnic minorities, who comprise 14% of the population but 50% of the poor – will require continued significant financial and intellectual investment and innovation. INGOs believe that the new SEDS should therefore place poverty elimination at its centre. Poverty rates and measurements should be realistic and adopt a capability approach, not only a minimum level of income.

Key message: Give poor people greater influence in local decisions that affect their lives and build the capacity of local leaders.

The challenges of urbanisation and industrialisation will also require new thinking and the effective implementation of policy, in particular in ensuring that poor people and migrants are able to fully realise their rights to services. Where the implementation of policy inadvertently damages the interests of poor people, it needs to change. The key to this is the influence that poor people, including migrants, have over decisions that affect them at the local level, and the quality and timeliness of information available to them. There is already much good practice – some of which is supported by INGOs – and potential in rural and urban areas. INGOs urge the Government to learn from this in order to meet the challenges of the next decade. In particular, INGOs believe the potential of Vietnamese community-based organisations and NGOs should be fully harnessed to build the capacity of commune leaders and increase transparency in information sharing.

Key message: The private sector should be guided by social impact as well as by profit.

As Vietnam industrialises, it will become even more important that the private sector is motivated as much by social impact of their activities as by profit. Businesses should contribute to the rebuilding of livelihoods lost through people's resettlement or through the conversion of farmland into industrial areas. The Government leadership will be the key to this development.

Key message: Improve social protection and consider greater flexibility in allocating poverty funds at the local level.

There is a fundamental need to improve social protection, and INGOs welcome the steps that the Government has already taken. INGOs urge the Government to ensure that social protection policy is comprehensive and coordinated. The policies for extending accessibility and increasing support for vulnerable groups should be integrated, including support for measures for rural families in Vietnam's poorest districts assisted by Programme 30a. Social protection policy should also encourage informal safety nets at the local level that provide timely and effective support to vulnerable communities facing risks and shocks. Similarly, INGOs believe there is a need to consider greater flexibility in using poverty funds, including allowing community groups to manage them, rather than always transferring funds directly to poor families.

Strengthening Public Administration and Fighting Corruption

INGOs welcome the efforts and achievements of the Government in the fight against corruption and in strengthening the anti-corruption law proclaimed through Decree No. 47 in 2007. The Government's Project 30, which aims to simplify state administrative procedures, has also assisted public administration reforms. The re-iteration of the fight against corruption in the CG Meeting's agenda also highlights the need to improve coordination among the key actors working on building accountability and transparency at all levels. The main challenges are not about a lack of a formal legal framework, structures and guidelines. The main challenge is the need to bolster the capacity of Vietnamese anti-corruption actors - in particular civil society organisations (CSOs) - to implement existing measures. Another challenge is how to further improve mechanisms that enable the participation of CSOs in fighting corruption.

The overall reform processes have been guided by the Master Plan on Public Administration Reform and much work has been done on developing the system of administrative legal institutions. However, INGOs reiterate several areas for improvement to strengthen public administration and fight corruption.

Key message: INGOs are committed to working with the Government to develop a legal environment that better enables CSOs to fight corruption.

International experience has shown that the participation of civil society organisations is a key element of effective anti-corruption programmes. For this to happen there should be the means for people in civil society to exchange opinions and voice their

concerns. The roles of CSOs therefore should be legally recognised. However the law on establishment of association and the role of CSOs has not yet been passed. INGOs propose that the Government take into consideration the legal framework for CSOs in order to maximise their contribution to the fight against corruption.

Key message: Ensure sufficient public consultation in the revision of the law on promulgation of legal normative documents.

INGOs believe there is a need to improve processes for the development and issue of normative legal documents, overcome compartmentalisation in the preparation of legal documents by ministries and strengthen the accountability of public institutions which take part in institutional development. INGOs suggest that consultations of the public through CSOs become an integral part of the law-making process. This would enhance society's understanding of legal issues in general, and enable better reflection of the public's concerns in the nation's laws and regulations.

Key message: Reform and modernise the administrative system, its procedures and civil-servant salary schemes.

INGOs suggest there is a need to assign clearly defined functions, tasks, authorities and responsibilities to institutions in the public administration system. Where appropriate transfer activities and services to enterprises, social organisations, private organisations and non-governmental organisations.

It would be appropriate to develop administrative procedures that are transparent, simple and convenient for people and businesses. There is a need to modernise the administration system, equip administrative agencies with modern equipment and implement a computerised Government Management Information System.

Reform salary schemes for civil servants, to become the main driving force for the civil service system so that wages are sufficient to maintain their lifestyles and those of their families is a fundamental need.

KEY MESSAGE: Insufficient local-level capacity impedes efforts to strengthen public administration. Build local capacity and integrate it with organisational and institutional reforms.

Vietnam's decentralisation process has given provincial authorities greater discretion over budgets and the implementation of policies and programmes, and their administrative burden is growing due to the nation's rapid economic and social progress. However their capacity to shoulder these responsibilities, especially at the commune and district levels, impedes their efforts to achieve equitable and sustainable development and to mobilise local people in the development process. In addition official development assistance (ODA) has tended to concentrate on physical infrastructure and equipment rather than on human capital, such as the knowledge and skills acquired through training, networking, and communication. Yet most of the implementation of laws, regulations, policies and programmes take place at the local level. Thus local governments continue to be a bottleneck in the administration system.

Any administration reform process also requires the meaningful participation of civil society, ensuring their access to information on what their rights are in the public system and how they can claim them.

Initiatives exist as models to empower local communities, such as a pilot project supported by ActionAid that monitors the progress of public administration reform. It is helping to strengthen local community-based institutions with a set of tools including a community-based planning process and the Economic Analysis and Budget Accountability for Governance tool, which helps poor people to participate in economic and budgetary processes.

Ensuring Sustainable Development

Following the Government's approval of the National Target Programme to Respond to Climate Change (NTP-RCC) in 2008, with a high level National Steering Committee chaired by the Prime Minister, NGOs have been eager to support implementation efforts for national responses to climate change. NGOs have welcomed the Government's inclusion of NGOs in consultation processes, particularly in relation to developing a Reducing Emissions from Deforestation and Degradation (REDD) mechanism and in the dialogue building before COP15, the United Nations Climate Change Conference in Copenhagen .

Key message: Effective adaptation at the level of communities and ecosystems already affected by climate change must start now.

Communities throughout Vietnam are already having to adapt to extreme disasters and changing climate patterns. Budgets and mechanisms are needed to facilitate local efforts to adapt to climate change, focusing on work that benefits the poor in three areas: disaster risk reduction, sustainable ecosystems and protecting livelihoods. Indigenous knowledge and existing initiatives provide useful inputs to effective planning for climate change adaptation. For example, a variety of sustainable land-use measures are needed to protect coastlines. INGOs are experienced in facilitating community-based adaptation measures and have the planning tools available for vulnerability and capacity assessment to share with the Government. Vulnerability and capacity assessment is the process of collecting and analysing information on a community's vulnerability to climate change and the community's capacities in order to eventually reduce its vulnerability and increase its capacity to respond and adapt.

Key message: Develop policies for climate change mitigation

To achieve economic development while reducing carbon emissions, key policies for climate change mitigation should be developed that focus on energy supply and consumption. More investment and research is needed on efficient energy use in households and offices as well as in industry. There is a need to improve the research base on the gender and climate change links and ensure gender sensitive data is collected and analysed to inform decision making. The private sector should be engaged in the mitigation process through financial policies that both encourage and oblige them to take action, such as tax preferences and investment preferences. Stronger information, education and communication activities are needed, aimed at

both the public and at the private sector, about the environmental costs of goods and services. This will create a demand for environmentally sustainable products and an incentive for the private sector to be environmentally responsible.

Key message: REDD should incorporate social standards, safeguards and accountability measures that protect communities dependent on forests.

It is important to ensure that the REDD mechanism does not hurt the poor and marginalised, and particularly the interests, rights and livelihoods of forest-dependent communities. REDD strategies should draw on existing community approaches to managing forests and ensure the participation of forest-dependent communities in standards, implementation and monitoring. Local people involved in community-based forest management should be entitled to tangible benefits for their work.

KEY MESSAGE: Carbon Credit Finance policies should allow for covering the costs of adaptation and of making global reductions in carbon emissions.

Climate change mitigation through low-carbon technology and carbon storage are essential for Vietnam's sustainable development, healthy environment and contribution to reducing the impact of climate change. The costs of projects delivering emissions reductions - including the environmental services provided by local people - should be covered through the carbon finance they generate. Equitable systems for distributing benefits are needed and are being discussed for REDD. The need for adequate financing for adaptation at all levels is rapidly increasing. At the local level finance is needed to educate people about climate change, improve information management systems, build the capacity of local officers to facilitate vulnerability and capacity assessments and planning that involves the community and the costs of implementing diverse adaptation measures. There is also a need to ensure that gender-climate change links are mainstreamed in policy and programmes, and ensure women's participation in policy making and decision-making on climate change at all levels.

Key message: Improve the financial management of external funding of climate change responses through closer coordination between governmental agencies, the Government, donors, NGOs and the private sector

Climate change cuts across sectors and governmental agencies. To ensure that Vietnam's National Target Programme and supporting projects work efficiently, commitment and leadership from the highest level of the Government is critical, along with the coordination of inputs from the Government, donors, INGOs and the private sector. In order to support communities dealing with the effects of climate change, there must be close cooperation between different ministries. For example climate change adaptation measures should be integrated with the Government's Community Based Disaster Risk Management programme. To attract external funding for responses to climate change, financial management mechanisms should be improved with a stronger involvement of the Ministry of Planning and Investment and the Ministry of Finance at the highest levels. The technical expertise of the Ministry of Natural Resources and Environment is also critical.