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Strategic Planning for Poverty Reduction in Vietnam

Progress and Challenges for Meeting the Localized Millennium Development Goals

Rob Swinkels
Carrie Turk

The World Bank
East Asia and Pacific Region
Poverty Reduction and Economic Management Sector Unit
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Abstract

This paper discusses the progress that Vietnam has made toward meeting a core set of development goals that the government recently adopted as part of its Comprehensive Poverty Reduction and Growth Strategy (CPRGS). These goals are strongly related to the Millennium Development Goals (MDGs), but are adapted and expanded to reflect Vietnam's national challenges and the government's ambitious development plans. For each Vietnam Development Goal, the authors describe recent trends in relation to the trajectories implied by the MDGs, outline the intermediate targets identified by the government, and discuss the challenges involved in meeting these.

Relative to other countries of similar per capita expenditures, Vietnam has made rapid progress in a number of key areas. Poverty has halved over the 1990s, enrollment rates in primary education have risen to 91 percent (although there is a quality problem), indicators of gender equity have been strengthened, child mortality

has been reduced, maternal health has improved, and real progress has been made in combating malaria and other communicable diseases. In contrast, Vietnam scores worse than other comparable countries in the areas of child malnutrition, access to clean water, and combating HIV/AIDS.

A number of important crosscutting issues emerge from this analysis that need to be addressed. One such challenge is improving equity, both in terms of ensuring that the benefits of growth are distributed evenly across the population and in terms of access to public services. This will involve addressing the affordability of education and curative health care for poor households. Improvements in public expenditure planning are needed to align resources better to stated desired outcomes and to link nationally-defined targets to subnational planning and budgeting processes. There is also a need to address capacity and data gaps which will be crucial for effective monitoring.

This paper—a product of the Poverty Reduction and Economic Management Sector Unit, East Asia and Pacific Region—is part of a larger effort in the region to help governments move toward outcome-based planning for poverty reduction. Copies of the paper are available free from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Nga Vinh Dao Lopez, room MC9-234, telephone 202-458-8032, fax 202-522-1671, email address nlopez@worldbank.org. Policy Research Working Papers are also posted on the Web at <http://econ.worldbank.org>. The authors may be contacted at rswinkels@worldbank.org or cturk@worldbank.org. January 2003. (46 pages)

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Strategic planning for poverty reduction in Vietnam

**Progress and challenges for meeting the localized Millennium
Development Goals (MDGs)**

**Rob Swinkels and Carrie Turk
World Bank, Vietnam**

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Abbreviations

ADB	Asian Development Bank
CAS	Country Assistance Strategy
CG	Consultative Group
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DAC	Development Assistance Committee
DFID	Department for International Development
GDP	Gross Domestic Production
GIS	Geographic Information System
GoVN	Government of Vietnam
HEPR	Hunger Eradication and Poverty Reduction program
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immuno Deficiency Syndrome
IMF	International Monetary Fund
IMR	Infant Mortality Rate
JBIC	Japanese Bank for International Cooperation
MDGs	Millennium Development Goals
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOH	Ministry of Health
MPI	Ministry of Planning and Investment
MTEFs	Medium Term Expenditure Frameworks
NGO	Non- Government Organization
NSEP	National Strategy for Environmental Protection
ODA	Official Development Assistance
PAR	Public Administration Reform
PIP	Public Investment Program
PREM	Poverty Reduction and Economic Management
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PTF	Poverty Task Force
SEDS	Socio-Economic Development Strategy
TB	Tuberculosis
VDG	Vietnam Development Goal
VLSS	Vietnam Living Standards Survey
WHO	World Health Organization

TABLE OF CONTENTS

SUMMARY

I. COUNTRY CONTEXT	1
Economic Growth	1
Trends in poverty reduction and social indicators	1
Structural and Governance Reforms	4
Challenges to sustained progress	4
II. PLANNING AND GOAL-SETTING IN VIETNAM.....	5
The Socio-economic Development Strategy	5
The Comprehensive Poverty Reduction Strategy and the Vietnam Development Goals.....	5
The role of the Millennium Development Goals	9
III. PROGRESS TOWARDS THE VIETNAM DEVELOPMENT GOALS.....	12
Vietnam Development Goals directly based on the MDGs.....	12
Goal One: Eradicate Poverty and Hunger.....	12
Goal Two: Achieve Better Education for All	15
Goal Three: Reach gender equality and empower women	19
Goal Four: Reduce Child Mortality	21
Goal Five: Improve maternal health	28
Goal Six: Combat HIV/AIDs, malaria and communicable diseases	30
Goal Seven: Ensure Environmental Sustainability.....	32
Vietnam Development Goals not directly based on the MDGs.....	36
Goal eight: Reduce vulnerability	36
Goal Nine: Ensure Good Governance for Poverty Reduction.....	37
Goal Ten: Eradicate poverty and preserve the culture and diversity of ethnic minorities....	38
Goal Eleven: Ensuring pro-poor infrastructure development.....	39
IV. CHALLENGES.....	40
Improving Equity	40
Aligning resources to strategic targets.....	41
Building capacity and filling data gaps.....	42

Boxes

Box 1. Key actors involved in the work on the CPRGS and defining the Vietnam Development Goals and targets.....	6
Box 2. MDG Goal One: Eradicate Poverty and Hunger.....	13
Box 3. MDG Goal Two: Achieve Better Education for All	18
Box 4. MDG Goal Three: Reach Gender Equality and Empower Women	20
Box 5a. MDG Goal Four: Reduce Child Mortality by two thirds by 2015	24
Box 5b. MDG Goal Four: Reduce Child Mortality by two thirds by 2015	27
Box 6. MDG Goal Five: Improve Maternal Health (reduce MMR by three fourths by 2015)	29
Box 7. The successful fight against malaria and Tuberculosis in Vietnam	30
Box 8. MDG Goal Six: Combat HIV/AIDS, malaria and other disease.....	31
Box 9. MDG Goal Seven: Ensure Environmental Sustainability.....	35
Box 10. Goal Eight: Reduce vulnerability.....	37
Box 11. Goal nine: Ensure Good Governance for Poverty Reduction	37
Box 12. Goal Ten: Eradicate Poverty and Preserve the Culture and Diversity of Ethnic Minorities..	38
Box 13. Goal Eleven: Provide basic infrastructure services to disadvantaged groups.....	39

Tables

Table 1. Social Indicators, 1993 – 1998	3
Table 2. The Vietnam Development Goals*.....	10
Table 3. The Duration of Primary Schooling in selected countries, 2001	17
Table 4. Decline in Infant and Child Mortality: International Comparison	22
Table 5. Infant Mortality Decline by Region, 1990-98	23
Table 6. Infant Mortality Decline by Poverty Status, 1990-98.....	23
Table 7. Progress and projections for Mortality Indicators for Disadvantaged Areas.....	25
Table 8. Malnutrition - International Comparison.....	26

Figure

Figure 1. GDP Growth Rate (percent) and Inflation (annual average percent).....	1
Figure 2. Incidence of poverty in Vietnam in Rural-Urban areas.....	2
Figure 3. Strategic Planning Framework in Vietnam	6
Figure 4. Faster-growing regions have reduced poverty most.....	13
Figure 5. Poverty reduction projections under different growth scenarios.....	14
Figure 6. Illiteracy Rate of 15-24 year-olds in Selected Countries, 1999.....	16
Figure 7. Trends in Primary Net Enrolment Rates, 1993-1998, by income quintile	16
Figure 8. Primary Completion Rates for selected countries and region, 1997	17
Figure 9. Girls as a percentage of boys in primary and lower secondary education: Levels in 1993-98 and targets for 2005	19
Figure 10. Under 5 Mortality – progress made during 1990-1998 and projections for 2010 and 2015.....	24
Figure 11. Under 5 Mortality – progress made during 1990-1998 and projections for 2010 and 2015.....	25
Figure 12. Malnutrition: progress made during 1990-1998 and projections for 2010 and 2015.....	27
Figure 13. Maternal mortality – progress made during 1990-1998 and projections for 2010 and 2015.....	29
Figure 14. Contraceptive Prevalence rate progress and targets 1990-2015.....	31
Figure 15. Trends in the composition of Vietnam's Forest Cover	33
Figure 16. Marine catch in Vietnam 1991-2001	33
Figure 17. Country Comparison of Access to Safe Water, 2000 (percentage of population)	34
Figure 18 Distribution of household well-being relative to poverty line in Viet Nam.....	36

SUMMARY

This paper discusses progress that Vietnam has made towards meeting a core set of development goals that the Government recently has adopted as part of its Comprehensive Poverty Reduction and Growth Strategy (CPRGS). These goals – the “Vietnam Development Goals” (VDGs) – were identified by the Government of Vietnam to represent the priorities set out in national strategies and international commitments. They are strongly related to the Millennium Development Goals (MDGs), but are adapted and expanded to reflect Vietnam’s national challenges and the government’s ambitious development plans. The selection of these goals was informed by a series of studies prepared under the guidance of the Government-donor-NGO Poverty Task Force (PTF).

Section 1 discusses the **country context** and outlines the most pressing development challenges the Government now faces. Rapid economic growth over the 1990s generated significant improvements in living standards, halving the incidence of poverty from 70 percent to 35 percent. Social indicators also improved markedly, partly due to government investment in basic social services. This progress over the last decade has allowed Vietnam to meet, or nearly meet, many of the Millennium Development Goals. However, inequality between regions and between rural and urban areas is growing. Addressing these disparities will be essential for further future progress, as will building a system of modern governance for improving government transparency and accountability at all levels.

Section 2 presents the **process of selecting the Vietnam Development Goals**, and outlines the strategic planning framework in Vietnam. Policy formulation and public action in Vietnam are guided by the ten-year socio-economic development strategy (SEDS), the five year plan, and a range of sectoral strategies and plans. These strategies are generally very broad and ambitious and are not based on a detailed analysis of the current situation. The large number of targets included in these strategies are not prioritised or costed and often emphasise inputs without specifying how these might lead to particular outputs, outcomes and impact.

In May 2002 the Prime Minister approved the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). This is an action plan that translates existing strategies and plans into concrete measures. The document was the result of broad-based input from across government as well as the Government-donor-NGO Poverty Task Force (PTF). The CPRGS presents a set of prioritised development goals (the VDGs) that will serve as a clear monitoring framework for its implementation. These goals and targets are the results of substantial analytical work that was carried out under the coordination of the PTF. The work took the Millennium Development Goals (MDGs), assessed their relevance alongside the goals and targets in the SEDS, sector strategies and five-year plans and selected those that most effectively captured progress in reducing poverty and promoting social equity. Some of the selected goals lie outside the territory of the MDGs but were added on the basis of their strategic importance for economic growth, poverty reduction and social equity.

The starting point for developing the VDGs has been nationally-identified strategic priorities. But the MDGs have played a valuable role in a number of areas. First, they have helped to turn the attention in the strategic planning work towards outcomes. Secondly, the international discussion and analysis generated by the MDGs allowed the analytical work on goal-setting to be more rooted in international comparisons and experience. Thirdly, the process of identifying and setting goals and linking them to international commitments generated a considerable amount of debate. Finally, because the MDGs are broadly owned by the international community, they facilitated broad-based involvement in the process of defining the VDGs.

Section 3 presents an **analysis of progress to date and projected achievements**– this section presents the main findings from the considerable amount of analytical work that has been undertaken in Vietnam using mainly data from the Living Standards Surveys in 1993 and 1998 and the four Participatory Poverty Assessments (PPAs) in 1999. For each Vietnam Development Goal, we describe the recent trends in relation to the trajectories implied by the MDGs. Each goal is briefly discussed below.

Goal 1. Eradicate poverty and hunger. Between 1990 and 2000 the incidence of poverty halved from 70% to 35%, allowing Vietnam to achieve this MDG. But national achievements mask regional differences. In 1998 still 45% of the rural population lived below the poverty line whereas this was only 9% in urban areas. 75% of ethnic minorities are poor. Poverty reduction was strongly associated with economic growth. Vietnam now aims to reduce poverty by 40% between 2001 and 2010. This will require growth that is more equitable than in the past. Among other challenges, this will require that poorer provinces are able to create a more favourable environment for enterprise development which will be central to generating off-farm employment and increasing rural incomes.

Goal 2. Achieve better education for all. Vietnam has a high net enrolment rate in primary education of 91%. Illiteracy rates are low. However, substantial socio-economic and geographical disparities exist for these indicators. Also the quality of the education is low: only two thirds complete primary school and the amount of tuition hours per child per year is about half that of Sri Lanka and Thailand. The government has set targets for tackling some of these problems. The main reason for children not being in school is that parents cannot afford the costs associated with sending children to school and addressing this will be of utmost importance.

Goal 3. Reach Gender equality and empower women. Vietnam performs well relative to countries of comparable income levels on many indicators of gender equality. There is little difference between female and male enrolment in primary and secondary school though gender differences are more pronounced in some ethnic minority areas. The CPRGS identifies a number of targets related to female participation in wage employment, representation in decision-making, and ensuring equality in legal ownership in key assets (especially land) for women.

Goal 4. Reduce Infant and child mortality. Infant and child mortality have declined by a spectacular 17% over the last decade, leading to an infant mortality rate of 37 per 1000 in 1998 and an under-five child mortality rate of 48 per 1000. However, substantial regional disparities exist and these have increased. Given Vietnam's already low starting point in 1990, the MDG (which calls for a two-thirds reduction between 1990 and 2015) is unrealistic. The national targets are however still ambitious, and both infant and child mortality rates will have to reduce more rapidly than in the past if these are to be reached. Strategic areas for attention include improving access to maternal and child care in remote areas, and changing health seeking behavior, including making health services more affordable for the poor.

Malnutrition rates in Vietnam are among the highest in the region: in 2000 one third of children under five were underweight. Studies suggest that in Vietnam malnutrition is not so closely related to poverty as some other health indicators and special measures will be required to address this problem. Meeting the targets will require improving infant feeding practices and early childcare, maternal education and improving access to safe water and sanitation.

Goal 5. Improve maternal health. The maternal mortality rate has halved over the 1990s to reach 100 per 100,000 pregnancies in 2000. The national target builds on this remarkable progress and aims to bring maternal mortality down to 70 in 2010. This is more ambitious than the MDG. A large part of maternal mortality is caused by unsafe abortions and it will be important to make faster progress in providing access to alternative means of contraception. Also, improving access to and quality of reproductive health services in remote areas will be important.

Goal 6. Combat HIV/ AIDS, malaria and other communicable diseases. In 2000, the number of HIV/AIDS infected people in Vietnam was about 0.29% of the 15-49 years old population. But prevalence is rising fast at around 7 percent per annum. There has not been a clear policy commitment from the Ministry of Health and, as a consequence, local authorities have sometimes opposed promotion of condoms and safe needles. Serious additional policy constraints exist. There have been importance successes in combating other communicable diseases: the government has made real progress in its fight against malaria although it persists in some poorer areas. Vietnam's tuberculosis program has also been very successful.

Goal 7. Ensure environmental sustainability. Vietnam has witnessed a significant degradation of its natural resources in the past decade or so. Although forest cover has increased, forest quality has declined. Vietnam has only 3 percent of its area under protection and no coherent strategy is in place to protect even this small remaining area of high biodiversity forest. Marine fish stocks are being depleted fast, which is caused by destruction of its mangrove forest. Vietnam has relatively low access rate to safe drinking water and has set targets to reach 85% of the rural people in 2010 (and 100% of urban inhabitants). This appears unrealistic. A concerted effort for the implementation of Vietnam's national strategy for environmental protection is required.

Goal eight to eleven are four additional goals which are not directly based on the MDGs.

Goal 8. Reduce vulnerability. Many households are vulnerable to shocks, but a broader approach to addressing vulnerability is required which relates to building the assets of the poor and improving their ability to manage risk. Particularly important in this respect are: enhancing in access to savings facilities and relaxing restrictions for unregistered urban migrants.

Goal 9. Ensure good governance. A number of cross-cutting governance challenges exist which will need to be met in order to achieve the desired outcomes. A detailed plan for implementing public administrative reform is yet to be formulated. Better accountability is required at the local level and public service and actions need to be better monitored.

Goal 10. Eradicate poverty and preserve cultural diversity of ethnic minorities. Ethnic minority development requires special attention across all sectors, but some areas cannot be fully addressed within any one sector. The following measures are important: pre-school programs in ethnic languages, land-use certificates for upland areas and more government staff of ethnic origin.

Goal 11. Ensuring pro-poor infrastructure development. Infrastructure investments are important in Vietnam's targeted poverty reduction plans and these attract significant amounts of resources. Important policy measures in this area include conducting a high quality impact assessment of these investments, and involving local beneficiaries in the planning and implementation phases.

Section four presents a **discussion of cross-cutting issues and challenges that will determine further progress.** Much work lies ahead if the goals identified are to be translated into changes on the ground. This section looks at some of the cross-sectoral issues associated with reaching the goals.

A crucial issue is **improving equity** in terms of wealth and access to public services. Rapid progress in disadvantaged areas is essential if progress is to be made and this requires improved service delivery to poor areas while ensuring these services are affordable for the poor. This implies a shift in the pattern of public investment and expenditure to these poor areas. Also, appropriate efforts need to be made to generate better demand for education and health services among ethnic minorities. Measuring progress in improving equity in outcomes requires the availability of data that are disaggregated by different sub-groups of the populations. More effective targeting approaches are needed; producing high-resolution poverty maps will be important for this.

A second cross-cutting issue is the importance of **aligning resources to strategic targets.** Currently, responsibilities for allocating investment and recurrent expenditure are divided institutionally between the Ministry of Planning and Investment (MPI) and the Ministry of Finance (MoF). Local authorities also have substantial decision-making authority in allocating resources. The government has committed itself to developing a series of medium term expenditure frameworks which will improve the process of expenditure planning. Also, public spending needs to be made more pro-poor - past investment patterns favored the better-off parts of the country. With regards to recurrent expenditure, the government urgently needs to adopt a formula-based system for cash transfers to provinces to promote equity. And national outcome targets need to be linked to provincial-level planning through strengthening of local level poverty analysis and planning processes.

A third important issue regards **building capacity and filling data gaps.** A robust system of living standard surveys is in place, but other surveys need strengthening. These include: enterprise surveys,

health surveys and learning-outcome surveys. The tracking of environmental indicators requires improvements both at the national and local level if progress is to be made. It will also be important to put in place a mechanism for collecting and analyzing qualitative information. Innovative approaches are needed to assess progress in areas defined as priorities by Government but that are not currently addressed through household surveys or administrative reporting systems. This includes information related to vulnerability, governance, domestic violence and the local level business climate.

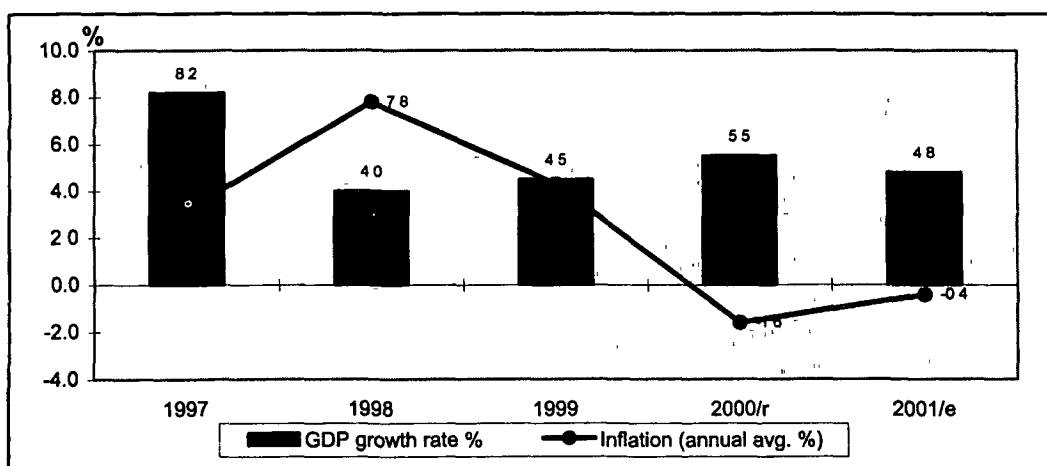
Outcome indicators are not yet well integrated into a framework that clearly demonstrates the hierarchical links between inputs, outputs, outcomes and impact and more research is needed to assess what inputs (policies and public spending) are needed to reach the defined outcomes. It will also be essential to link the analytical work to the policy-making process, which will require better networking and interaction among ministries research institutes and universities. And, lastly, strengthening provincial level capacity to analyse trends and causes of poverty will be essential given the substantial decision-making autonomy that exists at the provincial level.

I. COUNTRY CONTEXT

Economic Growth

Rapid economic growth and poverty reduction over the 1990s has meant that Vietnam has met – or nearly met – some of the MDGs within a decade of the internationally-chosen starting point of 1990. The real economy doubled in size during the decade, savings rates rose six-fold to around 25 percent of GDP, exports rose by an average of 25 percent per year, and Vietnam moved from a food deficit nation to become the second largest exporter of rice. Vietnam was highly vulnerable to the crisis in East Asia, since more than two-thirds of foreign investment inflows and two-thirds of export earnings come from the region. Government reacted to this challenge by adopting a highly cautious macroeconomic policy to avoid the possibility of a crisis. Figure 1 shows the evolution of GDP growth rate and inflation during this period.

Figure 1. GDP Growth Rate (percent) and Inflation (annual average percent)



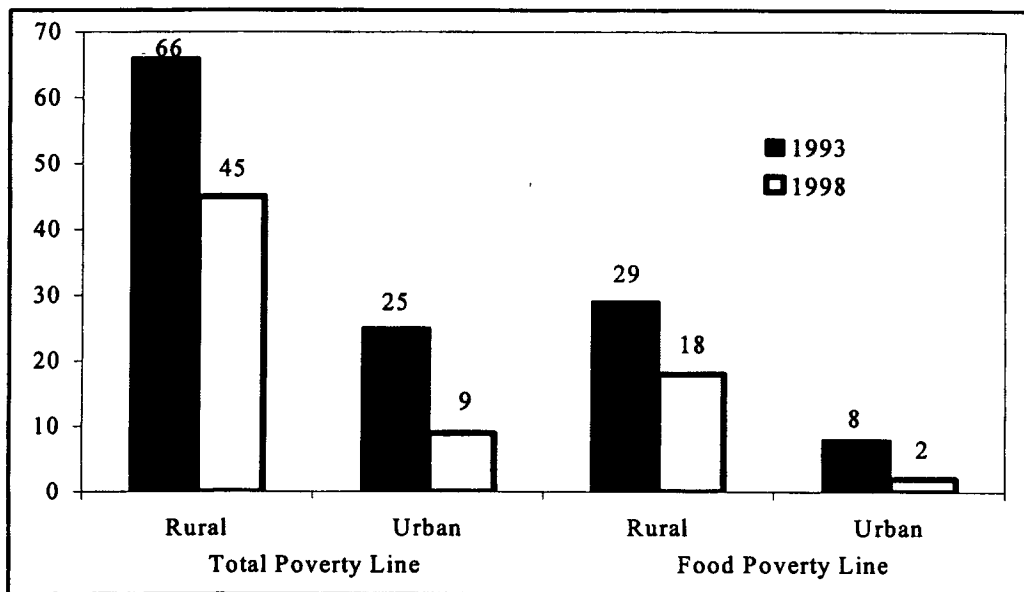
Source: World Bank (2002)

Trends in poverty reduction and social indicators

Economic growth over the 1990s generated significant improvements in living standards. The incidence of poverty was halved from 70 percent to around 35 percent and the proportion of the population living in severe poverty fell to 15 percent. Across a broad front there were widespread and visible improvements in the lives of Vietnamese citizens (World Bank 1999). Preliminary evidence emerging from qualitative research suggests a continuation of improvements in living standards since the last household survey in 1998 (Shanks and Turk 2002).

A number of factors underlie these impressive gains in living standards. First, growth in the agriculture sector was an important driver of economic growth over this period. Higher incomes from agriculture brought benefits to the rural poor, nearly all of whom had access to agricultural land following the decollectivisation of agricultural production in the late 1980's. Secondly, many of the poor were concentrated just below the poverty line in the early 1990s. A relatively small improvement in per capita expenditures was sufficient to push a large number of households into non-poor categories. Their proximity to the poverty line means, however, that these households remain highly vulnerable to the shocks and crises that impose heavy costs or undermine the livelihoods of rural households. Thirdly, though the gains were not evenly spread across regions, all groups and all parts of the country experienced improvements in living standards. The rate of decline in poverty was faster in urban areas, but rural populations also saw dramatic improvements in material well-being (Figure 2).

Figure 2. Incidence of poverty in Vietnam in Rural-Urban areas



Source: World Bank et al, 1999

Progress in social outcomes - Social indicators also improved markedly over the period, with literacy rates reaching 92 percent, and infant mortality rates falling to below 40 per thousand (Table 1). Much of this success is due to past commitment to the development of human capital backed up by investment in basic social services. A considerable part of section three examines past performance in a range of social indicators and assesses the challenges to future progress.

Geographical inequality has increased – During the years between 1993-1998 the Gini index remained basically unchanged. More disaggregate analyses show that the poor did better than the rich, in relative terms (Paul Glewwe and Hai Anh Dang Hoang, 2002). However, these national level findings mask rising inequalities associated with geography and ethnicity. The gap between rural and urban areas has grown during the 1990s, and inequality between regions has widened, which is related to the uneven pattern of growth across regions. Analysis presented in section three will frequently refer to regional, ethnic and gender-based inequality in a range of important social and poverty outcomes.

Table 1: Social Indicators, 1993 – 1998

Indicator	1993	1998
Human Development		
--Education		
Primary enrollment rate (net)		
Female	87.1	90.7
Male	86.3	92.1
Lower secondary enrollment rate (net)*		
Female	29.0	62.1
Male	31.2	61.3
Upper secondary enrollment rate (net)*		
Female	6.1	27.4
Male	8.4	30.0
--Child Nutrition		
Incidence of Stunting Among Children 0-59 Months	51	34
Female	51	33
Male	50	35
-- Adult Nutrition		
Incidence of moderate and severe malnutrition in adults (Body mass index less than 18.5)	32	28
Female (non pregnant)	32	30
Male	32	25
--Access to infrastructure		
% of rural population with public health center within the commune	93	97
% of rural population with access to clean water**	17	29
% of urban population with access to clean water**	60	75
% of population using electricity as a main source of lighting	48	77
--Ownership rates of Consumer Durables		
% households owing a radio	40	47
% households owing a television	25	58
% households owing a bicycle	67	76

Footnote: * The rapid increase in secondary enrollment rates reverses a decline in enrollments in the 1987-1992 period.

**Clean water is defined to include piped water, deep wells with pumps and rainwater.

Source: World Bank estimates based on VLSS93 and VLSS98.

Structural and Governance Reforms

Since 1998 the Government has begun to take crucial steps to address structural impediments to long-term high quality growth. The slowdown revealed some deep-seated distortions and inefficiencies in the economy, and the Government began a lengthy and deliberate process to design and build political consensus for a major structural reform program. The period 1999-2001 witnessed an energetic process of analytical work, detailed design and broad consultation of reform programs covering banking and state enterprise reform, trade liberalization, public expenditure management, and policies for private sector development. This in turn has led to a series of new policy announcements over recent months, and enabled a major PRGF/PRSC agreement to be reached with the IMF and the World Bank during 2001.

Although the policy and institutional environment in macro and structural policies and in public financial management has improved considerably, reform has lagged behind in the areas of governance and greater attention to building modern governance has now become particularly urgent. Governance reform has only recently received a priority position on the Government's agenda. A five year Master Program for Public Administration Reform for 2001-2005 has been approved, but a detailed strategy for implementing reforms is yet to be formulated. A legal needs assessment has been carried out and an action plan is being drawn up. However, no decisive measures have yet been announced to combat corruption and this remains a major area of concern.

Challenges to sustained progress

This paper looks forward to the strategic poverty and social targets that the Government of Vietnam is setting for the next five and ten years. Sustaining and building on the progress of the last decade poses several challenges (section IV), but two issues in particular are likely to define the extent to which outcome targets are met.

Addressing growing disparities – As said, the impressive achievements in poverty and social outcomes over the last decade overshadow important disparities in progress across regions and ethnic groups. Many of the targets that Government is setting will not be achieved without stronger efforts to reach disadvantaged groups. In addition to sector-specific measures, this will also require reforms in the allocation of public resources and improvements in the capacity of service providers to identify and target lagging areas and the poorest groups.

Moving beyond access – The social indicators show that public investment in human development over several decades has led to real achievements in terms of primary school enrolment rates and access to health care. The analysis shows that this important emphasis on universalizing access has been accompanied by some compromises in terms of the quality of services. Though 91% of primary school age children are enrolled in primary school, they complete one of the shortest primary school curricula in the world (in terms of tuition hours). And although 97% of communes have a health center, poor households explain that they are reluctant to use the low quality services that are available in those centers. Over the next decade there will be a need to shift the emphasis to addressing deficiencies in the quality of these services.

II. PLANNING AND GOAL-SETTING IN VIETNAM

The Socio-economic Development Strategy

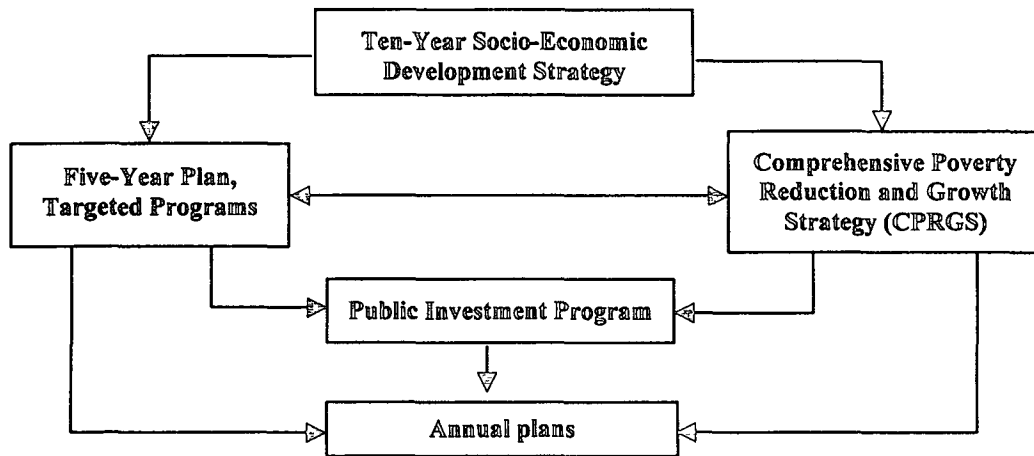
Policy formulation and public actions in Vietnam are guided by a range of strategies and plans. The Government of Vietnam has articulated its development vision for the coming decade in the Socio-Economic Development Strategy (SEDS), which expresses a strong commitment to growth, poverty reduction and social equity. This document - prepared by the Communist Party of Vietnam and endorsed at the Ninth Party Congress in 2001 - lays out a path of transition towards a “market economy with socialist orientation”. It commits Vietnam to full openness to the global economy over the coming decade, and the creation of a level playing field between state and private sectors. It emphasizes that the transition should be “pro-poor”, and notes that this will require heavier investment in rural and lagging regions, and a more gradual reform implementation than is often recommended by the international community. It gives strong emphasis to poverty reduction and social equity, and a more modern system of governance.

The specific actions, needed to translate this vision into reality, are described in the draft five year plan for 2001-2005 and in a number of sectoral ten year strategies and five year plans. These sectoral plans and strategies are approved by the Prime Minister and each one of these strategies details a large number of targets and indicators. The strategies are often very broad and ambitious. The targets included in these strategies are generally not prioritized, are not costed, tend to emphasize inputs and outputs rather than outcomes, and are not based on evidence generated through analysis of high quality field data.

The Comprehensive Poverty Reduction Strategy and the Vietnam Development Goals

Preparing the CPRGS - In early 2001, the Government of Vietnam began setting out the steps to develop their interim Poverty Reduction Strategy Paper (I-PRSP) into a more comprehensive document necessary to develop their Comprehensive Poverty Reduction and Growth Strategy (CPRGS). The Government described the CPRGS as an “action plan that translates the Government’s Ten Year Socio-economic Development Strategy, Five Year Socio-economic Development Plan as well as other sectoral development plans into concrete measures with well-defined roadmaps for implementation (SRV, 2002). The links between the various components of the planning framework are presented in the CPRGS (Figure 1). The CPRGS was approved by the Prime Minister in May 2002.

Figure 3. Strategic Planning Framework in Vietnam



Source: Socialist Republic of Vietnam, 2002

The Ministry of Planning and Investment (MPI) was assigned the task of drafting the CPRGS and MPI, in turn, established an inter-ministerial drafting committee to generate broad-based input from across Government into the drafting process. An important role was played by the Government-donor-NGO Poverty Task Force (PTF). The PTF was initially established to coordinate detailed analysis of poverty in Vietnam. But it then – at the request of the Government of Vietnam - continued as a mechanism for coordinating support to the development of the CPRGS (Box 1).

Box 1. Key actors involved in the work on the CPRGS and defining the Vietnam Development Goals and targets

- The Government of Vietnam, particularly the Ministry of Planning and Investment (MPI) who has led work on developing a CPRGS and the members of the 17-agency CPRGS Drafting Committee
- The Government of Vietnam, particularly the Ministry of Planning and Investment (MPI) who has led work on developing a CPRGS and the members of the 17-agency CPRGS Drafting Committee, line ministries, but particularly the Ministries of Health, Education and Training, Transport, and Agriculture and Rural Development
- Sub-national levels of government, who have interacted with the CPRGS Drafting Committee to respond to early drafts of the CPRGS
- The Poverty Task Force (PTF), which provides a mechanism for Government-donor-NGO collaboration on strategy formulation for poverty reduction. Other Government-donor-NGO partnership groups have also been involved in the target-setting work in certain sectors
- The Consultative Group (CG) Meeting, which over the last few years has allowed for formal dialogue between the Government of Vietnam and the donor community (including NGOs) on poverty diagnostics, strategy development and (in December 2001) target-setting for poverty reduction; and
- In the future, two government bodies, a CPRGS Steering Committee and a Poverty Unit, are likely to play an important role in overseeing the implementation of the CPRGS, including monitoring progress against defined targets and intermediate indicators

Identifying goals - Key to the task of formulating the CPRGS was the need to prioritize across the wide range of goals and targets in the SEDS and the five-year plan to identify those which would most effectively capture progress in reducing poverty and promoting social equity. This involves the identification of a set of clear development goals that embody the main development challenges ahead. In addition, associated outcome targets and intermediate indicators are needed that are able to describe the changes generated over time and which can be tracked and monitored regularly (annually or biannually) to assess progress towards the goals.

The eight core areas of analysis - In this context, the Government of Vietnam asked the Poverty Task Force (PTF) to support some background analysis in eight thematic areas. The eight themes were chosen by the Government as representing the heart of their strategy to fight poverty. Several of the themes had a direct link with the Millennium Development Goals. Others lay outside the territory defined by the MDGs but were chosen on the basis of their strategic importance in terms of promoting economic growth, poverty reduction and social equity. Through this work, the Government hoped to establish a clear monitoring framework for their CPRGS and other Government strategies. The goals and targets were presented and discussed in a series of eight papers that were commissioned to various agencies, each covering one thematic area¹:

1. Eradicating poverty and hunger;
2. Reducing vulnerability and providing social protection;
3. Providing quality basic education for all;
4. Improving health status and reducing inequalities;
5. Ensuring environmental sustainability;
6. Promoting ethnic minority development;
7. Enhancing access to basic infrastructure ; and,
8. Ensuring good governance for poverty reduction.

No paper was devoted specifically to gender issues, because the Government was already drafting a solid gender action plan (the 'National Plan of Action for the Advancement of Women') from which gender indicators could be taken. It was agreed that gender issues would be addressed in each of these thematic papers, though in practice this was more easily done in some sectors (such as health and education) than in others (such as environment). Where appropriate, the VDGs and the associated targets and indicators are broken down by sex, but this is not the case for all goals.

The analytical work for the eight papers all took national strategies as a starting point and explored the links with the MDGs². In particular, analysis concentrated on:

- Making the MDGs consistent with Government targets set in the 10 Year Socio-Economic Development Strategy for 2001-2010 and other sector strategies;
- Identifying process indicators and intermediate indicators as well as the outcome targets and presenting a discussion of the key public actions needed to influence the intermediate indicators;
- An emphasis on the quality of services delivered as well as access (such as in primary education);

¹ These papers can be downloaded from: www.vdic.org.vn. (A full reference list of these papers is provided at the end of this paper.)

² In a separate exercise, the United Nations Vietnam Country Team (2001) also published a progress report on the MDGs in Vietnam.

- Raising the bar where the original MDG has already been met in Vietnam (as in halving extreme poverty); and,
- Making the set of indicators more comprehensive by including challenges not covered by the MDGs and that are currently ill-defined in Government documents (such as empowerment/governance, vulnerability, ethnic minority development) or where the Government of Vietnam traditionally puts special emphasis in its poverty reduction programs (for example, infrastructure development in remote areas).

Work on each of these papers was led by a nominated agency from the PTF. The lead agency was then responsible for coordinating the interaction with relevant Government agencies and civil society organizations while the analysis was taking place. This was usually coordinated through small working groups. Key issues for discussion within these groups included:

- What do the goals and targets mean in Vietnam? How are they measured and where do they stand today? How does Vietnam performance compare internationally? What are the trends – cross-country and time trends in Vietnam?
- Is this MDG (and its sub-indicators) right for Vietnam? Is it capturing all it needs to capture? How can it be supplemented? Is it consistent with GoVN goals, or how could it be brought into line with GoVN goals?
- How can the localized MDGs (or VDGs), which are very aggregate outcome measures, be disaggregated into intermediate indicators that can be used to measure progress on a more short-term and regular basis?
- How can the localized indicators be measured? By whom? What are the data limitations and how can they be addressed? How can equity issues – ethnic, gender, location - be explored in a meaningful way?
- What are the main policy, investment and institutional development issues influencing achievement of the VDGs and the intermediate indicators? What are the main challenges and priority strategic responses?

Consultations and discussions- Government agencies, NGOs and donors all participated in the working groups established to oversee the production of these documents. First drafts of the papers were discussed at a 3-day workshop held in September 2001 attended by nearly 100 policymakers and practitioners. In some areas there was immediate agreement that a goal was needed, but also that more work and discussion was necessary to assess what is realistic and attainable. Very tangibly, the workshop resulted in a tentative list of draft Vietnam Development Goals to serve as a basis for further consultation across Government. This work in progress was discussed by delegates at the Consultative Group meeting in December and there was strong support for the government proposal that these localized goals should form the backbone of the CPRGS. Further consultations on these drafts took place with sectoral ministries and agencies over the following months, while the CPRGS was being drafted. The final CPRGS – which now incorporates these VDGs - was approved by the Prime Minister in May 2002. The Vietnam Development Goals are represented in Table 2 below and are divided into two categories: (i) goals linking directly to the achievement of the MDGs and (ii) goals outside the MDGs but which are priorities in the Vietnam context.

The role of the Millennium Development Goals

Starting with the national plans and priorities - The emphasis in developing the VDGs has been on using nationally-identified strategic priorities as a starting point for setting goals rather than adopting the MDGs in their internationally-agreed form. This was important for a number of reasons.

First, Vietnam has reached, or nearly reached some of the MDGs. Poverty, for example, has been halved between 1990 and 2000. It makes sense, then, for Vietnam to define a new localised version of the poverty goal in order to motivate policy formulation over the coming years. Secondly, though Vietnam performs well on some of the access targets that dominate the MDGs – for example in basic education – there are urgent challenges associated with improving the quality of those services to international levels. The strategic emphasis differs slightly, then, from the internationally-defined challenge of improving access. Thirdly, Vietnam has its own strategic planning cycle with different start and endpoints from the MDGs. It is helpful to consider the 25-year cycle of the MDGs alongside the five and ten year cycles of the Vietnamese planning horizons. This allows measures and actions to be tailored to national outcome targets for 2005 and 2010 which are, in turn, consistent with international targets for 2015. Finally, there are areas which are particularly challenging for Vietnam at its current stage of development but which are not covered by the MDGs. As an example, although Vietnam has performed well in delivering basic social services, it has lagged behind in initiating necessary governance reforms which will be crucial to attaining some of the other outcome targets proposed in the national strategies.

The value of the MDGs - With national strategies as the driving force in identifying goals, what role did the Millennium Development Goals play and what value did they add to the national-level debates? In reflecting on the process of goal-setting over the past year, we would argue that the MDGs were a motivator in four specific ways.

First, they helped to turn the attention towards outcomes. The many goals and targets that had been identified in Vietnam previously – through the national strategic planning process – were a real mix of input, output and outcome targets. Although the goal-setting work in Vietnam covered a broader range of sectors than the MDGs, the structure of the MDGs – in particular, the clarification of goals and their accompanying targets and indicators – provided a useful format for structuring goals and targets in all the sectors covered by the VDGs. This framework, derived from the MDGs, provided a stronger and more consistent focus on outcomes than often found in strategy documents in Vietnam. In some cases, the MDGs have helped to prioritise goals within a sector such as the environment, or helped to raise the profile of particular problems such as HIV/AIDS and child malnutrition.

Secondly, the substantial international literature and analysis on the MDGs allowed the analytical work on goal-setting to be more rooted in international comparisons and experience.

Table 2: The Vietnam Development Goals*

Millennium Development Goals	Vietnam Development Goals
Eradicating Poverty and Hunger Halving 1990 \$1 a day poverty and hunger rates	Reduce the percentage of poor and hungry households <i>Target 1:</i> Reduce by 40% the proportion of people living below the international poverty line between 2001 and 2010 <i>Target 2:</i> Reduce by 75% the number of people living under the international food poverty line by 2010
Universalizing Primary education Ensure all children complete primary school	Universalize education and improve education quality <i>Target 1:</i> increase the net enrolment in primary school to 97% in 2005 and to 99% in 2010 <i>Target 2:</i> increase net enrolment rate in junior secondary school to 80% in 2005 and 90% by 2010 <i>Target 3:</i> Eliminate the gender gap in primary and secondary education by 2005, and the gap with ethnic minorities in 2010 <i>Target 4:</i> Increase literacy to 95% of under-40-year-old women by 2005 and 100% by 2010 <i>Target 5:</i> By 2010 have improved the quality of education and increase full-day schooling at primary level (exact target depends on funding).
Promoting gender equality Equalizing the ration of girls to boys in education	Ensure gender equality and women empowerment <i>Target 1:</i> Increase the number of women in elective bodies at all levels. <i>Target 2:</i> Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5% in the next 10 years. <i>Target 3:</i> Ensure that the names of both husband and wife appears on the land-use right certificates by 2005 <i>Target 4:</i> Reduce the vulnerability of women to domestic violence.
Reduce Child Mortality Reduce the 1990 under-5 mortality rate by two thirds by 2015	Reduce child mortality, child malnutrition and reduce the birth rate <i>Target 1:</i> Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010 and at a more rapid rate in disadvantaged regions (see below) <i>Target 2:</i> Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010 <i>Target 3:</i> Reduce under five malnutrition to 25% by 2005 and 20% by 2010
Improve Maternal Health Reduce the 1990 maternal mortality by three quarters	Improve maternal health <i>Target 1:</i> Reduce the maternal mortality rate to 80 per 100,000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas
Combat HIV/AIDs, malaria and other disease Halt and begin to reverse the spread of HIV/AIDs, malaria and other major diseases	Reduce HIV/AIDs infection and eradicate other major diseases <i>Target 1:</i> slow the increase in the spread of HIV/AIDs by 2005 and halve the rate of increase by 2010.
Ensure Environmental Sustainability Use principles of sustainable development Reverse the loss of environmental resources Halve the proportion of people without safe drinking water Significantly improve the lives of slum dwellers	Ensure environmental sustainability <i>Target 1:</i> Extend forest cover to 43% by 2010 (from 33% in 1999); <i>Target 2:</i> Ensure that 60% of the rural population has access to clean and safe water by 2005 and 85% in 2010. This should be the case for 80% of urban people in 2005. <i>Target 3:</i> Ensure there are no slums and temporary houses in all towns and cities by 2010 <i>Target 4:</i> Ensure that all waste-water in towns and cities is treated by 2010 <i>Target 5:</i> Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010 <i>Target 6:</i> Air and water pollution must attain national standards by 2005
Vietnam development goals and targets <i>not</i> directly based on MDGs	
Reducing vulnerability	<i>Target 1:</i> Increase the average income of the lowest expenditure quintile to 140% of that in 2000 and 190% of that in 2010 <i>Target 2:</i> Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010
Improving governance for poverty reduction	<i>Target 1:</i> Effectively implement grass-roots democracy <i>Target 2:</i> Ensure budget transparency <i>Target 3:</i> Implement legal reform agenda
Reducing ethnic inequality	<i>Target 1:</i> Preserve and develop the reading and writing ability of ethnic languages <i>Target 2:</i> Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas <i>Target 3:</i> Increase the proportion of ethnic minority people in authority bodies at various levels
Ensuring pro-poor infrastructure development	<i>Target 1:</i> Provide basic infrastructure to 80% of poor communes by 2005 and 100% by 2010 <i>Target 2:</i> Expand the national transmission grid to 900 poor commune centres by 2005

Source: Socialist Republic of Vietnam (2002), VDG papers (see and of this Chapter). *Note: these are a summary of a larger set of VDGs outlined in the CPRGS; additional ones relate to economic reform and cultural development.

For those VDGs linked directly to the MDGs, this connection was very clear, setting the VDGs in an international context, identifying achievements as well as areas where Vietnam lags behind, and ensuring that the goals were focused, realistic and achievable. This then motivated a more internationally-informed analysis of the other VDGs – those goals which were not drawn directly from the MDGs. This is in contrast to the traditional approach in Vietnam to identifying targets and goals in the sectoral strategies. The targets and goals are often not based on evidence generated through a detailed situational analysis. High quality data collected from the field is rarely used to assess what might be realistic and achievable over a ten-year timeframe.

Thirdly, the process of identifying and setting goals and linking them to international commitments generated a considerable amount of debate. Though the analytical work was sectorally defined, the debates and discussions around this whole process of identifying core goals for Vietnam were very useful in highlighting some of the linkages between the goals and the cross-cutting themes important for making headway across a broad range of goals. For example, the importance of improving equity and the particular need to focus on regions and sub-groups that are not benefiting from growth as much as the majority population emerged as a factor defining future progress in a number of goals. And this, in turn, reinforced discussions around the affordability and quality of health and education services for these sub-groups. Another example of a cross-cutting issue relates to infrastructure services in these poor areas and the importance of local level participation in resource allocation decisions surrounding these investments to ensure they respond to local needs and lead to clear accountability mechanisms.

Finally, the MDGs – being owned broadly by the international community - facilitated broad-based involvement in the process of defining the VDGs through various consultations and discussions. The neutrality of the MDGs which derives from not being the product of any one agency makes them a powerful instrument for mobilising international donors and NGOs and, by extension, their partners in the government agencies and local civil society groups. This in turn has helped create consensus and widespread buy-in of stakeholders around the goals, targets and indicators adopted by the Government in the CPRGS.

III. PROGRESS TOWARDS THE VIETNAM DEVELOPMENT GOALS

The discussion of goals in this section covers the eleven Vietnam Development Goals emphasised in the CPRGS and set out in Table 2. This set of eleven VDGs incorporates the localized, adjusted versions of the MDGs, but also extends beyond this international set of goals to include some complementary goals chosen to address the particular challenges and priorities of the Government of Vietnam. For each goal and associated outcome target, this section examines recent achievements and projects future progress. A considerable amount of analytical work has already been undertaken in Vietnam using mainly data from the Living Standards Surveys in 1993 and 1998 and the four Participatory Poverty Assessments (PPAs) in 1999. This has set a sound basis for the analysis presented in these eight papers. Where information is available the past performance in Vietnam is set against international comparisons. The discussion of each goal includes an analysis of the main challenges and strategic issues confronting the Government as they seek to reach their stated outcomes. Section four looks at broader challenges which will influence achievement over several or all goals.

This section draws directly and substantially on the analysis presented in the eight thematic papers.

Vietnam Development Goals directly based on the MDGs

Goal One: Eradicate Poverty and Hunger

Achievements

MDGs already met - Vietnam has already met the international MDGs for poverty and hunger reduction. Although accurate estimates of poverty before the early 1990s are not available, many believe that in 1990 approximately 70 percent of the population was living under the poverty line³. By 1998, data show that the incidence of poverty had been halved to 37 percent (World Bank et al, 1999). Food poverty⁴ reduced from 25 percent to 15 percent over the 1993-1998 period. Simulations based on data from 1993 and 1998 suggest that by 2001 32 percent of the population are under the poverty line and 13 percent are under the food poverty line.

National achievements mask regional differences - Poverty is not distributed evenly across Vietnam: mapping poverty by province through combining the Vietnam Living Standards Survey (VLSS) data and the 1999 Census data demonstrates that the poverty headcount varies from a low of 4 percent of the population in Ho Chi Minh City to a high of 78 percent in Lai Chau (Baulch and Minot 2001). Although the reduction in poverty between 1993 and 1998 occurred in both rural and urban areas, the 1998 VLSS showed that poverty was higher in rural areas and among ethnic minorities. The percentage of the population living below the total poverty line declined from 66 percent in 1993 to 45 percent in 1998 in rural areas and from 25 percent to 9 percent in urban areas. Using the food poverty line the decline in rural areas has been from 29 to 18 percent and from 8 to 2 percent in urban areas over the same period.

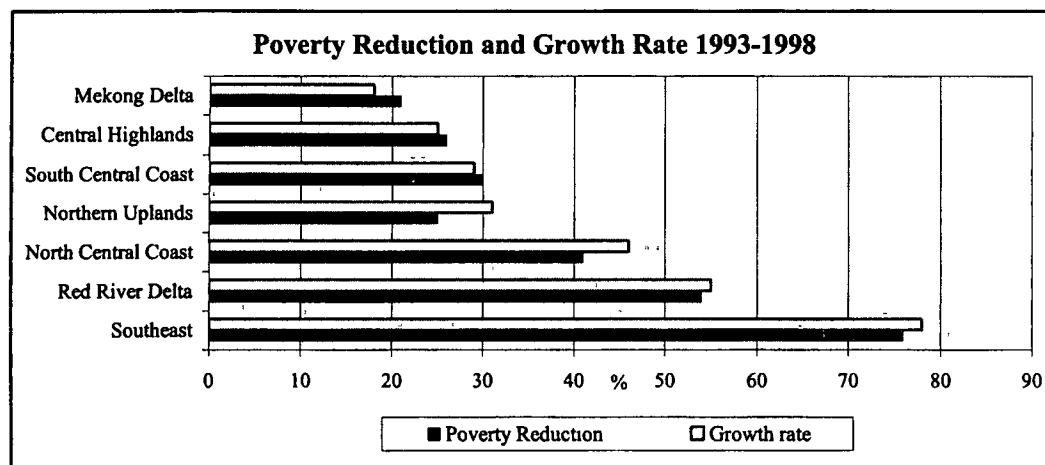
Although poverty has declined in all seven regions of Vietnam, the pattern of these declines has been uneven. The greatest reductions have occurred in the South East and in the Red River Delta. The Northern Uplands and the Mekong Delta reduced poverty at a slower rate between 1993 and 1998. Poverty

³ The "poverty line" here refers to a line estimated by the General Statistics Office, using an internationally-recognized methodology based on a national minimum set of food and non-food requirements. This is not the PPP \$1 per day poverty line.

⁴ The "food poverty line" refers to the amount needed in Vietnam to obtain a basket of food that provides 2100 calories per person per day.

reduction was closely associated with economic growth (Figure 4). Certain regions contribute more to overall poverty than others: the Northern Uplands, North Coast and the Mekong Delta together account for nearly 70 per cent of the poor in Vietnam.

Figure 4. Faster-growing regions have reduced poverty most



Source: World Bank (2002a)

The regional differences in poverty reduction and growth rates are caused by a number of factors that are likely to be related to endowments of physical infrastructure, access to and quality of social services and the quality of local government institutions. Differences in labor and natural capital endowments as well as in productivity performance across provinces also clearly played a role.

Targets and future challenges

In the CPRGS, the Government of Vietnam commits itself to a poverty reduction goal and two outcome targets that reflect the national strategic direction and that over-achieve the MDG by some way (Box 2).

Box 2. MDG Goal One: Eradicate Poverty and Hunger

Vietnam Development Goal: Reduce the percentage of poor and hungry households⁵

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

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

Source: Socialist Republic of Vietnam (2002).

Beyond the MDGs - The first poverty reduction target essentially means that incidence of poverty will need to come down to 19 percent in 2010. If we take as a baseline the incidence of poverty in 1998 (37 percent), the target implies halving the number of poor people again between 1998 and 2010. Food poverty was about 13 percent in 2002, which means that by 2010 it should have been reduced to just 3 percent if the second target is to be met. The Government of Vietnam realises that job creation is the most important vehicle for reducing poverty and sharing growth among the population. Therefore, it has set a number of specific job creation targets. These targets are: creating 1.4 million jobs annually, increasing

⁵ Indicators of progress in reducing child malnutrition are included in the child mortality goal

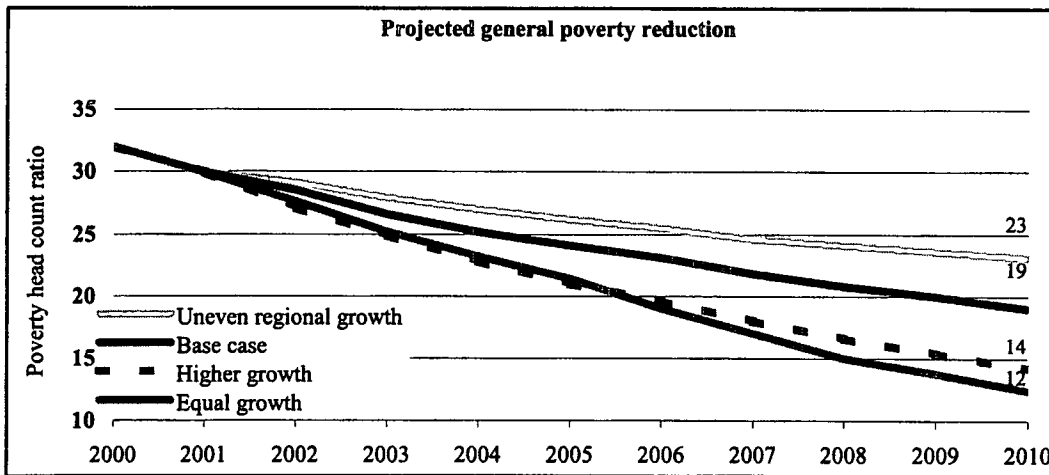
the proportion of women hired in the new jobs created to 50 percent by 2010; and increasing the proportion of trained workers in the total workforce to 40 percent by 2010. This will demand rapid expansion of the private sector, the most efficient and effective creator of jobs. If regional gaps are to be closed, it will be important that jobs be created in all parts of the country.

The importance of equitable growth - Meeting these targets will require economic growth that is both rapid and that distributes benefits more evenly than in the past. Different patterns of growth across Vietnam will have different effects on Vietnam’s poverty reduction efforts. Growth that is concentrated in urban areas will raise incomes in the cities but have less immediate impact on the incomes of the majority of the poor located in rural areas, except through rural urban migration which is likely to speed up in the future. Figure 5 illustrates the potential impact on poverty reduction of different levels and patterns of growth in Vietnam. Four different scenarios are shown:

1. A base case projection assuming annual GDP growth rate of 5 percent and no change in the pattern of growth across regions;
2. A higher growth scenario based upon the CPRGS target of doubling real GDP by 2010 (requiring a real GDP growth rate of 7.5 percent till 2005 and 7 per cent till 2010);
3. An even growth scenario where all regions and locations (rural and urban) grow at the same rate (the 5 percent assumed in the base case scenario); and
4. A more uneven regional growth rate (5 percent overall), where the relative growth rates between the regions are based upon each region’s share of new enterprise registrations in 2000.

The final scenario sees the South East and the Red River Delta regions (incorporating Ho Chi Minh City and Hanoi City) experience the fastest growth and could be interpreted as a ‘growth pole’ scenario, whereby the majority of future growth is concentrated in two or three key regions.

Figure 5. Poverty reduction projections under different growth scenarios



Source: World Bank (2002a).

Not surprisingly, achieving a higher growth rate will lift more people out of poverty. But the importance of ensuring that the benefits of growth are distributed widely are also highlighted with the even growth scenario — 5 per cent real GDP growth distributed evenly across the population can achieve greater reductions in poverty than a higher growth rate (7 per cent) distributed unevenly across the population

(Figure 5). Distributing the growth less equally (relative to the base case) results in slower poverty reduction, roughly equivalent to reducing the overall GDP growth rate by 1.5 percentage points.

Implications for the Vietnam's development targets. Based upon the projections it is clear that reducing the poverty rate by 40 percent will require either:

- Growth of at least 7.5 per cent annually (in line with the targets set out by the SEDS and the CPRGS); or
- Significant improvements in the sharing of the benefits of growth across regions, particularly in areas where there are high levels of poverty; or
- A combination of high growth and a more even distribution of growth.

To stimulate balanced growth in a decentralised system like Vietnam's, the central government's role is to ensure that the national investment framework is favorable, the barriers to movement of goods, capital and labor across provinces are minimal and that intergovernmental fiscal arrangements provide sufficient support to the poorer provinces. The central government can also help by facilitating capacity building measures for provinces to create a good business environment and by holding the provincial governments accountable for developing such an environment. This will be instrumental in bringing the provinces into mainstream development. It is also important that poorer provinces take steps to create a better climate for private domestic and foreign investment and to allocate public funds to redress the severest physical and social infrastructure deficits in their provinces.

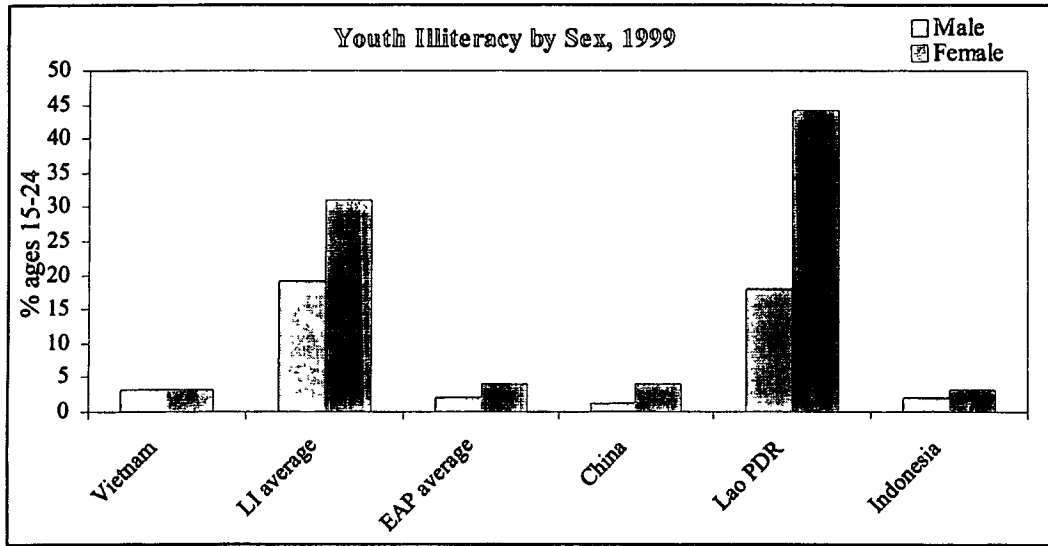
Goal Two: Achieve Better Education for All

Achievements

By signing the Millennium Declaration, the Government of Vietnam has committed itself to achieving universal completion of primary education by 2015. This MDG includes three indicators: net enrolment rate in primary education, the literacy rate of 15-24 year olds, and the proportion of pupils completing grade 5. The conferences on Education for All (EFA) have set out additional goals including some that focus more explicitly on the quality of education, the achievement of learning outcomes and the need for free and compulsory primary education.

Access to education - In Vietnam net enrolment in primary education stands at 91 percent in 1998 – a very positive outlier by low-income country standards. Another successful outcome is youth illiteracy rates – these are not only much lower than the average for low-income countries, but are also lower than in neighbouring countries, even those with higher incomes (Figure 6).

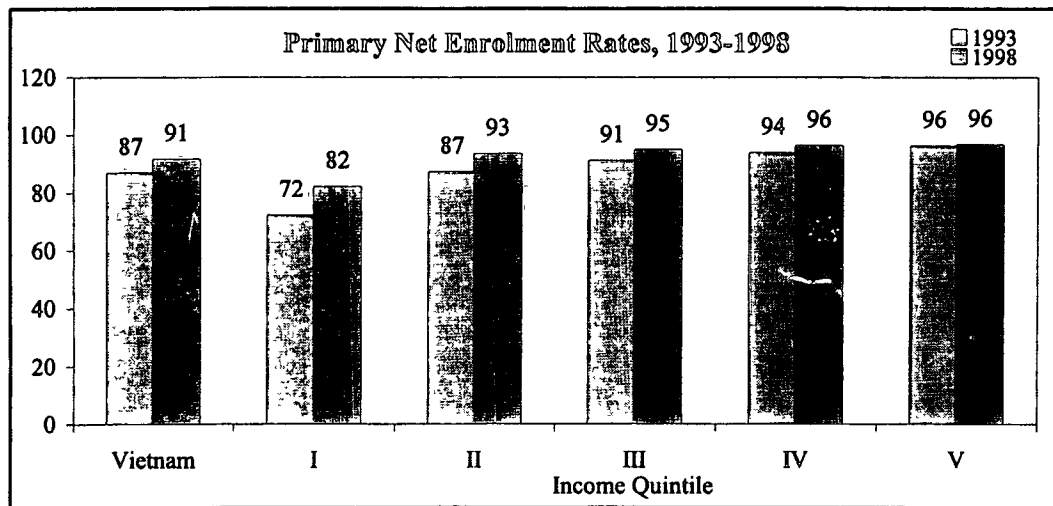
Figure 6. Illiteracy Rate of 15-24 year-olds in Selected Countries, 1999



Source: DFID (2002)

By this the Government has shown what can be achieved by prioritizing social sector investments. During the 1990s, primary enrolment rates in Vietnam improved for all expenditure groups and in all regions, for both the majority population and ethnic minority groups, and for both sexes. It is recognized, however, that the high enrolment rates for both girls and boys mask significant challenges in addressing disparities (socio-economic and geographic) in access, coverage and participation in education. For example, though the gap between the richest and poorest expenditure quintiles is closing, the net enrolment rate for the lowest income quintile is still 14 percentage points below the rate for the highest quintile (Figure 7).

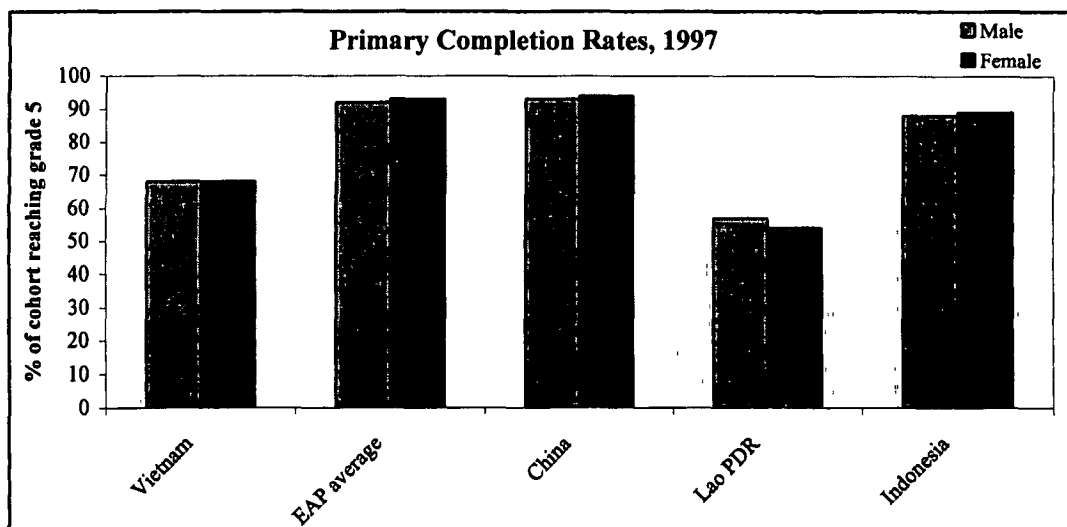
Figure 7. Trends in Primary Net Enrolment Rates, 1993-1998, by income quintile



Source: DFID (2002)

Providing quality education - The successes in enrolment also sit beside deficiencies in quality: While primary school enrolment rate is high, many children do not stay in school to reach grade five: approximately one third of children that enrol do not complete primary education. This outcome is much worse than the average for East Asia and most of the neighboring countries (Figure 8) and represents a large waste of talent and resources.

Figure 8. Primary Completion Rates for selected countries and region, 1997



Source: DFID (2002)

And even when they do complete primary school, students will have received approximately half the international norm for annual teaching/ learning time (about 900-1000 hours), less than half the number of tuition hours a child completing primary school in Sri Lanka would have had and only 40 percent of the number of hours a child in Thailand would have enjoyed (Table 3).

	Vietnam	Thailand	Sri Lanka
Hours per day (average)	3	6	6
Days per week	5	5	5
Weeks per year	33	40	40
Years	5	6	5
Total hours per year	577	1200	1200
Hours per cycle	2887	7200	6000

Source: DFID (2002)

Targets and future challenges

The proposed national goals and targets for the education sector as presented in the CPRGS reflect the challenges ahead in universalising primary education and ensuring that the quality of teaching and learning outcomes is improved, especially for the poor (Box 3).

Box 3. MDG Goal Two: Achieve Better Education for All

Vietnam Development Goal: Universalize education and improve education quality

Target 1: Increase the net enrolment in primary school to 97 percent in 2005 and to 99 percent in 2010

Target 2: Increase net enrolment rate in junior secondary school to 80 percent in 2005 and 90 percent by 2010

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

Target 4: Increase literacy to 95 percent of under-40-year-old women by 2005 and 100 percent by 2010

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

Source: Socialist Republic of Vietnam (2002)

There are a number of reasons for children not being in school. There is considerable evidence that the key factor revolves around affordability: even when exempted from paying tuition fees, poor families often cannot afford the other costs associated with sending children to school. Additional causes of not being in school are lack of access to a school or the poor quality of education on offer that discourages parents from sending their children to primary school. But there are also crucial issues on the 'demand' side of education: for the poorest households, education may be a lower priority than basic survival, and children may need to work to contribute to household income or contribute to unpaid labour such as housework.

The goal and targets imply the need for a strategic focus within the education sector on important shortcomings. To achieve the targets, 1.6 million primary school-aged children -- currently out of primary school (1 million of them from the lowest two expenditure quintiles) -- will have to be included in mainstream education.

Three key challenges remain in relation to basic education: the elimination of socio-economic and geographic disparities, the expansion of basic education to meet the international targets of universal primary education, and the need to improve the quality of teaching and learning outcomes.

Eliminating disparities - Those children least likely to be at school -- those in the lowest quintiles, those in the central highlands, northern uplands, central coast and Mekong Delta regions, and ethnic minority children will have to be particularly targeted. This will need to include measures accompanied by additional resources to reduce and eventually eliminate the direct costs of school attendance borne by poor families such as user charges. Enhancing school enrolment of ethnic minority children will also require the provision of education in their mother tongue at least as part of kindergarten-based school readiness programmes. Ethnic minority girls are often particularly disadvantaged due to a tradition of early marriage, in combination with late enrolment in grade one. Efforts to encourage school attendance by this sub-group will need to accommodate such cultural challenges.

Expanding basic education - Achieving universal primary education and providing free or affordable full-day schooling to all is clearly a formidable challenge. The current level of provision relies heavily on parental and community support. The government aims at increasing the percentage of students with full day schooling to 70%. This would require substantial additional resources on a recurrent basis. It is important that this does not lead to an increase in the private costs of education, which are already high for poor households. The most feasible initial option is better targeting of limited resources to enable all children who either do not attend or who do not complete primary education to benefit from half-day

schooling. This could then be gradually extended, through effectively targeted programmes, to facilitate the development of affordable full day basic education for all (DFID, 2002).

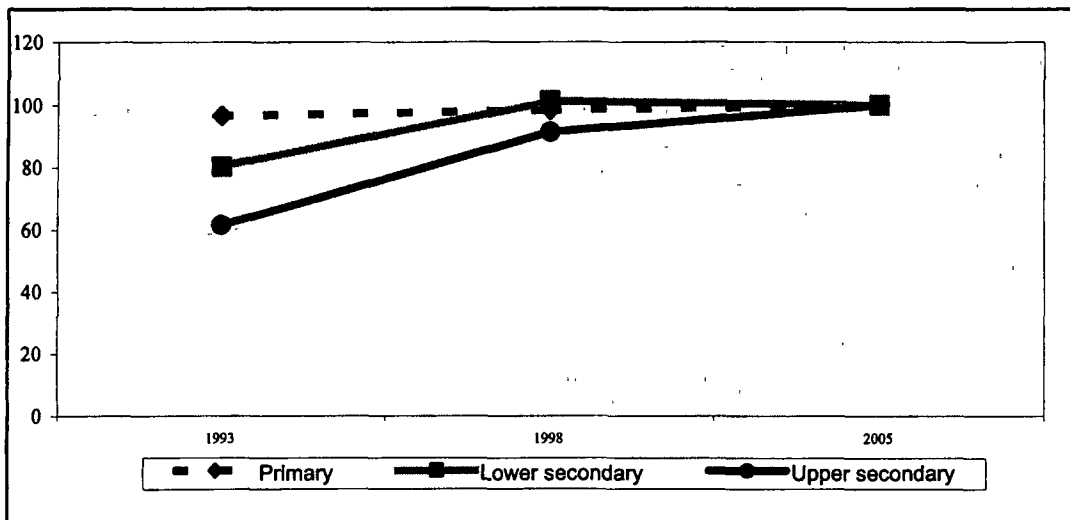
Raising and equalizing the quality of learning outcomes across regions and population subgroups will demand a full range of measures. The international education goals do not define specific quantifiable indicators of education quality, student performance or learning outcomes. Quality monitoring is a difficult task and most education authorities turn to input indicators such as the number of teachers or textbooks. The MDGs use literacy as a proxy indicator for educational performance but this suffers from a lack of a clear internationally agreed definition and testing measure. Reliable and scientific methods of measuring education outcomes exists in the form of 'criterion reference tests' and Vietnam is one of the few countries that has started to build national capacity in these techniques. A nationally representative sample survey of 70,000 grade five pupils was recently implemented that assessed learning outcomes by testing various dimensions of reading and mathematics. This will help in identifying which actions are paramount in addressing quality deficiencies. Among measures currently under consideration by MOET are: the extension of the instruction time to full-day education; reforming the curricula and teaching methods; upgrading facilities; strengthening education management; professional development for teachers; establishing education and training facilities of international standard; and, expanding the use of information technology.

Goal Three: Reach gender equality and empower women

Achievements

Gender equality in education - Vietnam performs well relative to countries of comparable income levels on many indicators of gender equality and this applies to the four internationally-agreed gender equality indicators. Data from the 1998 VLSS survey shows that there is little difference between male and female enrolment in primary, lower secondary and upper secondary school. (Figure 9). Vietnam performs well in comparison with low income country averages in this respect and this success is reflected in a gender-balanced youth illiteracy rate (see education goal). Gender differences in access to education are far more pronounced, however, in some ethnic minority areas and for the lowest quintile of the population.

Figure 9. Girls as a percentage of boys in primary and lower secondary education: Levels in 1993-98 and targets for 2005



Source: DFID (2002)

Participation in wage employment -- Most men and women in Vietnam work as self-employed farmers. In 1998, 24 percent of men and 15 percent of women worked for wages and a still smaller proportion (20 percent of men and 10 percent of women) worked for wages in the non-agricultural sector. The National Strategy for the Advancement of Women to 2010 sets targets for women's access to new jobs in the formal sector: the objectives specify that by 2005, 40 percent of new jobs in the formal sector will be taken by women and by 2010, 50 percent of new jobs should go to women. In 1998, women earned an average wage that was 87 percent of the male average wage. It will be important, as the formal sector grows, to ensure that women have the skills to compete for the better paid jobs as well as the lower-paying service jobs (where they currently dominate).

Targets and future challenges

Box 4. MDG Goal Three: Reach Gender Equality and Empower Women

Vietnam Development Goal: Ensure gender equality and empower women

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

Target 2: Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5 percent in the next 10 years.

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

Target 4: Reduce the vulnerability of women to domestic violence.

(Targets to improve equality in education are included in the education goal -- which emphasizes universality of access to primary and lower secondary school)

Source: Socialist Republic of Vietnam 2000 and Government of Vietnam (2001).

Representation in decisionmaking - Elections were held in 2002 to elect deputies to serve in the National Assembly for the next five years. Over one quarter (27 percent) of the newly-elected National Assembly deputies are women. Though this fell short of the target level of 30 percent, this still represents a slight increase of the last five-year term of the National Assembly (26 percent) which in turn was an increase over the previous term (18 percent). This level of female representation in national legislative bodies is high by Asian standards (comparing with 20 percent in China, 11 percent in the Philippines, 9 percent in Laos and 6 percent in Cambodia) but is less impressive at sub-national levels. The Government has set ambitious targets for the representation of women in political and government bodies over the coming decade. If met, this would see:

- 15 percent of party committee members elected during the term of the 10th National Congress will be women;
- 33 percent of National Assembly delegates during the 12th Legislature (2007-2012) will be women; and,
- 28 percent of city/provincial People's Councils members will be women in the 2004-2009 term (23 percent at district level).

In addition to specifying targets for these core areas covered by the gender equality MDG, the Government has set out a number of other important ways in which gender equality will be pursued. The National Commission for the Advancement of Women and the Women's Union provided substantial input into the drafting of the CPRGS, which involved consulting women National Assembly delegates as well as Women's Union members at local level. This input is reflected in a strong agenda for gender

equality, which includes separate targets where gender concerns are pressing (for example, facilitating legal asset ownership) as well as mainstreaming gender equality across the various sectors.

Ensuring equality in legal ownership of assets - The CPRGS sets explicit targets for improving legal ownership of key assets (especially land) for women. This specifies that all land use certificates will be issued in the names of both men and women (rather than just the male household head) by 2005. This will be important in allowing women access to financial services as well as giving them greater security in case of the death of their husbands, separation or divorce.

Addressing and monitoring gender-based violence - Setting quantitative indicators for the reduction in gender-based and domestic violence is extremely hard. The actions to tackle violence against women outlined in the national strategy for the advancement of women revolve around bringing greater clarity to the legal framework. Indeed, they are part of a goal to improve the gender sensitivity of the legal framework rather than part of a goal against violence. International experience suggests that these actions will need to be supplemented by a more comprehensive package of measures that involve generating attitudinal changes as well as adjusting legal instruments. If these measures are successful, one might reasonably expect an increase in number of reported incidents of gender-based violence as the problem is addressed in a more open manner before the incidence starts to decline. There is, as yet, no reported baseline for the incidence of domestic or gender-based violence in Vietnam – nor are there any good proxy indicators which are readily available or collected. This should be addressed as part of a monitoring system that seeks to measure progress in gender equity.

Goal Four: Reduce Child Mortality

This section will first discuss achievements, and targets and challenges related to reducing infant and child mortality, and will subsequently focus on reducing child malnutrition. It has been necessary to use a variety of data sources to illustrate the various dimensions of the challenges confronting the health sector and to examine both trends over time and issues of regional and socioeconomic inequality. This means that unfortunately different numbers for the same indicator appear throughout this section. This is illustrative of the problems of data quality – especially for infant, child and maternal mortality – within the health sector⁶.

Infant and child mortality: achievements to date

Rapid declines in infant mortality - The infant mortality rate in Vietnam has declined at a remarkable rate by international standards – more than a fifth per decade over the last thirty years. Between 1990 and 1998, the infant mortality rate (IMR) declined from 44 per 1000 to 37 per 1000, while the under-5 child mortality (U5MR) declined from 58 to 48 per 1000. This represents a decline of about 17 percent in both indicators. Despite starting from an already low base, Vietnam's achievements in the 1990s compare favourably with those of other countries in the region. As shown in Table 4, the rate of decline in IMR in Vietnam has been greater than the average rate of decline in the East Asia and Pacific region in South Asia and in all low and middle-income countries.

This reduction is less dramatic for the U5MR: it is lower than the average rate of decline in the East Asia and Pacific region, which is due to the already low base in 1990 (Table 4).

⁶ For example, the VLSS data of 1998 show an infant mortality rate (IMR) of 26.9 per 1000 live births, while the 1999 census gives a figure of 35.6 per 1000.

Table 4: Decline in Infant and Child Mortality: International Comparison		
Region	Rate of Decline(1990-98)	
	IMR	USMR
World	11.5	9.3
Low and middle income countries	10.6	6.6
South Asia	14.9	18.2
East Asia and Pacific	12.5	20
Vietnam	17.3	16.7

Source: ADB and WHO (2001)

This recent progress gives Vietnam an impressively low starting point (by international comparisons) for infant and child mortality. If Vietnam followed a pattern more typical of Asia, it would have an IMR approximately double its current level, given current per capita income levels. Given these low starting points, achieving the MDG – which calls for a two-thirds reduction in the infant and child mortality rates between 1990 and 2015 – is unrealistic.

But regional differences persist- The impressive national averages of infant and child mortality in Vietnam conceal wide variations at the regional levels. For example, the national average infant mortality rate is more than two and half times the rates observed in Red River Delta and Southeast region. The IMR in rural areas is about 150 percent greater than that in urban areas. In general, these indicators are high in the Central Highlands and Northern Uplands, closely followed by the North Central and Central Coastal regions. These significant differences in child and infant mortality reflect the large regional disparities in socio-economic levels and access to health services.

As Table 5 shows, it is more alarming that these regional disparities have increased. In the 1990s, infant mortality declined in urban areas by 32 percent, while rural areas experienced less than half of that rate of decline. In 1990, the rural IMR was about 80 percent greater than that in urban areas. This differential has grown to about 125 percent in 1998. These increasing inequities have serious implications for policy and need urgent attention.

Table 5: Infant Mortality Decline by Region, 1990-98

	IMR		
	1990	1998	% Change
Region			
Northern Uplands	62	44	29
Red River Delta	35	27	25
North Central	38	37	2
Central Coast	37	41	-9
Central Highlands	72	64	10
Southeast	31	24	24
Mekong River Delta	48	36	26
Residence			
Rural	48	41	15
Urban	27	18	32
Vietnam	44	37	17

Source: 1990: GSO (1995), 1998: GSO (2000)

Other notable features of the decline in infant mortality in the 1990s are (i) remarkable decline in infant mortality in the Northern Uplands and (ii) lack of relative progress in the three central regions: North Central, Central Coastal and Central Highlands. The Northern Uplands, one of the poorest regions, has shown an impressive decline in infant mortality. These changes represent the highest rate of decline in the country. This shows that large improvements in infant and child health are possible even in poor and remote areas. Analytical work in Vietnam has shown a positive relationship between the reach of child health services and reductions in child mortality. Reduction in infant mortality and the improvements in areas like the Northern mountains can probably be largely attributed to better provision of health services including immunization services. Greater targeting of the central provinces to increase access to health services and improve quality of life appears essential.

Less progress for the poor - Declines in IMR among poor households have been considerably lower than those among the non-poor (Table 6).

Table 6: Infant Mortality Decline by Poverty Status, 1990-98

	IMR		
	VLSS 1992-93	VLSS 1997-98	% Change
Non-poor	34.4	24.5	29
Poor	39.4	33.6	15
Total	35.8	26.9	25

Source: VLSS 1993 and 1998; Note: the VLSSs show much lower IMRs than the census.

These findings were confirmed by Wagstaff and Nguyet Nga (2002) who conclude that the impressive gains in child survival in Vietnam have been concentrated heavily among the better off, leading to increased socio-economic inequalities. They identify poorer coverage of health services and in lower educational levels of women as among the causes of this differential decline in child mortality between the poor and non-poor.

Infant and child mortality: Targets and future challenges

Box 5a. MDG Goal Four: Reduce Child Mortality by two thirds by 2015

Vietnam Development Goal: reduce child mortality, child malnutrition and reduce the birth rate

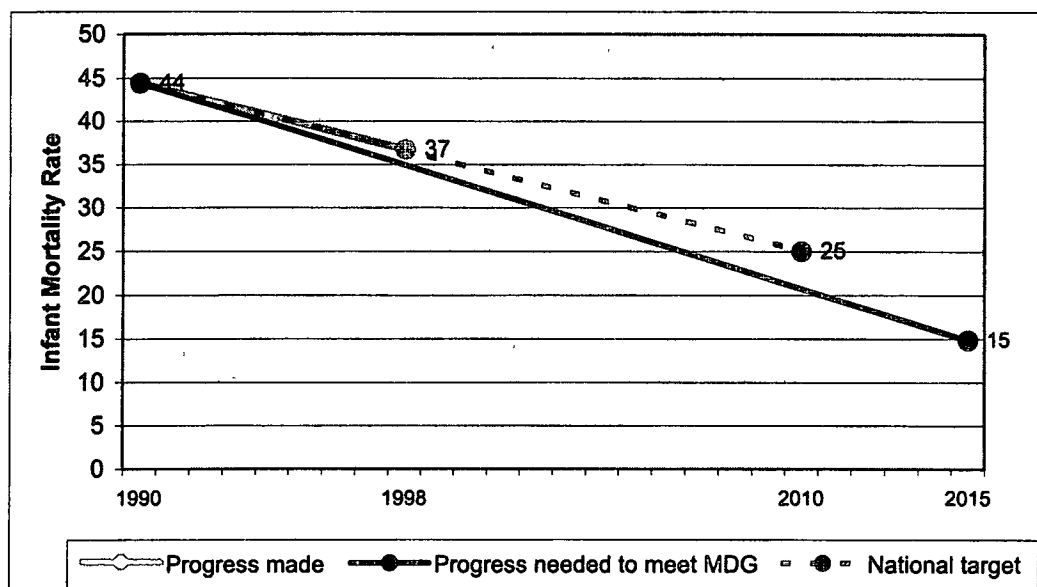
Target 1: Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010 and at a more rapid rate in disadvantaged regions (see below)

Target 2: Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010

Source: Socialist Republic of Vietnam (2002)

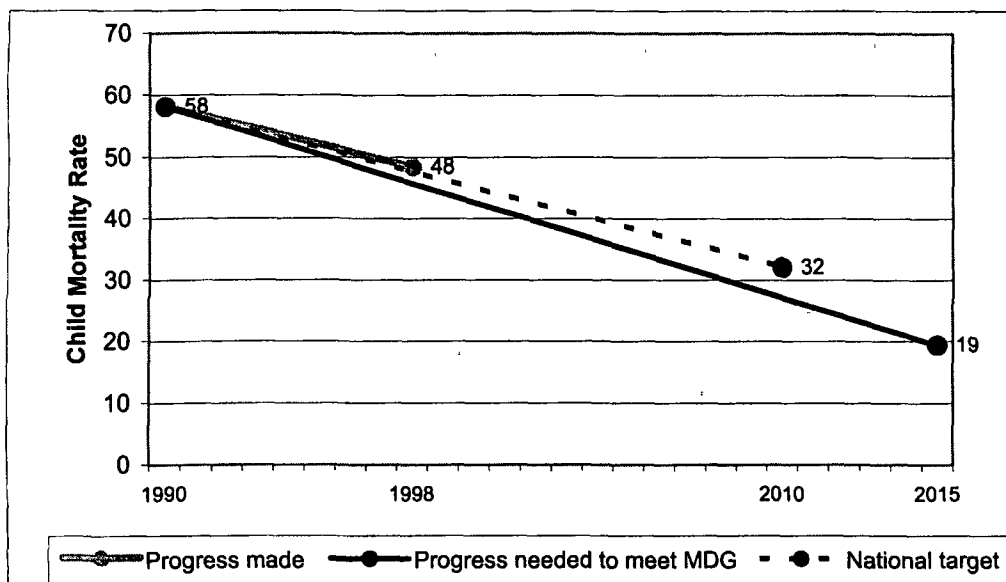
National targets for reductions in mortality rates are less ambitious than the MDGs. These are set down in the ten-year health strategy and included in the CPRGS as a core outcome targets. These targets specify that the IMR will fall to 25 per 1000 live births and the U5MR to 32 per 1000 live births, representing a decline of 44 percent in both rates over the 1990-2010 period. They are also more realistic, however, than the MDGs, and achievable if there is a stronger focus than hitherto on regions where mortality figures are highest (Wagstaff and Nga Nguyet Nguyen, 2002). Projections demonstrate that both rates will have to reduce more rapidly over the coming decade than in the past if national goals are to be achieved (Figures 10 and 11).

Figure 10. Infant Mortality – progress made during 1990-1998 and projections for 2010 and 2015



Source: ADB (2002a)

Figure 11. Under 5 Mortality – progress made during 1990-1998 and projections for 2010 and 2015



Source: ADB (2002a)

A need for sub-national targets - Analysis shows a positive relationship between infant mortality and poverty: infants have a lower chance of survival in poor provinces. Reaching goals will depend crucially on making rapid progress among the poorest 25 percent (Wagstaff and Nga Nguyet Nguyen, 2002) and in the most disadvantaged areas. These regional disparities in mortality rates suggests that there is scope for setting more ambitious targets, in line with the MDGs, for these areas (especially the central highlands and the northern mountains) (Table 7).

Indicator	Targets				Latest Value
	1990	2005	2010	2015	
IMR					
Northern Uplands	62	31	30	21	44 (1998)
Central Highlands	72	40	36	28	64 (1998)
Malnutrition					
<i>Percent of underweight children (0-59months)</i>					
Northern Uplands	--	35	30	25	41 (1997)
Central Highlands	--	35	30	25	42 (1997)

Source: ADB and WHO (2001).

The Government of Vietnam is highly committed to reducing infant and child mortality. Given the competing demands for scarce resources in the country, focus over the coming decade should emphasize a

few strategic areas. Improving access to maternal and child health services and changing health-seeking behaviour are two particularly important measures.

Access and quality of maternal and child health services in remote areas - Vietnam has an extensive health care delivery network with a large supply of health workers and well-organized national public health programs. However, the quality and use of service in poor and remote areas is low. In remote areas, where the density of population is low and it is not feasible to provide institution-based quality services, the government should consider providing round-the-year services through strengthened outreach, health posts, mobile teams and intensive campaigns. The poor provinces in the central and northern part of the country require special attention.

Tackling demand side issues - Children of poor women with low levels of education are more likely to die prematurely. These are the women who have lower demand for reproductive and child health services. Culturally sensitive communication activities will be required to generate better demand for reproductive and child health services. In addition, one of the major demand side constraints for utilization of child health services for poor households is the affordability of services. There is an urgent need to rationalize the health financing structure and make it more equitable. The Government needs to allocate more resources to improve the affordability of health services for the poor. There is a clear commitment to addressing this pressing need in the CPRGS.

Malnutrition: achievements to date

Child malnutrition is still high - Unlike many other health outcome indicators where Vietnam outperforms expectations for its per capita income levels, child malnutrition levels remain one of the highest in the region: in 2000, one third of children under the age of five were underweight. Despite the good progress in recent years, Vietnam still has one of the highest rates of child malnutrition in the region. As shown in Table 8, the country lags behind many other developing countries and East Asia and Pacific countries. Even the latest figures at the end of the last decade do not compare favorably with other countries. Only countries in South Asia have performed consistently worse than Vietnam.

Table 8: Malnutrition - International Comparison	
Country	Percent of Underweight Children (0-5 years) (period 1993 - 2000)
China	10
Indonesia	34
Philippines	32
East Asia and Pacific Average	10
Vietnam	37

Source: World Bank (2002c)

But, the current rate of malnutrition has to be viewed in the context of even higher levels in the recent past. In fact, there has been a remarkable decline in the prevalence of malnutrition in the last decade. Prevalence of malnutrition has come down from 52 percent in 1985 to 45 percent in 1995, 37 percent in 1999 and 33 percent in 2000.

Malnutrition: Targets and challenges

Box 5b. MDG Goal Four: Reduce Child Mortality by two thirds by 2015

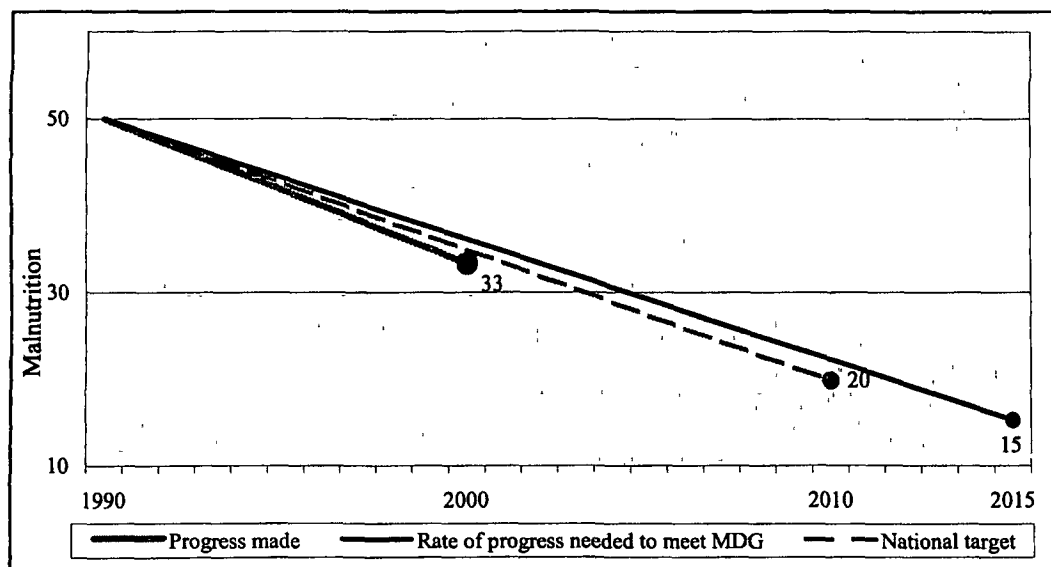
Vietnam Development Goal: reduce child mortality, child malnutrition and reduce the birth rate

Target: Reduce under five malnutrition to 25 percent by 2005 and 20 percent by 2010

Source: Socialist Republic of Vietnam (2002)

Ambitious targets are set - In addition to the two targets for mortality rates, it is proposed that the child malnutrition indicator – often included as an indicator under poverty targets – be identified as an important strategic target for the next decade within the health sector. Efforts for improving nutrition will directly help in achieving the targets for infant and child mortality. The *National Nutrition Strategy 2001-2010* puts significant focus on improving the nutritional status of the Vietnamese population, particularly, that of children and mothers and ethnic minority groups. The Government of Vietnam's own national goals for reducing malnutrition, which imply a reduction of child malnutrition levels of 60 percent between 1990 and 2010, are more ambitious than the MDGs, which call for a halving of malnutrition between 1990 and 2015 (Figure 12). Projections suggest that these ambitious rates will be achievable if the rapid rates of decline over the 1990's continue.

Figure 12. Malnutrition: progress made during 1990-1998 and projections for 2010 and 2015



Source: ADB and WHO (2002)

Poverty reduction alone will not solve the malnutrition problem - In Vietnam, increased income and health services coverage—the factors contributing to the declines in infant and child mortality and improvements in reproductive health—have not operated to reduce child malnutrition. The VLSS93 and VLSS98 generally show only weak relationships between consumption expenditure and malnutrition indicators (Glewwe, Koch and Bui Linh Nguyen 2001). This implies that other factors such as feeding and childcare practices have a more dominant effect and addressing these factors as well as the use of safe water and sanitation will be important.

Malnutrition varies quite considerably across regions. However, the variation is not as large as in the case of other health sector indicators, such as infant mortality and access to reproductive health services. Even

the regions with high incomes and good overall quality of life (Red River Delta and Southeast regions) have unusually high rates of malnutrition. This re-emphasises the point that cultural and social factors play an important role in determining malnutrition in Vietnam. Important actions to reduce malnutrition over the coming decade will include measures in a number of interrelated areas.

Infant feeding practices and early childcare - A nutrition sector review undertaken by the National Institute of Nutrition (NIN) suggests that infant feeding practices in the country are not optimal, with early weaning of children and early introduction of complementary foods with limited nutritional value. The review also lists several empirical studies that demonstrate clear links between early supplementary feeding and malnutrition. These studies show that children who are not exclusively breastfed for the first six months are more likely to be malnourished. The mechanisms linking these practices to growth outcomes are believed to be the increased incidence of diarrhoeal disease and the displacement of nutrient-rich breast milk by bulky, low nutrient and starchy food. The quality and quantity of time spent between children and their caregivers and mothers are potentially a major factor in determining nutritional levels. In Vietnam, the majority of women work outside the home and do not take their children to work with them. Women usually return to work within a few weeks after delivery and, in general, do not exclusively breastfeed children for the first six months. This is more so for poor women who return to work earlier and devote longer hours to work. In fact, Vietnamese women face very high levels of time poverty, in general.

Maternal education - The education of the mother is found to be strongly associated with the nutritional status of their children and nutrition programs need to more effectively target mothers with low education levels and need to be designed in a way that women with low levels of education can actively participate.

Safe water and sanitation - An important cluster of underlying causes for malnutrition is related to the availability and use of safe water and sanitation and personal hygiene. Access to safe drinking water is still far from universal. Sanitation remains a major problem in Vietnam with only an estimated 22 percent of households having adequate sanitation disposal arrangements. The problem is compounded by the use of human waste as fertilizer in some areas—sometimes not adequately composted—and the frequent disposal of human waste in ponds containing fish for human consumption.

Cross-sectoral measures - Lastly, there is a need for coordinating inter-sectoral nutrition programs at the community level. These programs include efforts for poverty reduction, improving food security, and access to water and sanitation, early childhood development and integrated child care and national behavior change communication programs for nutrition and breastfeeding.

Goal Five: Improve maternal health

Achievements

Maternal mortality has decreased sharply. Official data shows that declines in maternal mortality over the 1990s have been rapid and, if replicated over the next decade, are sufficient to attain these goals (Figure 13). As with infant and child mortality, Vietnam's performance in reducing maternal mortality has been remarkable by international standards. But maternal mortality is difficult to measure accurately and questions have been raised about the reliability of the data in Vietnam. Also, regional differences in maternal mortality within Vietnam exist and highlight the central highlands, other central provinces, and the northern uplands as areas that warrant special attention.

Targets and future challenges

The MDGs call for a reduction in the maternal mortality ratio to one quarter of its 1990 level by 2015. This goal is reflected in national targets, which seek to lower the maternal mortality ratio to 70 deaths per 100,000 live births by 2010 (from 200 in 1990). The Vietnam development target related to improving maternal health is presented in Box 6.

Box 6. MDG Goal Five: Improve Maternal Health (reduce MMR by three fourths by 2015)

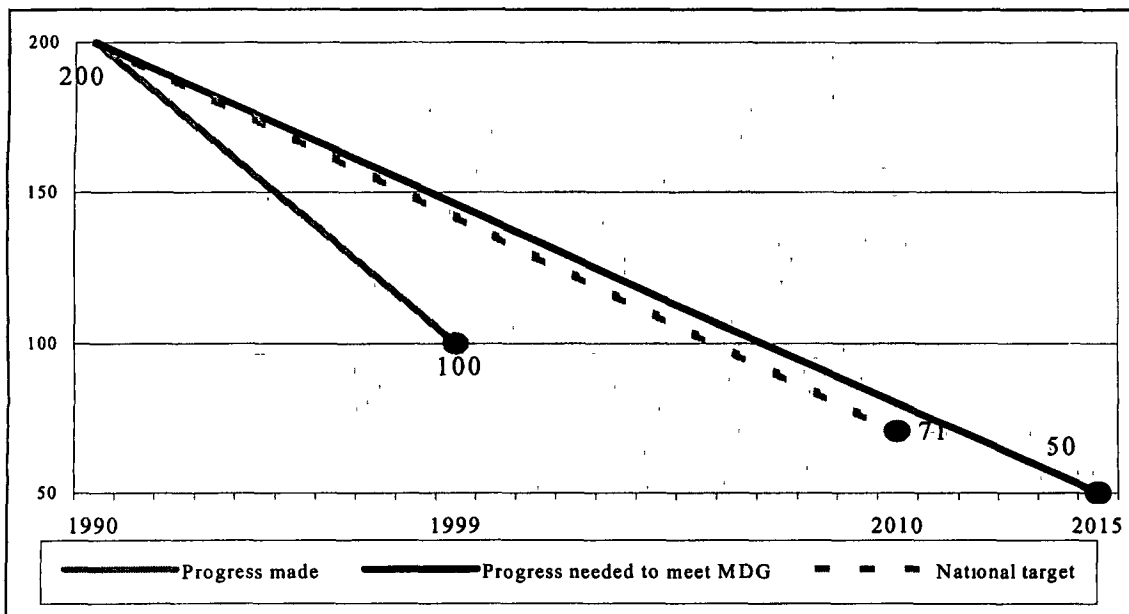
Vietnam Development Goal: Improve maternal health

Target 1: Reduce the maternal mortality rate to 80 per 100,000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas

Source: Socialist Republic of Vietnam (2002).

Faster progress in access to alternative means of contraception is required. Analysis by the Ministry of Health shows that 53 percent of maternal mortality is preventable and an additional 35 percent of maternal mortality could be averted through timely intervention. 70 percent of maternal mortality is believed to be caused by obstetric complications and unsafe abortions. Vietnam has the highest abortion rate in the world with the Ministry of Health estimating a total abortion rate per woman of 2.5. This high rate poses a significant health risk to women, with one third of women reporting a health problem following a pregnancy termination (World Bank et al, 2001). Though the Contraceptive Prevalence Rate has increased by 2 percent per annum over the past 10 years, measures are clearly still needed to provide better access to alternative means of contraception (see Figure 13).

Figure 13. Maternal mortality – progress made during 1990-1998 and projections for 2010 and 2015



Source: ADB and WHO (2002)

Major challenges exist for achieving the remaining targets. The percentage of births attended by trained personnel has been rising. National reproductive health targets (not stated explicitly in the CPRGS but included in the Government's reproductive health strategy) state that 90 percent of births will be attended by 2010 (up from 77 percent in 1997). Forecasts based on past trends suggest that this could be achievable and would put Vietnam on course to cover all births by 2015. The major challenges in achieving these targets are four fold. First, improving access and quality of reproductive health services in remote areas; secondly, initiating culturally compatible communication activities, targeting both men and women, to generate a better demand for reproductive health services; thirdly, making reproductive health

services more affordable for the poor; and fourthly, strengthening emergency services and equipping hospitals in remote areas with skilled personnel and equipment (ADB and WHO, 2002).

Goal Six: Combat HIV/AIDs, malaria and communicable diseases

Achievements

HIV/AIDS prevalence is low but rising fast. HIV/AIDS has spread to all 61 provinces since 1990 when the first case was detected in Vietnam. Between 1990 and 2000 the number of reported HIV/AIDS cases rose at 7 percent per annum. WHO estimates that by the end of 2000, the number of HIV infected people in the 15-49 years old population was between 122,000 and 130,000 or around 0.29% (WHO, 2001). At the early stages of the epidemic the disease was confined mainly to injecting drug users. However, it has now spread to other population groups including sex workers, patients with tuberculosis and the general population. The Government's policy towards promotion of condoms and safe needles has been ambiguous in Vietnam. In the absence of clear commitment from the Ministry of Health, local authorities have sometimes opposed promotion of condoms and safe needles for HIV/AIDS prevention (ADB and WHO, 2002).

Achievements in controlling malaria and tuberculosis have been spectacular and are perhaps Vietnam's greatest success stories in improving health outcomes (Box 7)

Box 7. The successful fight against malaria and Tuberculosis in Vietnam

Malaria - Vietnam is known to have one of the most successful malaria control programs in the world. Malaria incidence has fallen from 16 cases per 1000 persons in 1991 to merely 6 in 1998. At the same time, the number of malaria deaths dropped nearly one tenth of what it was in 1991, with fewer than three deaths out of 10,000 malaria cases. This success followed a radical change of approach in 1991, when Vietnam moved from a malaria eradication program, which involved DDT spraying and mass drug treatment, to a malaria control approach. This involved distributing impregnated bed nets, which currently protect over 10 million people, house spraying with an insecticide that has a one-year residual effect, distribution of free drugs (including locally produced artemisinin and its derivatives to treat falciparum malaria), and intensive health education of village heads and commune health staff in endemic areas. Key elements to this success have been:

- High-level political and financial commitment leading to mobilization of activities from the central to the village level, leading to up to 2000 people working in the public sector on malaria control.
- Offering free drugs and insecticides to the effected population.
- Having an initial vertical structure that followed WHO guidelines for malaria control.

Tuberculosis - Vietnam's Tuberculosis (TB) control program is also known to be among the most successful in the world. The program currently covers 99% of the population, up from 23% in 1985. The number of pulmonary smear-positive TB cases increased nine-fold from 6600 in 1986 to 55000 in 1998, but this is the result of many cases being undetected and untreated in the past, which are correctly diagnosed and treated today.

Source: World Bank et al (2001) and Schuftan and Le Dinh Cong (2001)

Targets and future challenges

Making future projections for the prevalence of HIV/AIDS is methodologically problematic. The spread of HIV/AIDS from vulnerable groups to the general population suggests that the past trend of increasing prevalence is likely to continue for the next few years.

Serious policy changes is required to achieve the HIV/AIDS reduction targets. The Government has articulated its HIV/AIDS strategy for the next five years and the goal proposed here (Box 8) captures the direction outlined in the strategy. Recent work suggests that reaching this goal poses a number of serious institutional, practical and attitudinal challenges (United Nations, 2001). These include a review of the government’s “social evils” policy towards sex workers and injecting drug users. This policy tends to stigmatise these people and treat them as criminals, instead of regarding them as patients that need help. Massive efforts to change behavior, promote the use of condoms and safe needles, and improve treatment of sexually transmitted diseases are required

Box 8. MDG Goal Six: Combat HIV/AIDS, malaria and other disease

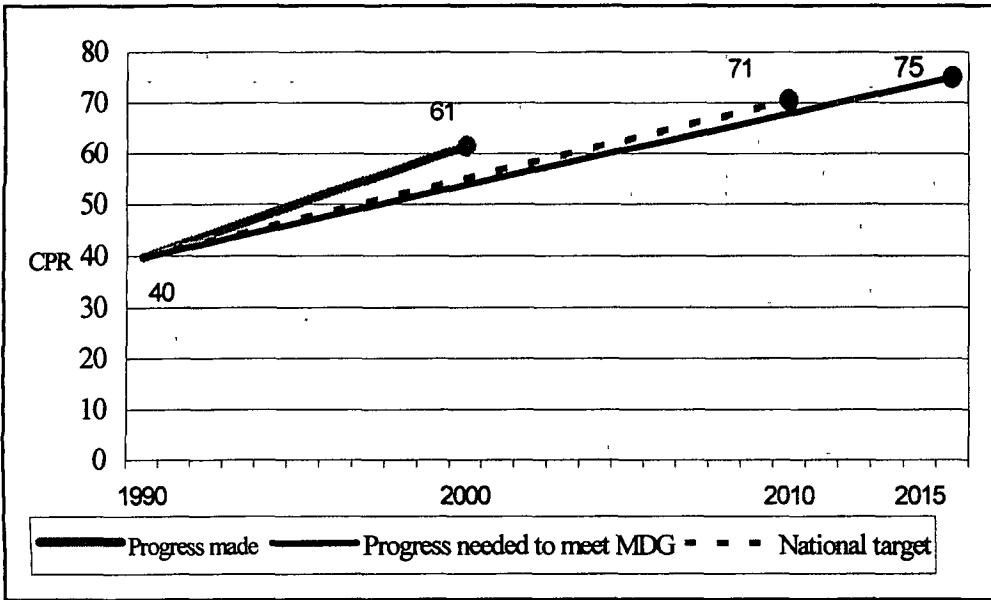
Vietnam Development Goal: Reduce HIV/AIDS infection and eradicate other major diseases

Target 1: slow the increase in the spread of HIV/AIDS by 2005 and halve the rate of increase by 2010.

Source: Socialist Republic of Vietnam (2002)

Targets for contraceptive prevalence ambitious but achievable - The Government hopes that 70 per cent of couples will be using modern contraceptive methods by 2010, up from an estimated 40 percent in 1990. Recent analysis suggests that this is ambitious but also achievable if past improvements are continued into the next decade. This would set Vietnam on course for achieving “universal” (75 percent) access to modern contraceptive methods by 2015 (Figure 14).

Figure 14. Contraceptive Prevalence Rate (CPR) progress and targets 1990-2015



Source: ADB and WHO (2002)

The poor still suffer disproportionately from malaria. Targets for reducing other communicable diseases, such as malaria and TB, are articulated only in very broad terms in the CPRGS, but are specified in the national health strategy. Despite considerable progress in reducing the incidence of and mortality from major communicable diseases, significant burdens of disease (especially TB and malaria) persist among poorer households. The Ministry of Health (MOH) has set targets for reducing malaria morbidity and mortality rates. About 15 million people live in malaria endemic areas, mostly in the central highlands and the southern provinces. Malarial morbidity rates are 50 percent higher (at 6.6 per 1000 of the population) in malaria endemic areas than for the nation as a whole. Mortality rates in endemic areas are 150 percent the national average. The Ministry of Health hopes to reduce the endemic areas by 40 percent, to reduce the morbidity rate in endemic areas to less than 5 per 1000 of the population (3.5 per 1000 for the nation as a whole) and the mortality rate to less than 0.4 per 100,000 of the population (from 0.5 per 100,000 now). Major challenges include controlling malaria outbreaks that occur due to (1) migration of ethnic minorities and (2) decreasing immunity to the disease in areas where the disease incidence has declined.

Tuberculosis incidence is rising. Vietnam has also been very successful in controlling Tuberculosis. The Government now hopes to reduce the incidence even further to 70 percent of its 2000 level by 2010 (MOH, 2000). The annual risk of TB infection rates have increased during recent years, indicating a rise in the real incidence of TB in Vietnam. Reasons for this increase include: the aging of the population, rising levels of air pollution, overcrowding in urban areas and high level of cigarette smoking. The Ministry of Health estimates that that TB incidence will possibly rise to as many as 120,000 cases and 3,500 deaths per year in 2010.

Goal Seven: Ensure Environmental Sustainability

Achievements

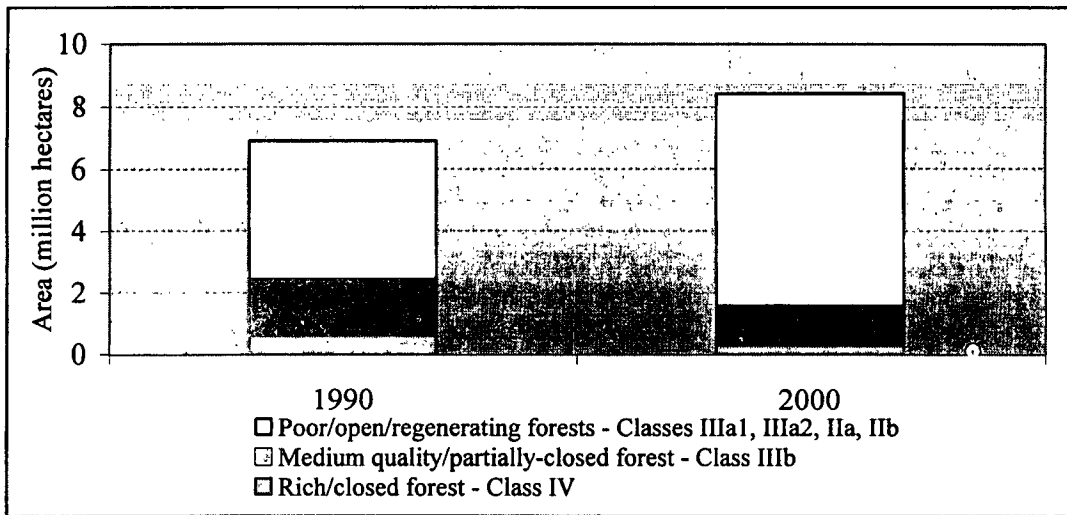
In recent years, Vietnam has witnessed a significant degradation of its natural resources. The country's biodiversity is threatened, forest cover has dwindled, near-shore fish stocks have declined sharply, groundwater quality and quantity have decreased substantially, pesticide and fertilizer use is growing fast and urban air pollution is on the rise (UNDP 2002a). The Government recognizes that the main challenge of the next decade will be to improve livelihoods while simultaneously protecting the environment. The poor benefit most of such an improved environment. This is because they depend more on natural resources, they are less able to protect themselves from environmental pollution, and they suffer more from natural disasters than others. The two poorest regions of the country, the northern uplands and the central highlands, are both areas with a high proportion of ethnic minorities and forest cover. Studies in Vietnam have shown that those who depend most upon forest resources are ethnic minorities.

A strategy has been developed... Vietnam has completed a National Strategy for Environmental Protection (NSEP) for 2001-2010. This strategy identifies the need to protect, conserve and sustainably use natural and biodiversity resources, and to control pollution and improve environmental quality in urban, rural and industrial areas. A number of institutional arrangements have been proposed that should encourage further mainstreaming of environmental issues in the different ministries. The draft NSEP 2001-2010 recognizes this and even sets a number of relevant cross-cutting targets.

....but reversing the loss of environmental resources will be difficult. Loss of environmental resources has been precipitous in Vietnam. By the mid- 1990s the environmental trends were becoming worrisome, particularly in forest cover. But by the late 1990s the government's interest in and ability to address environmental problems were much stronger. Reforestation programs became more ambitious, and the number of protected areas was significantly expanded, and pollution controls were put in place and new laws on environmental protection were promulgated.

Forest cover has increased but forest quality has declined. Unlike most of its neighbours, Vietnam has in all probability stopped the decline in its forested area and the country's total forest coverage also compares favourably with that of almost any other country. However, Vietnam has not been successful in protecting its rich and closed forests and the quality of its forest has deteriorated over time (Figure 15). Vietnam falls short of many other countries in protected area coverage. World-wide, the average country has 6.5 percent of its total land area within protected areas. Vietnam has about 3 percent of its area under protection and no coherent strategy is in place to protect even this small remaining area of highly bio-diverse forest.

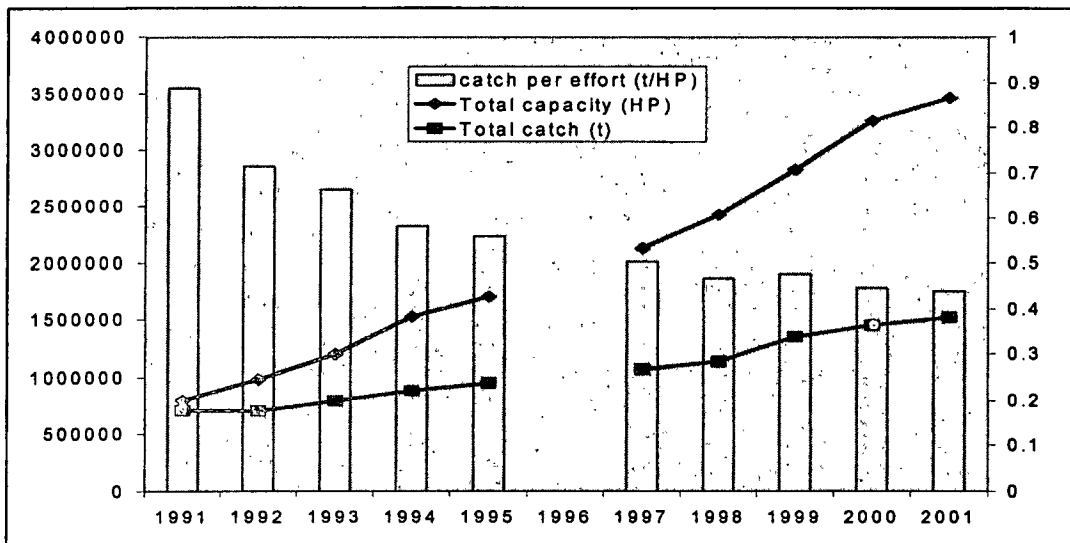
Figure 15. Trends in the composition of Vietnam's Forest Cover



Source: NEA/ World Bank/ DANIDA (2002).

Marine fish catches are unsustainable. More attention is also needed to the protection of its marine resources. The destruction of Vietnam's mangrove forest, mainly caused by expansion of shrimp farming, has caused a fast reduction in fish stocks leading to a steep decline in the fish catch per effort (Figure 16), threatening the sustainability of the marine fisheries sector.

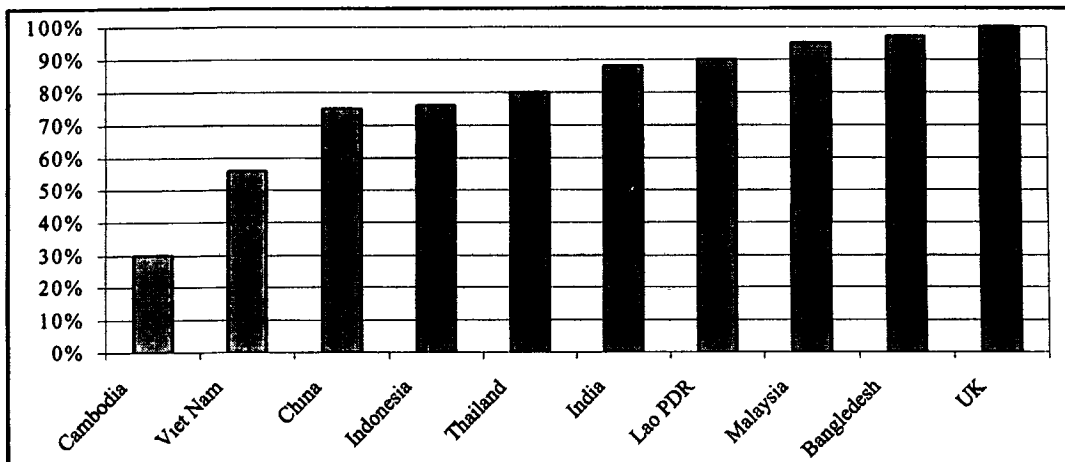
Figure 16. Marine catch in Vietnam 1991-2001



Source: NEA/ World Bank/ DANIDA (2002). Catch is measured in tons (t) and capacity in horse power (HP).

Access to drinking water is crucial for reaching a number of VDGs. Sustainable access to safe drinking water is part of the Government's traditional emphasis on the role that investments in infrastructure can play in reducing poverty (see below). Infrastructure forms the core of key targeted programs to address poverty and these include the provision of clean drinking water systems and seven other components. In 2000, 56 percent of the population had access to safe water. This is a commendable increase from 48 percent in 1990. However, Vietnam is on the lower end regionally and globally for access to safe water (Figure 17). Progress in this area will be essential for further success in reducing infant and child mortality and malnutrition.

Figure 17. Country Comparison of Access to Safe Water, 2000 (percentage of population)



Source: UNDP (2002a)

Urban slums have poor infrastructure. The urban poor in Vietnam live in areas with poor infrastructure and the access to basic services (safe water, sanitation, water drainage, electricity, garbage collection) is limited. Most slum dwellers have unstable jobs and unstable incomes and their difficulties in securing permanent registration makes things worse. The VLSS data show an urban poverty rate of 9 percent percent, but this is likely to be an underestimation, as many urban slum dwellers are not registered.

Targets and future challenges

The CPRGS recognizes the importance of environmental protection for sustainable poverty reduction and growth and proposes a number of key measures. These include strengthening conservation of natural forests and protection of watersheds through the involvement of the people that depend on them for their livelihood, enhancing access of the poor to clean water, and halting urban pollution. To monitor progress towards environmental sustainability, six specific targets are identified (Box 9).

Box 9. MDG Goal Seven: Ensure Environmental Sustainability

Vietnam Development Goal: Ensure environmental sustainability

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

Target 2: Ensure that 60 percent of rural population will have access to clean and safe water by 2005 and 85 percent in 2010. This should be the case for 80 percent of urban people in 2005.

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

Target 4: Ensure that all waste-water in towns and cities is treated by 2010

Target 5: Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010

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

Source: Socialist Republic of Vietnam (2002)

Challenges for implementing the environmental strategy. The first and biggest challenge for this VDG is implementation of the government's NSEP. This requires concerted efforts to strengthen capacity in government agencies at the central and local level, creating opportunities for community participation, enforcing laws by expanding the choice of regulatory instruments and incentives, and allocating substantial resources to this plan.

While the first target only refers to extending forest cover, the CPRGS includes two indicators for monitoring forest quality. These are: the area of 'special-use' (protection) forest to be preserved, and the biodiversity rate of these protected areas. A weakness in Vietnam is the lack of a reliable system for monitoring forest cover. This could probably be improved by focusing more on quality than quantity and making more use of aerial photography and GIS, and by better coordination of data collection among the different agencies.

The second target aims to reach a safe and clean drinking water coverage of 60 percent of the rural population by 2005 and 85 percent by 2010. Although the institutional, financial and policy environments for this indicator are largely in place, Vietnam is unlikely to meet this goal. From 1990 to 2000, the overall safe water coverage increased 8 percent (from 48 to 56 percent). Even if population growth were zero, to achieve the 2010 level, coverage would have to increase an average of 5 percent each year between 2005 and 2010. Sri Lanka, Nepal and Paraguay were the countries with the greatest increases in access to safe water during the last decade, yet these countries averaged only about 1.7 percent growth in coverage annually.⁷ Analysis presented in the VDGs background paper shows that a 80 percent coverage in 2015 is probably a more realistic target (UNDP, 2002a). This would still require doubling the current rate of improving access to safe water (from a 0.8 percent to a 1.6 percent net increase per year), but this is more feasible given other countries' experiences.

Targets 3-5 reflect the due attention given to urban development issues in the CPRGS, which stresses the need to develop policies for urban housing development for the poor, and minimise health risks for the poor by adopting pollution control measures. In the CPRGS the Government announces it will develop a national urban development strategy and this would enable the actions outlined to be addressed in a consistent manner while promoting balanced urban development. The government now acknowledges the problem of social exclusion in the urban areas and the lack of access of unregistered urban migrants to basic services and that labor migration and household registration policies need to be reviewed. This presents an important step forward for addressing the pressing urban poverty issues.

⁷www.oecd.org/dac/indicators 21 August 2001.

The sixth specific target focuses on reducing pollution in order to improve the quality of water and air. The Government is in the process of finalizing national standards for air and water quality, and also working towards strengthening the environmental monitoring network.

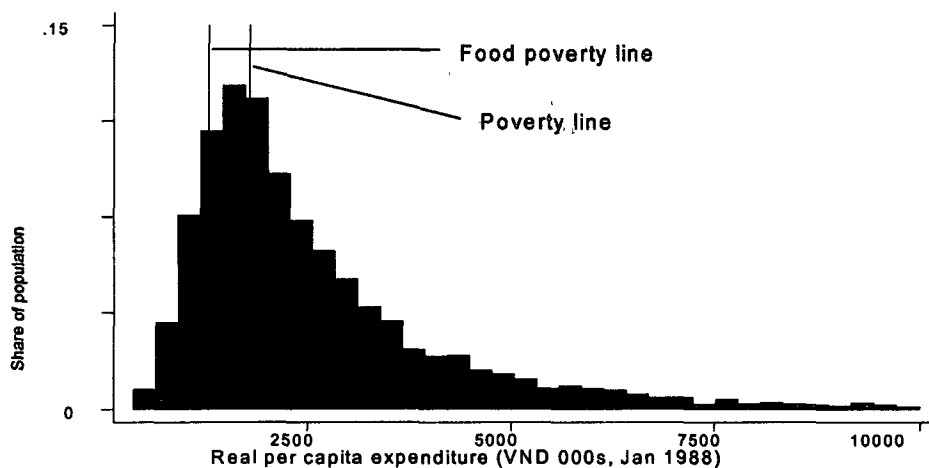
Vietnam Development Goals not directly based on the MDGs

A number of the Vietnam Development Goals are not directly based on the MDGs. These either refer to aspects of poverty not well addressed in the MDGs such as vulnerability and governance/ empowerment, or they respond to particular challenges that have emerged in Vietnam such as reducing poverty among ethnic minorities, or reflect the emphasis the Vietnamese government puts on infrastructure development in 'isolated and difficult' areas for poverty reduction.

Goal eight: Reduce vulnerability

Many households are vulnerable to shocks. There is an explicit recognition in the CPRGS that gains in poverty reduction should be sustainable and that non-poor households should be prevented from falling back into poverty and hunger. Many recent quantitative and qualitative studies have emphasized the high levels of vulnerability which even non-poor households face to individual, household and community-level shocks. The proximity of non-poor households to the poverty line means that just one episode of ill health for an economically active member of a near-poor household is sufficient to push households into poverty, or even hunger (World Bank et al 1999; World Bank 2002b) (see Figure 18).

Figure 18 Distribution of household well-being relative to poverty line in Viet Nam



This is the case in many countries and there is a considerable amount of new work on measuring vulnerability to suffering declines in consumption and falling into poverty. In the CPRGS, the Government of Vietnam adopts a specific target for addressing vulnerability which supplements the other poverty reduction targets (Box 10).

Box 10. Goal Eight: Reduce vulnerability

Target 1: Increase the average income of the lowest expenditure quintile to 140 percent of that in 2000 and 190 percent of that in 2010

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

Source: Socialist Republic of Vietnam (2002).

A broader approach to addressing vulnerability is required - The Government's traditional approach to reduce vulnerability has been providing social assistance to defined vulnerable groups such as humanitarian support for the aged and disabled, and subsidies for production inputs and transport services. But in the CPRGS the government recognises the importance of additional measures for reducing vulnerability that are related to building the assets of the poor and near-poor households and increasing their ability to manage risk. Some proposed measures to that effect include: improving access to affordable health care, improving access to agricultural extension to help diversify farm incomes; and improved disaster mitigation and response mechanisms. However, to make sufficient progress in reducing vulnerability, the government should take some additional measures such as enhancing access to savings facilities, and fully relax restrictions associated with being a migrant with temporary residential status.

Goal Nine: Ensure Good Governance for Poverty Reduction

Serious improvements in the area of governance are required. The Government faces pressing, cross-cutting governance challenges which will need to be met in order to achieve the desired outcomes. The CPRGS includes some goals for improving governance (Box 11) and elaborates some actions to be undertaken in the areas of public administration reform, the promotion of grassroots democracy and legal reforms.

Box 11. Goal nine: Ensure Good Governance for Poverty Reduction

Target 1: Effectively implement grass-roots democracy

Target 2: Ensure budget transparency

Target 3: Implement legal reform agenda

Source: Socialist Republic of Vietnam (2002)

No detailed plan for public administration reform yet exists. A five year Master Program for Public Administration Reform for 2001-2005 has been approved, but a detailed strategy for implementing reforms is yet to be formulated. The CPRGS therefore lacks detail in specifying concrete actions for the next few years. The Government has carried out a legal needs assessment and an action plan is being drawn up. The action plan emphasizes legal needs for the poor and the CPRGS draws on this work to define clear tasks in improving the access of the poor to justice.

Better accountability is required at the local level The Government has articulated its commitment to the implementation of the grassroots democracy decree throughout the country and this is fundamental to ensuring that poor communities are fully involved in planning and resource-allocation decisions at the commune level. Community-level consultations held to discuss with poor communities the draft CPRGS found that there was little implementation of this Decree to date and that there was high demand at the community level for strengthened accountability systems and mechanisms for greater community participation (Shanks and Turk, 2002). Improved performance will require considerable training and

information dissemination at the commune level. Mechanisms to monitor progress on a regular basis will also be needed.

The need for monitoring of public service and actions. Greater participation by poor households will require that more information on a broad range of issues of importance to poor people is more widely available – to poor people and to civil society organizations which work to support them or represent them. Some measurement of information flows and dissemination could be extremely useful in indicating progress towards greater participation. Citizen feedback should be actively sought on public actions and services. In many countries, mechanisms such as scorecards and rankings by households of the quality of public services have provided a powerful tool in reorienting public services to be more useful and relevant to those who use them. These could be used in Vietnam to provide monitoring information on many of the sectors included in the core VDGs and targets set out in this chapter while also giving poor people more influence in the content and nature of public actions.

Goal Ten: Eradicate poverty and preserve the culture and diversity of ethnic minorities

Ethnic minority developments requires special attention across all sectors. There is a cross-cutting regional dimension to the current social and poverty situation in Vietnam and to the challenges for achieving the VDGs, as we have discussed above. This regional dimension is strongly correlated to the presence of ethnic minorities, as many live in some of the most lagging regions. Over 13 percent or about 10 million people in Vietnam belong to an ethnic minority group. Analysis using various criteria has shown that while progress has been made, reduction in poverty for these minority groups has been much slower than the national average.⁸ Between 1993 and 1998, the poverty rate among ethnic minorities reduced from 86 percent to 75 percent, in contrast to a reduction from 54 percent to 31 percent for the Kinh majority.

The CPRGS clearly stipulates that, to achieve the VDGs, special attention will have to be paid to eradicating poverty among the main ethnic minorities. As a result, all CPRGS targets and progress indicators will be broken down by main ethnic group so as to enable close monitoring of the progress made. The CPRGS also identifies a number of special targets and indicators for the main ethnic minority groups to be embedded in the sectoral targets. Such targets refer to closing the gap between ethnic minorities and the rest of the population for each of the sectors. However, some areas cannot be fully addressed within any one sector and deserve special attention. This has led to the following three additional targets (Box 12).

Box 12. Goal Ten: Eradicate Poverty and Preserve the Culture and Diversity of Ethnic Minorities

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

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

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

Source: Socialist Republic of Vietnam (2002)

Pre-school programs in ethnic languages will be important. Educational achievements of ethnic minorities in the past ten years have lagged behind national ones (see for example the analysis by Baulch

⁸ It should be noted that a substantial diversity in development progress exists among these ethnic groups. The Central Highland minorities lag behind most substantially with a level of expenditure that has remained stagnant since 1993. Of its inhabitants, 91 percent live below the poverty line. Of the northern upland minorities, about 73 percent are poor. Separate targets may be warranted for several groups.

et al, 2001). Given that many of the ethnic minorities are not fluent in Vietnamese, enhancing school enrolment of ethnic minority children will also require the provision of education in their mother tongue at least as part of kindergarten-based school readiness programmes.

Land use certificates for upland need to reflect local realities. Enhanced living standards of ethnic minorities require a more intensive, diverse and sustainable use of uplands. A key constraint here is land allocation. A recent review points towards the need to speed up land allocation and improve land titling measures for all categories of land that are in line with ethnic community traditions, practices and systems (UNDP, 2002b).

More government staff of ethnic origin is required. Ethnic minority members rarely participate actively in local governance processes for various reasons, and few are employed as government staff. As a consequence, they have little influence over government decisions that affect their lives. To improve this, a further increase in the proportion of government personnel of ethnic origin is required. And far more input from ethnic minority households, and more decentralization in anti-poverty programs is needed than has occurred up to now (see targets on governance).

Goal Eleven: Ensuring pro-poor infrastructure development

Infrastructure investments are important in Vietnam's targeted poverty reduction plans. The Government of Vietnam attaches great importance to the role that investments in infrastructure can play in reducing poverty. Infrastructure forms the core of key targeted programs to address poverty – notably the Hunger Eradication and Poverty Reduction program (HEPR) and the national Program for Socio-economic Development in Communes in Especially Difficult Circumstances (“Program 135”). The Government's socio-economic development strategy similarly emphasizes the role of pro-poor infrastructure development. Infrastructure is usually regarded more as an input than an outcome in its own right. Investment in schools is a means to achieving better education outcomes. Investment in rural transport is a tool for opening up remote areas to markets and social services and so is a means for achieving poverty reduction and better social outcomes. But given the importance of infrastructure in Government's own strategic plans and given the level of resources allocated to infrastructure, it is appropriate that the expected impact of infrastructure development be specified and formulated into a national goal with explicit targets (Box 13).

Box 13. Goal Eleven: Provide basic infrastructure services to disadvantaged groups

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

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

Source: Socialist Republic of Vietnam (2002).

“Essential infrastructure” in the goal and target refers to the eight components included in Program 135: basic road access, schools, health centres, clean drinking water systems, electrification, markets, post offices, and irrigation. Identifying the proportion of communes with access to these facilities and services will form the foundation of regular monitoring and serve as intermediate indicators. Gauging the impact of infrastructure on changes in welfare of poor individuals or poor communities will be important. In addition, some kind of mechanism to include citizen feedback on the quality and relevance of infrastructure and infrastructure services could be very valuable. Affordability is likely to arise as an issue and prioritization should be guided by consultation with the local beneficiaries at the commune levels, so as to meet local needs and increase the awareness for operation and maintenance responsibilities.

IV. CHALLENGES

The policy measures and public actions needed to ensure that the VDGs are met vary from goal to goal and have been the subject of widespread and lively discussion in Vietnam. They have been outlined in summary form in the preceding section and in detail in the eight thematic papers. To a large extent, these necessary measures have also been described in the Government's newly-approved CPRGS. There are also a number of cross-cutting issues, challenges which will influence achievement across several or all of the goals. This section outlines some of the most pressing of these more generic challenges to achieving the ambitious goals which the Government has set out. These include:

- Improving equity in access to public services and in public expenditure;
- Aligning resources to strategic outcomes and linking nationally-defined strategic goals to sub-national planning and budgeting processes; and,
- Addressing the many capacity and skill gaps.

Improving Equity

Strong Government commitment to poverty reduction and human development over recent decades has allowed Vietnam to make striking improvements in poverty and social outcomes. The poverty headcount for the population as a whole has halved over the 1990s and Vietnam outperforms other countries of comparable per capita expenditures in most of the social and human development indicators. There are, however, marked differences in performance between regions and between ethnic majority and minority populations. The poverty headcount ranges between 8 per cent in the south east to 59 per cent in the northern uplands. The poverty gap index is only 1.3 in the south east but 19.1 in the central highlands. One third of the majority Kinh population lives in poverty, but three quarters of the ethnic minority population is below the poverty line.

Improving service delivery in poor areas – One key issue that lies behind the challenges in several of the goals is the need for rapid progress for disadvantaged groups and disadvantaged areas. Projections show that the locally-defined poverty reduction goal, for example, is more likely to be reached if growth patterns are more equitable than in the past and this will require measures that encourage growth and investment in lagging regions. But this is not just an issue of regionally-balanced economic growth. The same areas that lag behind economically are behind in many of the areas defined by the VDGs. This raises important questions for the patterns of public investment and expenditure. For example, the education goals for universalizing primary and lower secondary education requires targeting specially disadvantaged groups and it is widely acknowledged that bringing the final 7 percent of children into mainstream education will require different and more expensive measures. Similarly, analysis shows clearly that progress in reducing infant, child and maternal mortality will require rapid improvements in indicators in disadvantaged areas – especially the mountainous regions, where the quality and use of service is low. In such areas, where the density of population is low and it is not feasible to provide institution-based quality services, the government should consider providing round-the-year services through strengthened outreach, health posts, mobile teams and intensive campaigns. Improved targeting of areas and certain sub-groups of the population will be fundamental to achieving these goals.

Ensuring social services are affordable for the poor -- High fees for basic social services to recover costs (referred to as 'socialisation' in Vietnam) often make them unaffordable for the poor. The costs of primary education and of curative health care are particularly burdensome for the poor. This was perhaps the clearest message that arose from the CPRGS consultations with poor communities. The government has now made a strong commitment in the CPRGS to address this issue. One of the key challenges for reaching the VDGs in the coming years will be to find alternative ways of financing these services,

including through better targeting of exemptions to the poor, and to back these up with sufficient resource mobilisation mechanisms.

Tackling other demand side issues in education and health- In addition to the affordability issue, enhancing school enrolment of ethnic minority children will also require the provision of education in their mother tongue at least as part of kindergarten-based school readiness programmes. Ethnic minority girls are often particularly disadvantaged due to a tradition of early marriage, in combination with late enrolment in grade one. Efforts to encourage school attendance by this sub-group will need to accommodate such cultural challenges. Children of poor women with low levels of education are more likely to die prematurely. These are the women who have lower demand for reproductive and child health services. Culturally sensitive communication activities will be required to generate better demand for reproductive and child health services.

The need for disaggregated data -- Progress in improving equity in outcomes is clearly unmeasurable unless data is available disaggregated by different sub-groups of the population. The thematic papers and discussions around setting targets recognized that while national level monitoring is adequate for the broadly-phrased MDGs, outcomes will have to be tracked at sub-national levels if priorities of social equity and inclusion are to be reflected. Vietnam's biannual household living standard survey will allow analysis which is representative when broken down by province, sex and ethnicity.

More effective targeting approaches are needed - In the coming decade, economic growth is unlikely to reach all areas equally and will not be sufficient in itself to reach the VDGs. Effective targeting mechanisms for development initiatives will become crucial. Producing high-resolution poverty maps can be an important tool for this. Such maps can be developed through combining household living standard survey data and census data and present the results on maps using geographical information systems. Developing local capacity in this area will be important to enable the productions of timely updates when new household data become available. A number of training activities are already in place in this area.

Aligning resources to strategic targets

Allocation patterns in recent years. The Government of Vietnam is yet to develop a robust system of multi-year expenditure planning which links both investment and recurrent expenditure to desired outcomes. Responsibility for allocating investment and recurrent expenditure is divided institutionally between MPI (who prepares the Public Investment Plan) and the Ministry of Finance (who prepares the annual budget). In addition, local authorities have an important role in allocating resources. More than 40 percent of total budgetary expenditures is made by the provincial authorities (70 percent of public expenditure on education and 60 percent of public expenditure on health are made by provinces). Aligning public resources to nationally-defined outcomes targets remains a challenge for the future given these institutional complexities. The Government has committed in the CPRGS to develop a series of sectoral Medium Term Expenditure Frameworks (MTEFs) which will improve the process of expenditure planning.

Making public spending more pro-poor. The CPRGS proposes an increase in the share of the government budget going to both the education and health sectors (the share going to education rising from 15% in 2000 to 20% in 2010 and the share going to health rising to 5% in 2005 and to 8% in 2010). The actions proposed in the CPRGS are generally consistent with the need to improve access to these services and the quality of the services provided to the poor. In addition to the increase in resources, it is important that the Government act on its plans to adopt a formula-based system for cash transfers to provinces to promote equity. This reform is particularly important for the delivery of basic social services. A similar commitment in terms of government resources is required for reaching the environmental goals and targets.

Although analysis of the last PIP (1996-2000) is complicated by the inclusion of public investment in State-owned enterprises, it is clear that its geographical focus was not strongly pro-poor (World Bank, 2001c). Total investment expenditure favoured the better-off parts of the country: one half of such investment occurred in the Red River Delta and the South East region where only one fifth of the poor live. The Northern Uplands and the Mekong Delta – home to half the nation's poor – received only 25 percent of total public investment. The Government has recently announced that they will follow the principles set out in the CPRGS in preparing the next PIP and this sets the basis for a sharper poverty focus for the coming period. As yet there is little sign, however, that the criteria for allocating public spending has become any more driven by desired poverty outcomes. This is a priority area for further work.

Linking national outcome targets to provincial-level planning. Local levels of Government have been involved in setting the VDGs through the CPRGS consultations, but it is too early to presume broad-based commitment at the local levels to these goals and targets. This commitment will be fundamental if the ambitious VDGs are to be met since provinces have significant powers in determining public actions and expenditure. Ensuring that the commitments and priorities of the CPRGS are reflected in the five-year plans of each of the 61 provinces is perhaps the single largest challenge to effective implementation of the CPRGS.

The goals and targets outlined in the CPRGS are nearly all specified only at the national level. Many of the critical decisions and choices about public actions and expenditure, however, are made at the provincial or district level. Strengthening the planning process at local levels so that officials are able to base medium term plans and expenditure decisions on robust local analyses of the causes and dimensions of poverty and of key constraints to progress in achieving priority social and poverty outcomes will require dramatic improvements in capacity. The CPRGS specifically commits to strengthening the network and capacity of poverty staff at all levels, but with a particular focus on poor and remote communes.

Building capacity and filling data gaps

A robust system of living standard surveys is in place - Vietnam has put in place a sound system of bi-annual household living-standard surveys for measuring household expenditures and monitoring some key social indicators. The sampling approach is based on a rotating panel, which will make it powerful for detecting trends in poverty levels over time. The questionnaire for this survey includes brief sections on education, health, access to infrastructure services, employment etc, in addition to the expenditure and income sections, and thus allows for linkages of these indicators to poverty levels in the analysis. The implementation of these surveys is now entirely government funded. Currently, different general poverty lines exist in Vietnam each based on different methods. But there is a growing consensus to move to one commonly agreed approach that uses an internationally accepted method that is based on 'basic needs'.

Other surveys need strengthening- The government is currently taking serious steps for moving towards an effective system of enterprise surveys that are based on an up-to-date business register and that will allow further improvement in the measurement of GDP growth and employment trends. A strategy is presently under development. There is as yet no reliable and consistent set of data that allow for monitoring of health indicators such as infant/child/ maternal mortality. Monitoring these indicators requires larger, more focused, sample surveys than the ones for measuring household living standards. In 2002 the Ministry of Health implemented a nationwide special health sample survey that will provide a start of better estimation of mortality indicators. In 2001, the Ministry of Education implemented a nation-wide learning outcome sample survey. The government is committed to continue implementing the necessary set of household surveys, special surveys, and censuses for monitoring the VDGs, although this commitment is not yet always backed up by sufficient budgetary resources. Further strengthening of analytical capacity is important which requires better linkages with universities (see below). But

processes currently in place provide give enough confidence that Vietnam will be able to track many of the goals and indicators in a reliable manner, with the exception perhaps of the environment.

Environmental monitoring - In contrast to monitoring social outcomes, the tracking of environmental indicators requires substantial improvement both at the national and local level if progress towards meeting the environmental targets is to be monitored in a meaningful way. Priority areas for improvement include: (1) finalizing national standards for air and water quality, and strengthening the environmental monitoring and disclosure of air and water pollution, (2) the classification and monitoring of forest cover by focusing more on quality than quantity and making more use of aerial photography and GIS and by better coordination of data collection among the different agencies, and (3) analytical work to define and monitor indicators that capture linkages between environmental conservation and poverty reduction.

Qualitative monitoring needs to be institutionalized - Measuring some of the non-material dimensions of progress will require putting in place mechanisms to collect and analyze qualitative information. This is also essential to help interpret causal relationships resulting from the analysis of the formal household surveys. The Participatory Poverty Assessments (PPAs) have demonstrated the usefulness of qualitative research for understanding local level realities. Institutionalizing this approach within the monitoring and evaluation efforts will be of high importance in the coming years.

And some serious data gaps exist - Some of the greatest data gaps exist in the areas related to the goals that Vietnam has set outside the narrower MDGs such as improving governance, reducing vulnerability and tackling domestic violence. Filling these data gaps will be crucial for monitoring these goals and this will require more thought and work in future. In addition, more attention needs to be paid to monitoring the quality of public services such as those related to education and health, through opinion surveys that ask for household opinions of these services using a particular score. Lastly, business climate surveys would be important to monitor the creation of an enabling environment by the provincial authorities.

The need to define linkages between inputs, outputs, outcomes and impact - The outcome indicators are not yet well integrated into a framework that clearly indicates the hierarchical links between inputs, outputs, outcomes and impact. The VDGs and their corresponding targets are set at the outcome level. These now need to be broken down into clearly specified *outputs* with a time frame and *inputs* for reaching these outputs. More research is needed to assess what inputs (policies and public spending) are needed to reach the defined outcomes, building on the analytical work of the past two years. The collection of reliable input and output indicators by the Ministry of Finance and sectoral ministries at the central and local level requires serious strengthening of administrative reporting systems to ensure the data reflect field-level realities, and not just the outcome they are expected to reach. Administrative data are also often aggregated at the local level that makes it impossible to use them for analytical purposes and to monitor targets for sub-groups of the population.

Linking analysis to the policy-making process will be crucial - The analytical work needs to be linked to the policy-making process. This will require strengthening of networking and interaction among ministries, research institutes and universities in order to (1) ensure research efforts meet the needs of policy makers, and (2) help policy-makers to better define their analysis needs. Researchers and others need to have much better access to survey data than is currently the case. Technical assistance for strengthening analytical capacity should be much more based on an overall approach for long-term capacity building for evidence-based policy analysis. Eventually this should lead to the establishment of independent, well-managed, high-quality and responsive policy research institutions that can address the increasingly complicated analytical needs of the government of Vietnam.

Strengthening sub-national analytical capacity - While national level capacity is important, strengthening provincial level capacity to analyse trends and causes of poverty is essential given the substantial decision-making autonomy that exists at the sub-national level. Such analytical capacity is required to guide pro-poor planning efforts and the design of sub-national poverty reduction strategies that direct provincial level resource allocation decisions, as mentioned above.

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