

**FROM VISION TO ACTION:
AN UPDATE ON PARTNERSHIPS**

**An Informal report prepared by Government-Donor-INGO
Partnership Groups**

Mid-year Consultative Group Meeting, Hoi An, June 18-19, 2001

Introduction

This paper provides an informal update on many of the Development Partnerships in Vietnam. The notes presented in this report have been produced by Government-Donor-INGO working groups that wish to share the concrete steps they have taken in moving from Vision to Action since the Millennial Consultative Group Meeting in December, 2000. The notes capture examples of changed behaviors and real progress on the ground, and lay out the agenda for the coming twelve months. In doing this they build on the Vision which each group laid out in the Theme Notes in *Partnerships for Development* – Part two of the VDR 2001.

The Notes are arranged as follows:

Broad Development Issues

- Poverty Working Group
- Gender Working Group
- Environment

Economic Management

- Equitization and SOE Reform
- Banking Reform
- Trade Reform
- SME Promotion and Private Sector Development

Human and Social Development

- Education
- HIV/AIDS

Rural and Regional Development

- The Five Million Hectare Reforestation Program
- The Partnership to Support the Poorest Communes
- Food Security
- Natural Disaster Mitigation
- Water

Infrastructure

- Transport
- Official Development Assistance Partnership (ODAP) in Ho Chi Minh City
- Urban
- Energy

Public Management and Administration

- Public Administration Reform
- Legal Reform

Poverty Working Group - Partnership Update

Introduction

1. This note is an updated version of the note presented in VDR2001. It attempts to document ~~past~~ the past 6 months, current and future roles of the PWG (next twelve months) in supporting Government to finalize its Comprehensive Poverty Reduction Strategy (CPRS), to plan for actions to monitor and evaluate progress toward achieving the goals and draw lessons for the future plans and strategies; and it again emphasizes how improved partnership and collaboration could increase support to the Government to achieve the targets set out in the poverty reduction strategy and 5-year plan.

Progress in the past six months

2. On the government side, MOLISA continues working to complete the HEPR Strategy to submit to the government for approval. MPI has completed the work on the I-PRSP. The Board of the World Bank and the IMF discussed the I-PRSP for Vietnam in April and commended the government both for the substance and the participatory process of preparing it. Regarding the ~~full PRSP (now called the Comprehensive Poverty Reduction Strategy, as the government has decided from now on to use the term CPRS instead of PRSP),~~ CPRS (which the World Bank and IMF will use as the document satisfying their requirement for a full PRSP). it is not yet clear who from the government will take the key role. It was initially understood by MPI and MOLISA that the task of developing a poverty reduction strategy should be with MOLISA - who is so far in charge of targeted activities and drafting the HEPR Strategy. However, MPI has also recognized the comprehensive, broader nature of the CPRS and the complicated task of linking economic growth and poverty reduction, as well as to monitor and evaluate progress in achieving the goals. It therefore recognizes the need to have a high level inter-ministerial committee which will take the coordinating role for developing the CPRS. ~~Dr. Sinh from An~~ MPI representative announced in the PTF meeting on June 5, 2001 that MPI was waiting for a formal confirmation from the government on the assignment although it was told to be the coordinating agency for the task, and that MPI was ready to move ahead. Once formally assigned, MPI will set up a high level inter-ministerial committee to carry out the task.

3. The government has increasingly recognized the need to realize the poverty reduction goals and to link economic growth and poverty reduction. The vision is gradually becoming much more comprehensive than that set out in the last HEPR program, and implies that poverty has to be dealt with from many angles (not only through targeted programs, but also through sectoral policies and programs), with the involvement of all parties (the State, line ministries, civil society, and external partners). The Government of Vietnam has also committed itself to the International Development Goals and shown interest in whether or not Vietnam can achieve these goals and how to make sure that these goals will be achieved.

4. On the donor side, the Poverty Working Group¹ in the year 2001 is continuing helping the government to move from visions to actions on the poverty reduction agenda. The group and its key part - the Poverty Task Force, met and agreed on the agenda for the coming year and on how to organize ourselves in partnership with the government to complete this agenda.

5. ~~The One~~ focus of the PWG/PTF will be helping the government to complete the CPRS, ~~to be discussed at which~~ the World Bank and IMF ~~Board meeting will present to their Boards~~ in about one year's time; and to help the government to work on IDGs² for Vietnam. In the CPRS, the government will need to adopt a limited number of key indicators of issues, and to put in place a system to monitor progress in achieving them. It was agreed that it is important to establish indicators which are ~~important-relevant for Vietnam-Vietnam's strategic objectives~~ rather than ~~solely interesting for the international community aligned with international development goals~~. An example was re-scheduling the goals for 2010 - in line with the government's strategic goals - rather than for 2015 (as for the IDGs). It was also agreed that work should be proceeded by theme/sector rather than by indicator. This will allow a broader focus beyond the IDGs' concentration on social sector outcomes. It will allow the inclusion of key development issues in Vietnam which would not automatically be covered by the IDGs.

6. The group agreed on eight themes/sectors and that there should be one paper to study each theme. These themes are: 1) Access to economic opportunities; 2) Governance/public management; 3) Health; 4) Education; 5) Social protection; 6) Infrastructure; ~~and~~ 7) Environment; and 8) Ethnic minority development. In the PFT meeting on June 5, 2001, there was an exciting discussion on whether or not there should be a separate paper on Ethnic Minority Development, and the conclusion was that a separate paper on Ethnic Minority Development should be done. Several TORs for these papers have been developed and discussed within the group. In principle, each paper will take government strategy as a starting point and explore the link with the IDGs. Each paper will look at process, intermediate as well as outcome indicators associated with each theme. Key public actions will then be presented to give a complete picture of how to achieve the goals. Each theme will be examined not only in terms of accessibility, but also service quality and be dis-aggregated by ethnic, gender, regions, income groups, etc.

¹ The Poverty Working Group was set up in 1999 and worked throughout the year. Early 2000, as more and more donors were interested in joining the group, a core group called Poverty Task Force was set up. The PTF included only those donors who directly participate in supporting the group agenda (either in doing the specific tasks or financing them), in order to keep the group small enough to foster good and efficient discussion. The PTF holds a meeting almost every month, and during 2000, the meeting minutes plus documentation have been sent to all members of the PWG (which now include the entire donor community and the NGO community). During 2001, the whole PWG has also started to have physical (rather than "virtual" meetings) and they meet right after the monthly meeting of the PTF for information sharing and exchange of views.

² In the Millennial Summit 2000, Vietnam had committed to achieving the International Development Goals. These include: 1) Reduce extreme poverty in developing countries by at least one-half by 2015; 2) Universal primary education in all countries by 2015; 3) Eliminating gender disparity in primary and secondary education by 2005; 4) Reduce Infant and under-five mortality rates by two-thirds the 1990 level by 2015; 5) Reduce maternal mortality rates by three-fourths between 1990 and 2015; 6) Access to reproductive health services for all individuals of appropriate ages, no later than the year 2015; 7) There should be a national environment strategy for sustainable development in all countries by 2015.

The IMF has agreed to help in the costing exercise associated with all papers and in incorporating the whole task in dialogue with the government on public financing decision.

Plans for the next twelve months

7. Government /Donor/NGO agencies will indicate their interest in leading or participating in the small group drafting these papers (most donors did this exercise in the meeting on June 5, 2001). The leading agency for each theme will then discuss the TOR with the relevant Working Group, including representatives from the related government sector ministry. It is expected that the first draft will be completed by August 30. A workshop - Sapa II, will be organized in the second or third week in September, 2001 to discuss all these papers with related government sector ministries. It is expected that findings and recommendations for policy actions from these papers will be fitted into government sectoral plans and policy actions as well as in the final version of the CPRS. These will be themes for the next VDR 2002 and will be discussed in the next CG in November.

8. Several workshops organized by the government to discuss the CPRS with wide participation by civil society, government agencies at different levels, etc are expected when the first draft of the CPRS will be available, and with the other drafts. Several donors have shown their interest in supporting this process, including funding for consultants (both local and international) to support the government in developing the CPRS, and organizing the consultation workshops.

9. Another topic which had been raised during the PTF meeting was getting client feedback on public services in order to improve public services. The Government Committee on Organization and Personnel (GCOP) - a ministry-level government agency which is in charge of administrative reforms in Vietnam, has shown its interest in using "Report Cards" to improve the quality and effectiveness of public services. The group meeting had also discussed the best way to carry out this exercise in Vietnam to make sure that report card exercises and household surveys talk to each other. Experience from the Philippines shows that findings from report cards can be used to inform the public as well as providers of public services about general perception of the public about the quality of services provided to them. This exercise finally can help to provide information to improve public service quality and also to promote a healthy competition among the providers and between locales. A similar (but not identical) exercise has been done in Ho Chi Minh City to serve a pilot effort to reform public administration systems for the city.

10. As a part of an effort to set up a monitoring and evaluation system for poverty reduction, several donors (UNDP, Sweden, and the World Bank) are helping the GSO to develop a ten-year household survey strategy. The donor support also aims to promote a better data dissemination policy and to improve policy analysis capacity. This strategy has adopted a core-and-rotating design, with a sample of approximately 30,000 households. GSO's representative has been frequently invited to the PWG meetings to update donors on the progress of developing the strategy and to request assistance which may be required.

Gender Working Group: Partnership Update

1. NCFAW, as leader of the working group has been involved in a number of activities in the past 6 months and is developing proposals for further work as follows. Progress in the past six months

Policy Formulation: The National Plan of Action for the Advancement of Women

2. In October 2000 the Joint GoV Donor Gender Working Group finalised the Situation Analysis on Women and Gender in Viet Nam, and submitted this report to the NCFAW as a background paper to inform and support the formulation of the next National 10 Year Strategy and 5 Year Plan of Action for the Advancement of Women (POA2). NCFAW held a 3 day national conference involving representatives from CFAWs from every Ministry and Province, during which this report was presented, and recommendations for the POA2 were discussed. NCFAW then established a POA2 drafting committee, which was responsible for developing the draft POA2. This draft was widely circulated within GoV and mass organisations (33 Government offices and organisations). All comments were reviewed and processed by NCFAW. The final version of the POA2 was sent to the Prime Minister for approval on 20 March 2001. The key objectives of POA2 are outlined in the box below:

Objective 1: Implement women's equal rights in the area of labour and employment to improve women's economic status and living standards.

1.1 Promote employment and poverty reduction for women

1.2 Strengthen actions to implement policies for women workers

1.3 Strengthen vocational training and women's access to economic resources

Objective 2: Ensure the realisation of women's equal rights in education and create conditions for women to enhance their qualification levels in all aspects.

2.1 Increase women's access to education

2.2 Give priority to women in training and re-training courses, and increase their qualification levels

2.3 Adjust the pattern of sex-segregation in occupation-oriented training and mainstream gender into programmes and textbooks at different education levels.

2.4 Promote gender equality in education management and participation in leadership

Objective 3: Improve women's health

3.1 Raise awareness on women's health care

3.2 Increase quality and quantity of the health care services and family planning services for women

3.3 Improve state administration for health care activities for women

Objective 4: Enhance the role and position and increase the participation of women in leadership and decision making.

4.1 Planning for women leaders and managers

4.2 Finalise policies for women cadres

4.3 Mainstream gender in HRD, personnel organisation activities and public administration

4.4 Training for women cadres

4.5 Increase overall responsibility and co-ordination for the activities for women cadres

Objective 5: Ensure the realisation of women's rights and benefits and facilitate women's participation in socio-economic activities.

5.1 Develop and gradually improve the legal system and socio-legal framework to establish and protect women's rights and benefits.

5.2 Increase women's capacity to access and use socio-legal tools

5.3 Increase the capacity of the state administration and bring social organisations into full play in the protection of women's rights and benefits.

5.4 Increase women and girl child's equal rights and benefits in the family context. Eliminate discrimination against women in the family.

Objective 6: Capacity building and effective operation of the National Machinery for the Advancement of Women.

6.1 Strengthen the National Machinery in all sectors and levels to ensure sufficient human resources to carry out assigned tasks and functions.

6.2 Continue to improve the process and substantive aspects of activities to raise gender awareness and to mainstream gender into policy planning.

6.3 Create appropriate financial mechanism and resource for activities for the advancement of women.

6.4 Enhance capacity for survey, research and data collection on women and gender.

Plans for the next twelve months

Planning Policy Implementation: Follow up to the NCFAW project VIE96011

3. The project VIE96011 is ending in June 2001, as agreed by the donors (UNDP, Royal Netherlands Embassy) and the GoV (MPI, NCFAW) NCFAW is developing the project document to follow up VIE96011. The overall objective of the new project is to build on the experience of the previous project in order to continue to strengthen the capacity of the National Machinery and selected GoV agencies to mainstream gender - using POA2 as the main policy instrument - throughout GoV plans and programmes (for example the implementation plans for the main national strategies such as the National 10 Year Socio-Economic Development Strategy, the HEPR, and the PRS.) A critical component of this approach is to ensure that all key line Ministries and other relevant GoV agencies at Central and Provincial level have a common understanding regarding mainstreaming gender, and have the technical capacity to carry out this work within their own sectors. This may require mobilising specialised technical inputs such as training on mainstreaming gender in economic policy, or in the legal framework.

4. The project also intends to provide leadership training for women candidates for the next National Assembly election (scheduled for mid 2002), as well as to work with the Fatherland Front to develop more gender sensitive pre-election preparation and procedures. In order to ensure long term sustainability, the project also will continue to strengthen gender analysis skills among policy makers by integrating a gender perspective into the curriculum of political training institutions such as the Ho Chi Minh National Academy for Political Sciences and the National Institute for Public

Administration. There is also a proposal to establish a system of gender focal points in key line Ministries, and to invest in intensive overseas and in-country training in gender mainstreaming for this core group of specialists. An important aspect of the project will be to develop a gender sensitive database to be able to monitor impact and progress, it is planned to work with GSO on a gender analysis of the MPHS. It is envisaged that the outcome of this work will be used as indicators for gender mainstreaming in selected sectors.

Government/Donor coordination: the Joint Government/Donor Gender Framework

5. In order to ensure close collaboration and to avoid duplication and overlap, NCFAW is coordinating the development of the JGDGF. All interested donors and GoV agencies participated in a meeting to present and discuss the methodology for developing this framework, and were invited to send in their own reports indicating how their portfolio can support specific aspects of POA2. The framework is based on a matrix which documents which elements of POA2 are supported by on-going donor and GoV projects and programmes, or could potentially be supported by pipe-line projects and programmes. This will assist NCFAW to identify where are the gaps in terms of supporting all aspects of POA2, and coordinating further donor and GoV activities to ensure that all areas of POA2 are covered.

6. By mid-June the project will have developed a first draft of the framework, which is considered as a working document, and which will be continually adapted and updated as more information about projects and programmes becomes available, and progress is made in terms of achieving the goals set forth in POA2. As part of the next project, NCFAW will develop a monitoring mechanism to track such progress, this could conceivably include regular reporting from members of the group, and sharing of best practice and lessons learned in selected sectors, as well as joint strategising on how to address the remaining gaps. This monitoring system will enable NCFAW to assess which methods and approaches are successful, and to recommend replication of such approaches to both GoV and donors.

Environment Partnership Update

Progress in the last six months

1. The government-donor environment working group has been supporting the creation of an Environment Support Group for more than a year and a half. Considerable progress has been made in the last eight months. A draft Terms of Reference for the Environment Support Group (ESG) were written and revised, five donors agreed in principle to fund first-year ESG operations and start-up costs, and the Office of the Government issued a decree formally authorizing the establishment of the ESG. MOSTE/NEA are now finalizing the ministerial decision to establish the ESG. The current plans are to have the ESG operational by the third quarter of 2001.

Plans for the next twelve months

2. In the future, the ESG will act as the information clearing house for all ongoing and pipeline environment projects in Vietnam. The first step will be for the ESG to establish a database with information on all environment projects in the country. This information will be available on an ESG website. The ESG will also publish a newsletter twice a year detailing new environmental projects and environmental partnership initiatives. A second step will be to support new and existing environment working groups. This will be done by providing ad hoc logistical and technical support, such as helping to organize meetings, drafting the minutes of the meeting and providing funding sources for working groups to address specific technical issues. The ESG will be run by a Secretariat with several full-time staff members.

3. To be sustainable in the medium to longer term, the ESG needs a high degree of government commitment, including financial support. Thus, donors will provide initial funding for equipment and the first year of operations. The government contribution will increase in year two as the donor contribution decreases, and by year three, the government will be funding the ESG entirely.

Equitization and SOE Reform: Partnership Update

Progress in the past six months

1. The working group on SOE reform has been merged with the IFC-hosted Equitization Round Table. This is due to the importance of equitization as a measure to reform SOEs, and the resulting broadly parallel work agendas of these two fora. Two meetings have been held since last year's Consultative Group meeting in Hanoi.
2. In one meeting, which did not have Government participation, four equitization project teams shared experience, problems, solutions, and lessons from recent work with different ministries, SOEs, and People's Committees. IFC gave a comprehensive presentation of concluding lessons from the Haiphong Pilot SOE Equitization Project, and handbooks on preparing SOEs for auction, and Q&As for workers and managers were offered and discussed.
3. As it turns out, many projects face similar challenges and there is wide agreement that meetings which focus more on hands-on experience are profitable. To further increase knowledge sharing and advance the reform process from the donor and technical side, it has been agreed to post information and updates on UNDP's Equitization and SOE Reform webpage, www.undp.org.vn/equi.

Plans for the next twelve months

4. In a subsequent meeting the Office of Government's Department for Enterprise Reform gave an overview of the SOE Reform process and plans for the future. This longer term vision focused the group's discussions on strategies, and provided the Government with a better appreciation of concerns, while also providing partners with a timetable for the next steps.

Partners' Technical Assistance for Equitization and SOE Reform

<u>Donor & Grant Amount</u>	<u>Purpose (Implementing Agency)</u>	<u>Status</u>
ADB US\$ 1,400,000	Enhancing institutional capacity of key agencies (MOF, SAGO, SBV, SSC) in diagnostic audit of SOEs and in review and approval of SOEs seeking to equitize and obtain public listing (MOF, SAGO and SSC)	Approved and ongoing.
ADB US\$ 1,600,000	Formulate and implement a strategy and practical method for corporatization of SOEs; Implement and enforce the adoption of international best practice in corporate governance (NSCERD).	Approved and ongoing.
ASEM 1 European (WB administered) US\$ 100,000	Social safety net program to deal with labor displaced by SOE reform (CIEM in coordination with NSCERD)	Under implementation. Completion expected to be in June 00.

Equitization and SOE Reform

ASEM 4 European (WB administered) US\$ 439,000	Acceleration of equitization and restructuring SOEs in the Ministry of Transport.	Consultants in place.
ASEM 5 European (WB administered) US\$ 1,470,000	Support implementation of SOE reform in three line ministries (industry, agriculture, and construction) and two provinces /municipalities (Hanoi and one other). (NSCERD)	Consultants in place; initial report submitted.
(IFC administered) US\$ 782,000 USAID & US\$ 180,000, IFC	Support a pilot divestiture program for small SOEs in Haiphong People's Committee. (Haiphong People's Committee) using the auction process for equitization.	Completed in February 2001.
Denmark (WB administered) US\$ 730,000	Advisory services on implementation of the decree on equitization and divestiture, public awareness campaign, and capacity building in NSCERD (NSCERD).	Completed in 2000.
Denmark, DANIDA administered US\$ 3,100,000	Support to Industry Restructuring and Enterprise Development by implementing equitization plans and providing post equitization assistance (Ministry of Fisheries).	Approved and ongoing. Expected completion: 2002
Denmark, DANIDA administered US\$ 1,700,000	Support to capacity building in NSCERD in the SOE reform process (NSCERD).	Project to start in July 01 and run through 2004.
Germany (GTZ administered) US\$ 5,600,000	Support to restructuring SOEs in agriculture (Quang Tri Province, Tan Lam area) by providing advice in implementing equitization plans (People's Committee Quang Tri, CREM)	Under implementation. Expected completion: 2003.
Japanese Int'l Coop Agency -- SOE part US\$ 250,000	"Study on Economic Development Policy in the Transition Toward a Market Oriented Economy in Vietnam" (MPI)	Phase 2 – '97/'98 and its follow-up is ongoing.
AusAID, DANIDA US\$ 2,000,000	Diagnostic audits to assess financial health and performance of selected SOEs.	Recruitment of consultants in process. Expected completion: December 2003.
Japan Special PHRD (WB administered) US\$ 4,120,000	Diagnostic audits of selected SOEs to make recommendations (GDMSCAE, Ministry of Finance) for improvements.	Grant approved. Signing by Government awaited
UK (DFID) US\$ 4,300,000	Pilot restructuring of three general corporations – Vinatex, Vinacafe, and Seaprodex (NSCERD)	Initial phase completed; main phase to begin June 01.
UNDP US\$2,145,800	"Strengthening the Capacity of the General Department for the Management of State Capital and Assets in Enterprises" by setting up a MIS for SOEs and valuation (GDMSCAE, Ministry of Finance)	Ongoing. Expected to run through June 2002.
UNDP and AUSAID US\$2,382,800	"Improving the Regulatory Environment for Business" provides assistance to the Central Institute for Economic Management, MPI.	Project was initiated in 1997, and is expected to be extended beyond 2001.

Banking Reform: Partnership Update

Progress in the past six months

1. The working group on banking reform has met twice since the last Consultative Group Meeting in Hanoi. Both meetings have aimed at assessing the technical assistance that will be needed for implementing the Government's banking reform program over the next three to five years.
2. The meetings have been conducive in identifying areas where different donors can complement each other in supporting the Government's reform program. As an example of such contributions, Danida and USAID have agreed to provide funding for independent audits under International Accounting Standards for the fiscal year 2000 of two state-owned banks, Vietcombank and Incombank. The two other large state-owned banks, Vietnam Bank for Agricultural and Rural Development and the Bank for Investment and Development of Vietnam will also complete IAS audits for the fiscal year 2000 in 2001.

Plans for the next twelve months

3. Based on these audits, restructuring plans with annual milestones will be developed for each bank. This will help move banks towards a commercial operating basis, and allow their phased recapitalization over three years. These measures are supported by various other donors (ADB, Germany, Netherlands, and Switzerland) – especially in the areas of training and institutional support to strengthen and develop the credit culture across the banking system.
4. There are plans for this working group to expand beyond the banking sector to cover financial sector issues more generically as well. But given Government's own priorities, the initial emphasis on banking is viewed as appropriate by the working group.

Partners' Technical Assistance to Banking Reform

<u>Donor & Grant Amount</u>	<u>Purpose (Implementing Agency)</u>	<u>Status</u>
ADB US\$ 980,000	To help SBV in preparing the medium and long-term strategy and plans for financial sector development.	Final report completed in 2000, and the terms are being reviewed for additional analysis.
ADB US\$ 900,000	Strengthen corporate Governance of VBARD to ensure its competitiveness and effectiveness as a financial institution.	Expected completion by end 2001.
ASEM 1 European (WB administered) US\$ 991,250	Support improved transparency and financial information flows by assisting the Bank Restructuring Committee to support loan workout	Final Reports are being prepared by consulting firms Arthur Andersen,

	teams, audits of selected joint stock banks, and strengthening of bank supervision (SBV).	and Gide Loyette Nouel.
ASEM 4 European (WB administered) US\$ 1,518,125	Support due diligence audits and financial assessments of JSBs (SBV).	Consultants in place; financial assessments in progress.
Germany (GTZ administered) US\$ 1,600,000	Support to the establishment of a People's Credit Fund System to strengthen the banking system and provide poor communities with banking services. (State Bank of Vietnam)	Under implementation. Expected completion: 2006.
Japanese PHRD US\$ 1,282,400	Support the design and establishment of asset resolution mechanisms for restructuring banks (SBV).	Separate Restructuring Plans for 4 SOCBs have been completed by consulting firm (Vinstar Limited) Training plans are being finalised by consulting firm (Deloitte Touche Tohmatsu)
Japanese PHRD US\$ 300,000	Support for review of existing banks supervision procedures and recommend revisions to strengthen supervision	Completed 2000.
Germany DEM 11,000,000 (GTZ administered)	Support to the reform of the Vietnamese banking system including strengthening of SOCBs (SBV).	Project is being implemented.
Germany DEM 11,500,00 (GTZ administered)	Support to the establishment of a Cooperative Credit Fund-Network (State Bank of Vietnam)	Project is being implemented.
Netherlands US\$ 1,370,000	-Support to independent audit of one SOCB and to study tours to learn about audit and regulatory structures in other countries (SBV) Offer to finance twinning arrangements for one SOCB	Completed Discussion ongoing
Switzerland US\$800,000	TA to assist the development of credit investment activities in JSBs. In particular to establish credit divisions and strengthen credit analysis.	Ongoing. Expected completion: May 2002
Switzerland US\$400,000	TA for SBV on monetary policy, international economy and human resource management.	Ongoing. Expected completion: July 2002
DANIDA US\$ -- to be determined	Support to audit for 2000 of one of the large SOCBs using international auditing standards.	In process; expected completion in 2001.
USAID US\$ -- to be determined	Support to audit for 2000 of one of the large SOCBs using international auditing standards.	In process; expected completion in 2001.

Trade Reform: Partnership Update

Progress in the past six months

1. The working group on trade reform has met four times since the last Consultative Group Meeting in Hanoi. The purpose of the meetings has been to take stock of where donors are in their technical assistance to support trade reform, and ascertain donor views on the content and scope of two studies related to trade reform.

2. The first is a study of Vietnam's sugar industry, with funding from AusAID. This study, which will be finalized later this month, draws on a previous study of the sugar industry done by ADF. The study will assess the structure, performance, and competitiveness of the sugar industry, so as to help integration under trade liberalization and provide alternatives for maximizing efficiency of resource allocation. The study has benefited from close interaction with the Ministry of Agriculture and Rural Development.

3. The purpose of the other study is to examine the distributional consequences of implementing trade and investment liberalization in Vietnam, and its impact on poverty. The study draws on recent analyses of poverty in Vietnam, including the two Living Standards Surveys, work by different donors, NGOs, and the Government. The study is sponsored by AusAID, managed by the World Bank and carried out in collaboration with CIEM. Several donors have provided valuable inputs and ideas, and Oxfam acts as peer reviewer of the work.

Plans for the next twelve months

4. The agenda for the coming year includes working group meetings on planned studies that will help single out ways in which donors can target support for improving the export regime. This includes studies on the auctioning system for export quotas and design and implementation of a detailed export strategy – AusAID has already volunteered to co-finance some of this work.

Partners' Technical Assistance to Trade Reform

Donor & Grant Amount	Purpose (Implementing Agency)	Status
World Bank/ Australia/	<ul style="list-style-type: none"> • Study on (1) impact of US-Vietnam MFN status agreement on export enterprises, • Report on Vietnam's NTBs • Sugar industry study • Petroleum price and marketing arrangement • Study on the distributional consequences of trade and investment liberalization. 	Completed Completed In process In process Completed In process
Australia	<ul style="list-style-type: none"> • Training Project on International Commercial Law providing six-month training courses for participants from various Vietnamese institutions. 	Ongoing

United States	<ul style="list-style-type: none"> Assisting the formulation of Vietnam's Proposal for bi-lateral negotiation Funding a US Trade lawyer / a UN tax expert Assistance to the reform of trade regulations, legislation, and implementation of rules 	
UNDP	<ul style="list-style-type: none"> ASEAN Integration. Conducting a series of researches on issues of ASEAN integration Long-term vision for integration with the world 	Completed (March 1996 – Dec'98); ongoing
UNDP/ Switzerland	<ul style="list-style-type: none"> WTO Accession. Capacity development for WTO negotiation and trade policy formulation 	Ongoing
UNIDO/ UNDP	<ul style="list-style-type: none"> Managing Vietnam's Integration into the global Economy / CIEM. Assisting CIEM to conduct the study on the "Adjustment of Economic Structure and Investment" to be submitted to the Prime Minister 	Ongoing
UNDP/ ITC	<ul style="list-style-type: none"> Trade Promotion. Assistance to the Government in trade promotion both at central and local levels 	in progress
EU	<p>Multilateral Trade Policy Assistance Programme</p> <ul style="list-style-type: none"> Training in trade policy and WTO framework/ Studies on agriculture and services trade Study on social impact of opening economy 	Preparatory phase completed Planned
Switzerland	<ul style="list-style-type: none"> Policy advice to MOT 	Ongoing
FINNIDA	<ul style="list-style-type: none"> Capacity development for MOT, Vietnam Institute of Trade. Training of trade officials in Finland and Vietnam Funding WTO experts from Finland 	First phase completed
SIDA	<ul style="list-style-type: none"> Policy advice to the Prime Minister's Research Group on external Economic Relations (1) Raising awareness of the implications of economic integration among provincial leaders and SOE managers; (2) Transfer of experiences of small economies negotiating with big countries; (3) Establishment of a Resource Center: setting up a website on Vietnam's economy and economic integration 	Ongoing
ActionAid; Oxfam Hong Kong	<ul style="list-style-type: none"> Studies on impact of trade liberalization on household welfare and the poor 	Ongoing
DFID (Globalization & Poverty Research program)	<ul style="list-style-type: none"> Study on the impact of trade reform and trade shocks on Household Poverty Dynamics 	Ongoing
New Zealand	<ul style="list-style-type: none"> Trade assistance program. English language training Funding expert to assist the Government in classifying tariffs for agricultural products, developing an action plan and conducting seminars Assistance for developing a list of components of reforms for the next five-ten years 	Ongoing Ongoing

Small and Medium Enterprises (SMEs) Promotion and Private Sector Development (PSD): Partnership Update

Background

1. A vibrant private sector in Vietnam is essential to providing annually 1,2 –1, 4 million new jobs and income for the rapidly growing labour force, especially for young people entering the labour market in the coming decade in addition to those who will be made redundant due to the economic restructuring process and SOE reform.

2. These challenges are reflected in the Ten Year Socio-Economic Development Strategy 2001-2010 of the Communist Party, which was endorsed by the Ninth National Party Congress in April 2000. The overarching objective of the Strategy is **“Accelerating industrialization and modernization in the socialist orientation and creating foundation for Viet Nam to become basically a modern-oriented industrialized country by 2020 and to bring Vietnam out of underdevelopment.”**

3. Specific economic objectives highlighted in the Strategy include, *inter alia*, that:

- GDP to be doubled from 2000 to 2010
- Export growth rate must be more than double that of GDP
- Industry sector of GDP is estimated to increase from 30 percent in 2000 to 40-41 percent in 2010, the share of the service sector 42-43 percent and agriculture 16-17 percent in 2010 respectively.

4. The new Strategy also calls **first time ever in Vietnam** for the strong development of private firms and entrepreneurs as follows:

“All enterprises, regardless of their ownership, will be encouraged to enjoy an environment of long-term development, co-operation and equal competition. They are all the components of the socialist-oriented market economy. Strongly developing small and medium enterprises [is an objective], and at the same time establishing step-by-step a number of strong corporations”.

Progress 2000-2001

5. One of the single most important reforms related to private sector development and SMEs support was the promulgation of the **New Enterprise Law** in January 2000. The new Law significantly lowered the costs and administrative burden of setting up a private enterprise by simplifying and removing licensing requirements which have been very complicated. In 2000 alone, approx. 14,400 new private SMEs and 140,000 micro/household businesses were established/registered and a total of 500,000 new jobs were created by these firms. However, further reforms are still needed to support this recent most encouraging private sector/SME development in the country. Only by creating an enabling environment with an appropriate legal framework and effective institutional support structure and ‘level the playing field’ vis-a-vis SOEs for these newly

established private firms, in addition to 30,000 private enterprises established under the Companies Law in 1990-1999, and an estimated half a million household businesses is it possible to provide the 1,2-1,4 million new jobs required annually.

6. In May 1999 the **SME Development System and Policy Research Group, PMRC** was established by Prime Minister (Gov. No: 133/1999/QD-TTg) to make recommendations to the Premier on framework, policies and specific measures related to SME development. PMRC which was comprising of 18 representatives of different ministries, agencies, the Party and business associations finalized their assignment and submitted their findings and recommendations to Prime Minister end of 2000.

7. Since September 1999, the Vietnamese Government has undertaken the Action Plan on Private sector promotion in the framework of New Miyazawa Initiative assisted by Japan, consisting of 42 items of reform measures for 3 important areas such as (i) financial environment, (ii) business environment; and (iii) organizational development. To date, according to the criteria of the Vietnamese Government, 24 out of the 42 measures have already been completed, while most of the remaining 18 have made certain progress. Outstanding achievements in the year 2000 include the Enterprise Law, the removal of ceiling interest rate, relaxing regulations on foreign currency control, establishment of the Securities Trading Centre, and amendment of the Law on Domestic Investment and the Law on Foreign Investment.

8. In October 2000 the Ministry of Planning and Investment (MPI) which has been nominated by Prime Minister (Gov. No:1244/CP-QHTQ) as a focal agency to design the key institutional elements of the support structure for SME development started a new assignment, namely finalizing of a Government Decree on “Small and Medium Enterprise Promotion policies structure” and drafting proposals for, *inter alia*, the establishment of a ‘Private Sector Promotion Council’ and of a ‘National SME Promotion Agency’.

9. A joint MPI-UNIDO team’s work was undertaken in two phases in 2000-2001. The first phase involved the definition of the necessary institutional structure, its objectives and the activities needed to achieve those objectives (including the definition of support programmes for SMEs to be implemented by the institutional structure). The ‘model’ proposed for Vietnam has resulted from an assessment of different options by various government ministries and agencies, the Party, business associations, Peoples’ Committees, the private firms and SME sector through a number of focus group meetings in the South, Central and North of Vietnam and of workshops conducted in Hanoi in 2000 and 2001.

10. The second phase involved the definition of the technical and financial assistance required from multilateral and bi-lateral donor organizations to assist the Government in establishing an effective institutional structure and implement envisaged support programmes. The following technical and financial assistance project proposals/documents were prepared and represent the output of the project:

- Establishment of the “ **National & Provincial SME Support Infrastructure**” project aims at assisting the Government in the initial start-up activities of the national and provincial support structures for SME development, namely the SME Department, SME Promotion Council and Provincial Gateways. The four year project will assist in the development of organizational procedures, training of staff, setting up of knowledge and information databases that will support SME policy and programmes development at the national level and five (5) pilot provinces. The SME support infrastructure will have a key role in the information flow from the SME community to the Government, and from the Government, support institutions, BDS providers and other development partners to SME community.
- The “**Export Support Sub-programme for SMEs**” which will - after the establishment of the Export Support Fund for SMEs – provide, *inter alia*, financing of export promotion of SME, training of export support service providers, undertake international marketing research prior to developing a market entry strategy and develop a market entry export strategies for new international markets and support of the implementation of SMEs export strategies.
- Assistance to “**Establish the Technical Services Support Sub-programme for SMEs**” which will provide industrial SMEs with expert and practical services to upgrade both low-level and high-level production systems, improve product quality and support the development of new products. The objective of the support sub-programme is also to subsidise the cost of the professional services provided by qualified technical service providers to make them affordable to their SME clients. The main technical services that will be subsidised are including consultancy on problem identification/diagnostics, consultancy and training on: the selection and introduction of modern manufacturing technologies, quality enhancement, quality management and quality standards. On-the-job training in modern engineering and secondary industry skills and provision of technical services: metrology, materials testing, product testing, etc.
- Assistance to establish the Sub-programme for “**Sub-contracting Support for SMEs**” which aims to increase the level of sub-contracting by large foreign and domestic [state and private] enterprises to domestic SMEs. The sub-programme will support selected sectoral associations³ to access market information, meet the buyers, understand the buyers' quality and price requirements, understand market trends, etc. The selected sectoral associations will be supported on a pilot basis to establish a Sub-contracting Unit which will deliver or mediate the delivery of a limited number of specialised services to companies: Business to Business Platforms [buyer-seller meetings and a web-based business-to-business matchmaking database]; quick scans of SMEs to identify their problems and potential]; Sub-contracting Workshops [aimed at identifying potential for sub-contracting to SMEs by foreign and domestic large enterprises in the selected sector].

³ Or specialist sectoral institutions in the event that no effective sectoral association exists.

- Assistance to establish the Sub-programme for “**General Business Support for SMEs**” which aims to improve the competitiveness of Vietnamese SMEs by improving their general management capability. The sub-programme will provide for subsidised general business consultancy and training from a network of qualified business support service providers. Training and consultancy will be supported in the areas as: management, business planning, marketing and market research, finance and accounting [including taxation], legislation, buying and stock control, record keeping, costing, personnel management, production, technology [including information technology] and quality management and control.

Plans for 2001-2004

Preparatory Assistance

11. Since the “**Government Decree on SME Support Policies & Structures**” was approved by all relevant ministries and the Office of Prime Minister in April 2001 it is expected that it will promulgated by the Prime Minister in the near future. This new Government Decree will probably officially appoint MPI as the Ministry that will set up the SME Department as *a semi-autonomous body (Cuc)*. Thereafter MPI has to prepare an official documentation for the approval of the Prime Minister outlining the main responsibilities, tasks and organizational structure of the SME Department, as well as the associated structures: the SME Promotion Council and the Provincial Gateway Network. Upon his approval MPI will be in a position to issue a circular that will describe the responsibilities, tasks, units and the annual budget of the SME Department.

Implementation of the main project and different sub-programmes

12. In the first stage, the organizational structure of the SMED has to be finalized by the newly nominated management of SMED. Staff selection and recruitment and the training needs assessment of SMED staff are to be finalized in coming months.

13. In the meantime, upon the final approval of the above mentioned sub-programmes by the Government the official requests will be submitted by MPI to the donor community asking for their technical and financial assistance in implementing the different sub-programmes for private sector development and SME support as soon as possible i.e. to start the implementation not later than the beginning of 2002.

14. Already during the preparatory phase, the MPI/UNIDO project team has been informally in contact with several potential multi- and bi-lateral donors. It is very encouraging that quite a number of donors have tentatively indicated that they would be willing to consider providing technical and financial assistance subject to the promulgation of the new Government Decree and the receipt of official requests from the Government of Vietnam.

Education Sector - Partnership Update

Progress in the past six months

1. Government plans
 - ◆ The Education Sector Strategy for the period up until 2010 prepared by the Ministry of Education and Training (MOET) has been submitted to the Government for its approval (expected in June/July 2001).
 - ◆ The National Assembly has approved the introduction of curriculum renewal and discussed the adoption of national target programs in education.
 - ◆ Government has improved IT/communication access for software development parks and reduced tariffs for internet access.

2. Sector co-ordination and coherence
 - ◆ A Primary Education Development Plan (PEDP) is being prepared by MOET with assistance from JICA. Two meetings have been held and detailed analysis will start in July with engagement of TA.
 - ◆ MOET is working with UNESCO and the World Bank to prepare its Education-for-All (EFA) strategy. A paper outlining the process for the preparation of EFA action plans is being reviewed by MOET and will be discussed once the 2010 strategy is approved.
 - ◆ Preparation of a project to support Primary Education for Disadvantaged Children (PEDC) has been started with donor support from AusAID and the World Bank and commitments from several other donors (DFID, CIDA, UNESCO). Donors were briefed by MOET and discussions held which outlined the project proposal and the first steps for ensuring participation in the formulation of this project
 - ◆ There are some positive moves by some donors to re-align their funding strategies in line with the Government's education sector strategy.

3. Education Forum
 - ◆ Two Forum meetings have facilitated discussions on: (i) implementation of the National Primary Education Curriculum reform; and (ii) preparation of a project supporting Primary Education for Disadvantaged Children (29 June).
 - ◆ There has been increasing participation in the Forum events from the Ministry of Education and Training (MOET), Provincial and District Officials as well as education practitioners/teachers in the field.
 - ◆ Discussions have not been limited to information exchange but contain positive moves such as acknowledgement of the value of experiences of small scale field based programmes, which in turn, are informing and influencing policy changes.
 - ◆ There is a continuing trend of multi- and bi-lateral donors attendance as these agencies see the increased value of the Forum.

Plans for the next twelve months

4. Government plans
 - ◆ When approved, MOET will use the 2010 education strategy to guide the choice of EFA related actions, and to implement its primary curriculum reform and related revisions and production of textbooks;
 - ◆ MOET will prepare a secondary education master plan (ADB assistance);
 - ◆ ICT and knowledge targets, such as connecting schools to the internet, are incorporated in the 2010 strategy and will be further developed once the strategy is approved by government; and,
 - ◆ MOET and universities are expanding computer science courses and exploring ITC and distance learning opportunities.

5. Sectoral co-ordination and coherence
 - ◆ There is agreement between the Government and donors to use a common instrument for preparing provincial plans on all projects (EFA, PEDP, PEDC). Guidelines for drafting EFA plans are being finalized by UNESCO's Regional Office for Asia/Pacific and will be harmonized with the Government's 2010 strategy document.
 - ◆ MOET is working to consolidate work on EFA plans which will be the umbrella for all basic education strategy and projects. The UNESCO Office in Vietnam is prepared to provide technical and coordinating assistance to the MOET in this area and suggestions for the preparation of an action plan were submitted to MOET for its consideration. MOET will ensuring that the PEDC is a part of the overall basic education program and EFA.
 - ◆ The joint Government/Donor Poverty Task force will research on adapting the international education goals to Vietnam and enable effective monitoring systems for EFA.

6. Education Forum
 - ◆ An annual plan for the education forum has been developed which includes future sessions on: (i) Early Child development—October; (ii) Teacher Training---December; (iii) Child friendly learning environments---March 2002. Other topics under consideration are: International Development Targets; Scholarships; and national assessment of pupil learning (reading and mathematics).
 - ◆ Updates on key educational themes will be included in each forum to link between events and build on the forums potential for information sharing.
 - ◆ MOET representatives will be invited to participate in the Forum planning group, reinforcing government's current engagement and promoting national ownership for the Forum's planning, choice of topics and its strategic development.

Challenges ahead

- ◆ Ensuring effective co-ordination by MOET to enable the current vertical departments to work together and integrate the 2010, EFA and PEDP, secondary education master plans into a coherent overall program;
- ◆ Reinforcing donor co-ordination in education, and mobilizing appropriate resources from donors to support coherent sector programming of the government's program.
- ◆ Developing the capacity of officials at Province, District and Commune levels to identify issues, propose solutions and implement plans;
- ◆ Ensuring programs and projects have disaggregated information on poverty, disadvantage and gender so that appropriate strategies for equitable Human Development can be implemented.
- ◆ Follow-up past work on public expenditure (MOF, MOET, VIE, WB) and ongoing provincial studies on costs and financing (EU, VIE); preparing for improvements in the government's resource allocation mechanism to address equity issues and leading to the preparation of a medium-term expenditure framework;
- ◆ Ensuring discussions at the education forum are effectively mainstreamed into Government programming.

HIV/AIDS Working Group: Partnership Update

Background

1. The HIV/AIDS working group is a Hanoi based working group, essentially consisting of international NGOs in Vietnam who share resources and experience, engage in planning and form partnerships for HIV/AIDS prevention, care and advocacy. The working group brings together on a monthly basis about 20 organisations, mostly INGOs but also consultants, a bilateral, a Foundation, UNAIDS and occasionally local NGOs.
2. Amongst other objectives, the group seeks to:
 - Analyse and exchange information from field based experience, and through this exchange to seek opportunities for collaboration, and to avoid unnecessary duplication of activities;
 - Advocate for a supportive and enabling environment to implement HIV/AIDS prevention and care projects;
 - Advocate for multi-sectoral and non-discriminatory policies and programmes for people living with or affected by HIV/AIDS (eg the revision of government policy on the employment of HIV+ persons);
 - Increase opportunities for collaboration between INGOs and partners;
 - Identify gaps in the overall national response to HIV/AIDS and build partnerships between organisations to address these; and,
 - Identify other stakeholders with whom the working group can build partnerships and enhance communications.
3. Partnership with Government occurs mostly at the national and provincial level through individual collaboration with the NASB and Provincial AIDS Committees and government.

Progress over the last six months

4. The group has met every month over the last six months. As well as sharing information on the progress of different projects the group has:
 - Addressed critical issues for programming responses such as IDU harm reduction, care and support for people infected or affected by HIV/AIDS, best practice on behaviour change, peer education, IEC, etc.
 - Identified a series of topics for presentation and in-depth discussion at future meetings;
 - Provided invaluable information and advice to visiting bilateral project identification missions, such as AusAID and DFID;
 - Collaborated with UNAIDS regarding the handbook on 'A Summary of INGOs activities related to HIV/AIDS in Vietnam'; and,

- Commented on 'Lessons Learned from a Decade of Experience: A strategic analysis of INGO methods and impact in Vietnam 1990-1999' (VUFO-NGO Resource Centre) concerning the inadequate representation of the achievements and lessons learned in the HIV/AIDS sector.

Plans for the next twelve months

5. Over the next 12 months the group plans to:
 - Continue monthly meetings, incorporating particular presentations and discussions:

Date	Topic	Presenter
6 th June	Harm reduction and IDUs	Peter Higgs, MBC
4 th July	HIV and mobility	Jamie Uhrig, consultant
1 st August	NASB programme	Dr Doan Ngu
5 th September	Summaries of papers accepted for the 6 th ICAAP in Australia in Oct.	Various

- Discuss ways of widening engagement at the central level with Government, the UN and Local NGOs;
- Support the Partnership Meeting 11th – 12th June organised by MoH and UNAIDS, reviewing and analysing national and international responses to the HIV/AIDS epidemic in Vietnam.

Five Million Hectare Reforestation Partnership Update

Progress in the last six months

1. A major joint sector review has been completed with the Government (commonly called the Synthesis Report, Feb. 2001)
2. MARD produced the third draft of the Forest Development Strategy 2001-2010 (FDS, Feb. 2001) and invited the international community to comment on it. Several sets of comments were received by MARD.
3. MARD decided that the FDS will be the basis for the program development under the Partnership. Thus we move from a Joint Sector Review to a Strategy and from there to program development. It also means that it is acknowledged that the Partnership addresses the broader sector encompassing the 5MHRP.
4. The Partnership fielded a Joint Formulation Team (April-May) consisting of national and international experts, headed by the vice-director of the policy department of MARD. They developed a Forestry Sector Support Program (FSSP) Framework. This was discussed at a workshop on 6 and 7 June.
5. The Partnership has, over the past 6 months, led to a very intensive dialogue between MARD and the international donors and organisations on sector review, strategy and program development, which has been very beneficial to both sides and produces very concrete results. MARD is increasingly and firmly engaged in the development of a sector approach and program development under the Partnership.
6. Donors are making considerable progress in sharing their identification activities with others in order to form more effective sub-groups on particular thematic areas or geographical regions and in addressing policy and institutional issues jointly.

Plans for the next six months

7. For the next six months it is intended that MARD will finalise its FDS (July) and Government and donors appraise the draft FSSP Framework. It is hoped that the concept of coalitions will be further developed by the donors and that they are ready to define medium term involvements in the sector. The signing of an implementation agreement is foreseen for October.
8. For further information, please see the update by MARD prepared for the mid term CG. Information can also be obtained from the Partnership Secretariat at MARD (tel. 04 7337913, e-mail: 5mhpart@hn.vnn.vn).

Partnership to Support the Poorest Communes - Update

Progress in the past six months and plans for the next twelve months

1. The Partnership to Support the Poorest Communes (PAC) was created in 1999 in order to promote coordination and cooperation among government, donor and NGO partners working to support the government's efforts to develop poor, remote and mountainous communes, Decision 135/QD-TTg of the Prime Minister of July 31, 1998.

2. At the December 2000 CG meeting in Hanoi, it was reported that support for Program 135 and related efforts is growing, but partners are not yet working within a unified framework for either key program elements (such as capacity building, institutionalizing participation, labor-intensive construction methods, impact monitoring etc.) or budgetary support. Investments are still project-based and opportunities for mutual learning and the design of more coherent approaches are not being taken.

3. In early 2001, PAC was faced with a choice, to have: (i) a limited role as a forum for information exchange about development projects targeting poor communes, (ii) become more proactive in analyzing the lessons of experience and promoting greater effectiveness in work with poor communes, or (iii) to terminate its activity. Following a broad ranging discussion in February 2001, it was agreed that if the resources could be found to support it, PAC should become more proactive, option (ii). If resources could not be found, then PAC should remain as a forum for information exchange, option (i).

4. In March 2001 a search for financial support for PAC was initiated and in May 2001, it was learned that a grant of approximately US\$419,000 will be made available to MPI through the World Bank for a period of two years (through September 2003) to support learning from community-based development for policy and strategy development, under the umbrella of PAC. In particular, the grant will:

- establish a small office in MPI able to coordinate coverage, design and implementation of Program 135 and related community driven development projects;
- provide national and international consultant support to that office for analysis of government- and donor-supported community-driven development projects;
- support field work to assess implementation of Program 135 and related donor-assisted community driven development projects;
- institute a shared monitoring and evaluation system;
- assess the results of experience, share lessons, and publish and disseminate findings;
- aim to influence future policies and strategies for community-based development;
- conduct quarterly workshops; and,
- provide secretarial support to PAC which will be the partnership forum for guiding the use of the grant.

5. The next step is to define a work program to employ the grant and MPI and relevant agencies will work with a subset of PAC members to do this. The draft work program will be brought back to PAC for its review, comment and support.

Food Security Partnership Update

Progress in the last six months and plans for the next twelve months

Formulating Effective Policies to Reduce Food Insecurity

1. *Helping the Government in formulating an effective National Strategy for Food Security:* A FAO/UNDP project is assisting MARD to formulate and implement the National Strategy for Food Security. The FSG has provided support to the project in analyzing the provincial food security strategies to draw common lessons for the formulation of the national strategy.
2. *Promoting particular focus on food insecurity in poverty alleviation activities:* Actors in rural development recognize the relationship between food security and poverty. After discussions within the Group, FAO recently presented FSG comments to the Ministry of Planning and Investment (MPI) on the Interim Poverty Reduction Strategy Paper in the context of the Viet Nam's negotiations with the World Bank/IMF for Poverty Reduction Facilities. FAO, on behalf of the FSG members, discussed with MPI and MOLISA, their respective poverty alleviation strategies/programmes. As a result, the role of agriculture and subsequently of MARD in poverty alleviation activities, and particularly food insecurity reduction, was emphasized. The FSG is helping MARD to actively participate in pro-poor policy formulation particularly when actions to reduce rural poverty and hunger are needed.
3. *Who are and where are the food insecure?* To support food insecure population groups, focused action is required. The FSG is supporting the development of a Food Insecurity and Vulnerability Mapping and Information System (FIVIMS). Seven vulnerable groups have been identified and four group profiles were completed in April 2001 by the above mentioned FAO-UNDP project. These profiles were circulated among the group members for comments and advice. The profiles have been significantly improved through the extensive field and technical experience of the FSG members,. The seven profiles are expected to be ready by the end of the year.
4. A new FSG member joined the group in March 2001: the FAO/Italy project GCP/VIE/024/ITA "Strengthening National Food Security Information System". The project is assisting MARD to establish sustainable systems to generate regular information on food security. It aims to establish information systems to monitor food security in three main areas: crop conditions and forecast crop production at the national and provincial levels; market operations, such as prices; and food security at the household level. The project will also improve the analysis and dissemination of food security information, which will assist the Government in formulating appropriate policies for improved food security, paying particular attention to vulnerable groups such as ethnic minorities. The FSG is of particular support to the project providing it with field data and observations which help to validate the project's analysis and officially collected

information. In return, the project is feeding the group with field information and statistical data on food security issues.

5. *Malnutrition: a dimension of food insecurity. The National Nutrition Strategy.* In a continuing effort to fulfil the goals of the International Conference on Nutrition (1992), in April 2001 the Ministry of Health approved the National Nutrition Strategy 2001-2010. This strategy differs from the National Plan of Action on Nutrition launched in 1995 in that the current strategy targets household level food insecurity, encourages greater participation on the commune/village level, focuses on improving food security among vulnerable groups, and calls for increased cooperation among sectors and among organizations. The FSG strongly endorses the focus of the new National Nutrition Strategy, and will continue to support the National Institute of Nutrition (NIN) in realizing the goals of the strategy. In particular the FSG has been instrumental in helping the Government to relate on one hand, food security in terms of access to food and nutrition and, on the other hand, food security and malnutrition to agriculture.

World Food Summit Five Years Later (WFS:fyl)

6. In anticipation of Viet Nam's participation in the *World Food Summit five years later* (WFS:fyl) which will be held in November 2001 at FAO Headquarters, the Thematic Group is assisting MARD in developing policies and strategies in support of sustainable national food security. In concert with officials of MARD, FSG members are carrying out an assessment of food security issues to support Vietnamese policy makers in formulating effective strategies and identifying programme interventions in the areas of agriculture and rural development. Particular attention is given to the linkages between food insecurity and poverty. The FSG aims to integrate food insecure and vulnerable groups into the economic growth process by targeting activities at the most food insecure.

Building capacity to achieve food security

7. Inadequate knowledge is often a key factor contributing to malnutrition and food insecurity. Recognizing this, FAO has supported the Government's efforts to train policy makers, nutritionists, agriculturists, food quality experts, statisticians and village volunteers, and, most importantly, child caregivers, all of whom play a key role in food and nutrition policy and practice. An FAO project pursued an integrated community-based approach to household food security and nutrition improvement with good results. In view of these very promising results, the FSG is committed to continuing to work in Viet Nam to promote household level food security, and is exploring the possibility of working in tandem with other donors in this area.

Food Quality and safety: an important step to promote real food security

8. *Codex Alimentarius: protecting food producers and consumers, and promoting international food trade:* FAO's activities in food safety and quality control in Viet Nam

are rooted in the Organization's stewardship, along with the World Health Organization, of the Codex Alimentarius (Codex). This food code consists of a collection of volumes that contain food standards for commodities; and general standards for food labeling, food additives, contaminants, methods of analysis and sampling, food hygiene, food import and export inspection and certification systems, residues of veterinary drugs in foods, and pesticide residues in foods.

9. Codex has become an invaluable reference point for consumers, food producers and processors and national food control agencies. Codex facilitates a harmonization of food standards by all countries, and allows them a role in developing codes that govern hygienic processing practices.

10. Recently, the FSG has started diffusing Codex information, and to provide support to the donor/national institution community on issues related to it.

11. *Meeting new global food standards and export requirements:* Recent changes in the international trade regime arising from the Uruguay Round of the General Agreement on Trade and Tariffs (GATT) and the establishment of the World Trade Organization (WTO), have placed new demands on food exporting countries around the world. Moreover, access to foreign markets is becoming more and more difficult for food exporting countries, especially those lacking modern export certification and quality control systems. In this context, donors' assistance to develop a reliable food export inspection and certification system is playing a crucial role in paving the way to increase Vietnamese food exports to the most lucrative foreign markets. Workshops on trade and food quality control have helped to familiarize Vietnamese officials with the requirements of GATT and the WTO. The FSG disseminates information on this topic, including the latest methods to monitor and control food quality, such as the Hazard Analysis and Critical Control Point (HAACP) system.

Natural Disaster Mitigation Partnership⁴ Update

Progress in the past six months

1. Since the CG Meeting in December 2000, The following actions have been taken:
 - The multi-donor Mission Report has been finalised with consensus from representatives of the 7 Central Provinces, Government agencies and donors, and the report, available in CD Rom format, has been disseminated widely.
 - MARD has been working closely together with key donors to finalise the Memorandum of Agreement (MOA) based on comments from Government agencies and donors. The final draft MOA and an implementation plan with a clear vision for an institutional arrangement to implement the NDM Partnership (including a Steering Committee, Secretariat and Consultative Group) is being completed
 - Some projects have started in Central Viet Nam under the framework of and in consultation with the NDM Partnership (UNDP/Luxembourg disaster preparedness training in three Central Provinces, UNDP/USAID flood mitigation in all 7 provinces and AUSAID project in Quang Ngai Province).
 - A consensus has been reached among MARD and lead donors that in time, the NDM–Partnership should be expanded to cover the whole country and be renamed the National Disaster Mitigation Partnership for Vietnam.

Plans for the next twelve months

2. The key steps that the Partnership will take in the next twelve months are:
 - Submission of the MOA for approval by the Prime Minister, followed by a signing ceremony of all signatories.
 - Establishment of an institutional framework including agreed upon TORs and operational guidelines for the Steering Committee, Secretariat and Consultative Group.
 - Development of the NDM-Partnership first year plan (2001-2002) with a focus on the design of the first phase of the Partnership with recommendation and implementation of high visibility, low risk projects.
 - Preparation of a brief report on the NDM-Programme and list of priority sub-programmes and projects for submission to donors at the 2001 CG meeting;
 - Wide dissemination of programme information among stakeholders.
3. By the end of 2001, the Partnership will explore the possibilities and submit a plan of action to establish a broader national disaster management partnership, building further on the Central Provinces Initiative, and under the framework of the Year 2001 update of the National Disaster Mitigation Strategy and Action Plan currently being finalised by the Government.

⁴ The name of the Initiative has been changed from Central Provinces Initiative to Mitigate Natural Disasters in Central Vietnam to the Natural Disaster Mitigation Partnership (NDM-Partnership).

Water Sector: Partnership Update

Progress in the past six months

1. Decisions of the Minister of MARD regarding formation of River Basin Planning Management Organizations for the Red – Thai Binh, Dong Nai and Cuu Long (Mekong) basins were issued on 9 April 2001 (Decision no 37, 38 & 39/2001/QD/BNN-TCCB). These decisions specify the advisory duties of the RBPMOs concerning integrated water resources planning, monitoring of implementation and coordination and dispute resolution at the basin level. In each case the chairman of the “council” will be the Vice Minister of MARD. The Office of the basin council will be located in the Institute of Water Resources Planning or its southern sub-institute.
2. An Ordinance on Exploitation and Protection of Hydraulic Works was issued by the Government on 4 April 2001 (Ordinance No. 32/2001/PL-UBTVQH10). This ordinance indicates that irrigation fees are to contribute to operation and maintenance cost recovery. Cases in which Government will provide subsidies are specified. Establishment of Water User Cooperative Organizations is also specified.
3. Under MARD Decision (No 120/2000/QD-BNN-TCCB and No 121/2000/QD-BNN-TCCB, both dated 24 November 2000) a MARD International Support Group and its Steering Board were formed. The Steering Board approved the formation of two “thematic ad-hoc groups,” one of which concerns water resource management (referred to as “TAG2”). Terms of Reference for TAG2 are being prepared and it is expected that it will build on and replace the previous donor water partnership group. MARD / ISG has established a trust fund which will channel financial support.
4. At a 16 March 2001 meeting of TAG2, MARD / ISG described a database and website that are under preparation as a management information system on projects and programs that have been identified or agreed for donor funding. The website is being developed with UNDP assistance and is expected to be launched soon.
5. With participation of other agencies, the Department of Water Resources and Hydraulic Works Management is undertaking preliminary planning for its role in implementation of the Law on Water Resources with Danida support. This planning will produce preliminary statements on the Department’s mission, vision, roles definition and short & medium range action plan. It is anticipated that that this planning will be expanded in implementation phase of the Danida support and will provide a basis for strategic requests to Government for enhanced resources for the Department.
6. Other projects as described in the water sector report in “Partnerships for Development” are at various stages of planning, approval and implementation. These projects are intended to address various national and basin-level water resource

development and management objectives, capacity building. Details regarding project status will be posted periodically on the MARD / ISG website.

7. An MOU between MARD and JICA concerning a study on national water resources development and management was signed 6 April 2001. This two-year study will include both national scoping and subsequent integrated basin studies project feasibility studies. Coordination with other projects will be needed.

Plans for the next twelve months

8. The initial meeting of the National Water Resources Council was delayed pending completion of the 9th National Communist Party Congress. It is expected that this meeting will take place in the 3rd quarter 2001. Some steps have been taken toward formation of the Office of NWRC under MARD. A draft regulation on the operation of the Council and formation of the Office has been prepared for discussion by the Council. Formalization and activation of the Office is expected to follow mobilization of ADB assistance under its TA Cluster project, expected in late 2nd quarter or early 3rd quarter, 2001. Activation of the Office and formation of inter-ministry working groups will allow work to begin on major NWRC activities such as development of a national water sector profile, strategy, action plan and policy statements.

9. Regulations are needed regarding the operation of RBPMOs mentioned in MARD decisions. Target date for activation of basin councils and their offices has not yet been established.

10. Approvals and mobilization of various other planned donor assistance, including basin-level studies and investment projects, training and other capacity building activities and development of a coordinated water resources information system are expected during the coming year.

11. Discussions are underway among various donors, the Government of Vietnam and Global Water Partnership regarding organization of a national conference on integrated water resources management in Vietnam in the 4th quarter of 2001 and a similar regional conference in late 2002

12. The attached table summarizes both recent / current assistance and proposed assistance in the water sector. This information will be presented to a future meeting of the TAG2 to promote coordinated assistance and donor / government partnership.

Donor Assistance in Water Resource Management

Donors	Recent or Current Assistance	Proposed Assistance
National Organization and Capacity Building		
ADB	Assistance to prepare Decision on formation of NWRC and preparation for NWRC meeting (Red River Basin Project) Institutional design and preparation of Decision on formation of three River Basin Organizations (Red River Basin Project)	Support for formation / activation of NWRC, ONWRC and interministry working groups; prepare NWRC Action Plan and procedures to fulfilling Council legal mandate (TA Cluster, subproj 1) Water resource management training (TA Cluster, subproj 1)
AusAID		Capacity Building in the NWRC (Water Resources Management Assistance Project)
DANIDA		Institutional study on water resources management (Water SPS, subcomp 1.1), Support for Rural Water Supply Strategy Implementation (subcomp 1.2), Water Resources University (subcomp 1.3) and other water resources institutes (subcomp 1.4)
Netherlands		Co-funding ADB TA Cluster. Other activities under consideration.
World Bank		Support for national capacity building under Vietnam Water Resources Assistance Program particularly focusing on dam safety management issue.
Policy, Strategies and Legislation		
ADB		National water resources policy (broad strategies and policies) (TA Cluster, subproj 1)
DANIDA		Design of (technical level) legislative process, support for specific technical level decisions (Water SPS, subcomp 1.1)
Netherlands		Co-funding ADB TA cluster. Other activities under consideration.
World Bank	Drafting of Law on Water Resources (approx 1995-98) and four implementing decrees.	

Data and Information Management		
ADB	i) Red River Basin Profile, ii) Assessment of Data Adequacy and iii) Resource Data Directory (Red River Basin Project)	National Water Sector Profile (TA Cluster, subproj 1)
AusAID		National Framework for Water Resources Information (Water Resources Management Assistance Project)
Netherlands		Cofunding ADB TA Cluster. Other activities under consideration.
Water Resources Planning		
ADB		Procedures for river basin planning relative to NWRC mandate (TA Cluster, subproj 1)
DANIDA		Enhanced capacity for water resources planning (national strategy and action plan) (Water SPS, subcomp 1.1)
Netherlands		Co-funding ADB TA Cluster. Other activities under consideration.
Norway / Sweden	Ongoing EVN national hydropower study, including data base development	
Water Resources Regulation (Allocation, Quality, Etc)		
ADB	Regulatory design study for bulk water resource allocation / licensing (Red River Basin Project) Regulatory design study for wastewater discharge licensing (Red River Basin Project).	
DANIDA		Water rights administration and tariff and economic instruments design (Water SPS, subcomp 1.1)
Netherlands		Co-funding ADB TA Cluster. Other activities under consideration.

River Basin Management and Institutional Development		
ADB	Basin water resource management in Dong Nai (part of Regional TA)	Support for formation of river basin organization in Dong Nai Basin (TA Cluster, subproj 3) Support for Red River Basin Organization (2 nd Red River Basin Sector Project) Advise on formation and operation of river basin organizations through NWRC (TA Cluster, subproj 1) Development of an investment strategy for water resources in the Central Region (TA Cluster, subproj 2)
AFD		Considering cofinancing of ADB 2 nd Red River Basin Sector Project
AusAID		Coordination Mechanism for the Cuu Long (Mekong) Delta (Water Resources Management Assistance Project)
DANIDA	“Action Plan for Development of Water Resources in the Upper Srepok Basin” and “Support to Water Resources Management in Dak Lak”	Support for water resource management in Ca and Srepok River Basins (Subcomp 3.1 & 3.2)
JICA		National water resources study followed by development studies in selected basins
Netherlands		Further assistance under consideration. River basin management identified as possible area of support. Considering cofinancing of ADB 2 nd Red River Basin Sector Project)
World Bank		Ongoing water resource management project in Cuu Long (Mekong) Delta (in cooperation with AusAID) Support for river basin planning and development, (Vietnam Water Resources Assistance Program) with focus on the reform of Irrigation Management Companies.Support for weather forecast and early warning system and with focus on natural disaster mitigation effort (Natural Disaster Mitigation Project).

Transport Partnership: Update

Progress in the past six months

1. At partnership meetings on Vietnam's Transport Sector, donors and the Ministry of Transport (MOT), as co- chairman, agreed as follows:

2. **Framework on Involvement of Donors in the Transport Sector in Vietnam:** To facilitate information exchange and to avoid any overlaps, based on the data and information provided by all donors, JICA prepared a table, describing in details the involvement by donors in transport sector in Vietnam. The framework is divided vertically into three (3) major parts, i.e. infrastructure, strategic issues and transport sector planning/ studies. The infrastructure part includes issue areas such as capital investment plan, project/ studies, project management, maintenance, while the strategic issues cover regulation, safety, institutional strengthening, private sector participation, funding, environmental management. Also supplemented to the framework are lists of projects/ activities of donors in Vietnam's transport sector. The list clearly mentions project stage and scope of work.

3. **Theme Note on Vietnam's Transport Sector** The Note consists of four (4) parts, i.e. the long- term vision, key steps needed to attain this vision, the role of partners and the key monitorable indicators. The long- term vision includes access of the whole society to high- quality, low priced, safe and environmentally sustainable modes and services of transport in all part of the country. A set of strategies and policies for infrastructure development, funding, institutional strengthening, administrative and organizational reforms, competitive environment, human resource development and available new technology are also mentioned as part of the vision.

4. The Note mentions five (5) key steps needed to attain the vision. Those are institutional reform, funding for development, operation and maintenance, capital investment plan, capacity building and enhancement of partnership between the MOT and other organizations.

5. The roles of different partners are coordination with the Vietnamese Government and other stakeholders in accordance with the overall sector development strategy and priorities, not only at the planning stage but at the policy and project implementation level.

Plans for the next twelve months

6. Although an agreement on a set of common indicators for plans and projects in line with intended targets has not been finalized, an initial set of key monitorable indicators includes the following

- complete primary and secondary transport networks by 2010
- provide transport infrastructure and services with all- weather access to all communes by 2010

7. It is the consensus of all donors to continuously support the MOT through partnership activities. The objective of the partnership meeting is to promote coordination between donors with a view to avoiding any overlap and to effectively implement programs, thus maximizing the benefit for Vietnam.

8. All donors are unanimously resolved to implement the following activities:

- Consolidation of information on the projects, programs and related activities of donor agencies in the transport sector of Vietnam;
- Monitoring the MOT's Transport Sector Strategy Plan which is currently being reviewed by the Government Office for the Government's approval in the near future; and,
- Holding workshops on specific themes by donor agencies if it is necessary by MOT.

9. To avoid putting extra burden on any donors, tasks and responsibilities including expenses needed for meetings/workshops on the partnership shall be adequately shared among donors, and the frequency of plenary meetings shall be limited to three or four times per year.

Ho Chi Minh City Overseas Development Assistance Partnership: Update

Progress in the past six months

Follow-up Actions

1. The HCMC Action Plan for ODA Project Management was prepared by the ODAP Support Team Office (OSTO) in close collaboration with DPI, and updated at the Steering Sub-committee meeting in January, which was convened in accordance with the decision made at the third Steering Committee meeting to determine the immediate next steps. Additional works for OSTO had been limited to the development of the training component and the ODA database.
2. The first component (needs assessment and associated tasks) of the training initiative targeting the PMUs in HCMC was carried out in April by the two national consultants. However, the second and third components, covering the design and implementation of the two pilot courses and the initial work on the training of trainers, have been delayed due to uncertainties in the timing and sources of funding for the international consultants from the ODAP donor members. It has been determined that the financing requirements for the complete set of national inputs can be met from the regular budget for OSTO, but as agreed by the Steering Sub-committee, the international inputs require additional donor contributions. TORs for the international inputs were prepared and potential candidates were identified. This training component will be reviewed at the ODAP Steering Committee meeting in June.
3. An important aspect of the preparations for the training activities has been the coordination with other initiatives, especially those organised at central government level through MPI. OSTO has been in close contact with the national consulting company, Concetti, which is undertaking a country-wide assessment of the ODA PMUs.
4. Compatibility between the database design, as well as the training programme, developed jointly by DPI and OSTO, and the parallel MPI initiative has now been established. With the exception of the preparations for the training, no significant progress has been made on the cost estimates and specific institutional responsibilities for the Action Plan components and on the capacity of DPI to undertake its expanded role in facilitating and coordinating the Action Plan. DPI has yet to convene the first meeting of the city's PMU Forum. These delays are to a certain extent due to the reorganisation underway within DPI. The new division, having the sole responsibility for the ODA programme and thereby providing a distinct advantage for the ODAP members, was formally established on 01 March 2001. The joint DPI/OSTE needs assessment for DPI staff training and institutional/procedural improvements has also been deferred during this reorganisation.

5. No further action was taken on how to proceed with the Development Dictionary. It was agreed within the OSTO that the recommendation should now form part of the report to the next meeting of the Steering Committee in June. Additional justification for continuing with this activity was nevertheless identified through an examination of the HCMC Statistical Year Book for 2000, where several terms are in need of clarification and more precise English equivalents.

ODAP Steering Sub-Committee and Working Group meetings.

6. In accordance with the decision made at the third Steering Committee in November 2000, ODAP Steering sub-committee meetings are to be organised, if required, in-between the main Steering Committee meetings to address the issues raised in the meeting that require further discussion and follow-up action. Similarly, working group meetings are to be organised to discuss and implement a specific activity like workshops. A Sub-Steering Committee meeting was organised in January to review the draft action plan for ODA project management, concentrating on the training activities to be managed through ODAP. Two working groups meeting were organised in January and February to discuss on preparation of workshop no. 4. These meetings allowed wider participation of partners in ODAP activities and to facilitate the ownership of the city in the partnership.

ODAP Newsletters

7. ODAP newsletters are found to be an effective tool, though still one-way, for information sharing. The 3 newsletters (issues No. 5, 6 and 7) were produced while issue No. 8 will be coming out soon. An update of the map on ODAP project locations to include Netherlands and French project areas was provided, together with solid-waste landfill and sewerage treatment sites not covered in the previous map.

Workshops

8. Two ODAP workshops no. 3 and 4 on Strengthening ODAP Project Management and District Planning and Relationships with ODA Projects were organised in October/November and February respectively. The key outputs of the workshop no. 3 was a set of management areas which would form the basis of a HCMC-specific action plan, designed to mesh with the national-level ODAP action plan coordinated by MPI. In the preparation process for the workshop no. 4, an intensive participatory approach was adopted. Two working groups meetings were convened, involving all those who would be preparing papers, making presentations and facilitating workshop discussion groups. The workshop was successful in awareness-raising and information sharing for all major projects (ODA and domestic).

Others

9. Other activities such as facilitating donor missions in the city, participating in the workshops, and providing advice to both donor and government organisations, and other

provinces/ cities on the issues relevant to the ODAP activities have taken place. Experience and lessons of the ODA partnership were also shared with a wide audience in the workshop on urban poverty, organised by the Centre for Poverty Reduction and Social Development of the HCMC National University in February 2001. The same was presented and contributed by ODAP Coordinator and Facilitator to the 1st meeting of the Vietnam Urban Forum, held in Hanoi, in May 2001. A series of meeting were held between OSTO and the visiting World Bank mission on the coordination of the three forthcoming projects that have important implications for HCMC and therefore ODAP.

Plans for the next six months

10. Given the two-year term of the ODAP Support Team Office (OSTO) and that this is the second year of its operation, the following are the planned activities of the OSTO in the next six months:

- organise two Steering Committee meetings, scheduled in early June and late October 2001;
- complete the ODA database design and make it operational with cooperation of and transfer to DPI;
- assist DPI in organising PMU forum;
- assist and advise DPI on planning and implementation of the city's Action Plan components, including preparation of handbook/ manual on legal procedures in ODA project management;
- continue facilitating the implementation of training component of the city's Action Plan, including course development and two pilot training courses;
- joint DPI/OSTO needs assessment for DPI staff training and institutional/ procedural improvements; and,
- continue phasing out OSTO functions/ operations to DPI.

The Urban Forum: Partnership Update

Progress in the past six months

1. The Urban Forum is now operational, as a new development partnership for the urban sector at the national level, with its first meeting held in Hanoi on 21 May 2001. A temporary Executive Board, is composed of UNDP, SDC the World Bank and ADB, and an interim Secretariat has been set up in Hanoi under the auspices of SDC.
2. The first meeting on 21 May 2001, held at the invitation of the Ministry of Construction (MOC), served as a launching platform for the Forum, providing the opportunity for a wide range of interests to share expectations, and for Government and donors to present their sector strategies alongside specific project case studies. Three topics were selected for group discussion: key issues for urbanization in Vietnam, water management at provincial and district level and urban upgrading.
3. The Government introduced its agenda towards 2020 to industrialize the country and current priorities, which include the road infrastructure, water supply in 180 small towns, solid waste management in big cities, environmental issues, the urban housing programme and public administration reform.

Plans for the next twelve months

4. The Memorandum of Understanding to formalize the objectives, mandate and organizational system is expected to be drawn up and signed within the next months. It is likely that the official donor participation will be expanded to include other partners, such as the Japan Bank for International Cooperation (JBIC) and other bilateral development agencies. The Official Development Assistance Partnership in Ho Chi Minh City (ODAP) has expressed its interest to establish a structured relationship with the Forum, enabling joint activities, reciprocal representation and support, given the important role of HCMC in the country's urban development.
5. Issues to be addressed during this preparatory period cover the formal status of the Forum within the Government's aid management framework, the financial support arrangements, the activities and services covered by the Urban Forum.
6. Proposed operations of the Forum within the next months will include thematic consultations with various stakeholders of urban development, as well as setting up a knowledge base (stock taking and database of best practices, action-research and studies, policy analysis, local capacity building) and information exchange activities (information posted on the partnership page of the UN website, newsletter, list of events and visits related to the sector).
7. In particular, the Regional Office of United Nations Center for Human Settlements (UNCHS) in Fukuoka (Japan) and the UNDP in Viet Nam have proposed to sponsor a study on rural and urban linkages in the central region, as well as lectures series on the lessons learnt throughout the post-war urbanization in Asia.

Contact: Urban Forum Secretariat, 33B, Pham Ngu Lao Str., 2nd floor, suite 226/227 Hanoi Tel.(84-4) 824-3428, extension 227 (226), fax (84-4) 933-0469, attn: Urban Forum; E-mail: urbanforum@hn.vnn.vn

Energy Partnership Update

Progress in the last six months and plans for the next twelve months

- Electricity law discussions- these workshops were sponsored by ADB and were jointly organized with WB. The local counterparts were a number of government agencies including MOJ, EVN, Vinacoal, Office of Government, State pricing committee, office of the National Assembly, electricity law working group and were led by MOI. A major high level meeting was held in Hanoi after the workshop in Sapa to plan the submission of the law to the National Assembly. One of the agreements was to develop a reform road map for the power sector. ADB plans to fund this reform road map and other donors will be invited to provide contributions in the development of the reform program.
- A joint donor initiative was the funding of a study on assessing the poverty impacts of rural electrification. This 5 year pioneering study is funded by New Zealand government and SIDA and the government counterpart is EVN. The consultants for reviewing the methodology have been appointed and the field work is expected to start in July of this year.
- A joint mission (ADB-WB) to examine the tariff issue has been set up and the government has nominated its team for these discussions. These discussions were held in the third week of May and have been satisfactorily concluded. A memorandum of understanding between the government of Vietnam team and the joint ADB-WB delegation has been signed which lays out a road map for power tariffs that can underpin the entire sector for the next five years.
- Major developments have taken place in the last six months in working with the private sector. These have included the signing of the Nam Con Son gas field development and gas pipeline project and the two BOT projects for Phu My power development. These successes have been supported by a number of donors and CTF in the past and the issue of these investment licences will lay the foundation for a greater private sector participation in the infrastructure sector in the future.
- A study funded by Ausaid on petroleum product pricing policy is under completion. A workshop is planned to disseminate its results in the next few months.
- The annual donor coordination meeting on the energy sector is planned for September/October to provide the results to these deliberations as inputs for the next CAS for both ADB and WB.

Update on the Government PAR Programme Partnership

Progress in the past six months

1. Following the successful completion of the PAR review in mid 2000, the PAR Steering Committee decided to embark on the formulation of the first ever PAR strategy. Based on the experience of the PAR review, the Steering Committee asked the donor community under the co-ordination of UNDP to continue providing support for this new exercise. The same approach of national working groups supported by Resident International Advisers and a short-term international facilitator/adviser was followed. Based on an outline developed by the Secretariat and the lead consultant, the five working groups (legal institutions, government apparatus, human resource, public finance management, and overall report drafting) started their drafting of the PAR Strategy in January 2001.

2. The second draft of the strategy was ready in February 2001 and served as a discussion basis for three national consultation seminars with the relevant ministries and provinces in Hanoi, HCMC, and Da Nang late February 2001. Based on comments collected, the third draft was produced in the middle of March 2001 [a synopsis of this draft document is attached for reference], and presented by the GCOP Minister Do Quang Trung as the standing member of the Steering Committee at the monthly government meeting held at the end of March 2001. The Prime Minister gave positive comment and requested the members of the Government to review at the next Government session. In the meantime, international experts continued providing technical comments, suggestions on the draft documents.

3. The comprehensive review by the Government was held on 31 May and 1 June 2001. The meeting was chaired by the Prime Minister Phan Van Khai. The President Tran Duc Luong also attended the meeting. The efforts made to prepare such a comprehensive document were highly appreciated by the members of the government. The document has been in principle endorsed by the government. Some adjustments were suggested: e.g. the specific objectives should be more concise, more specific, and feasible tasks for the coming period (2001 - 2005) should be further elaborated.

4. The funding for the exercise has been mobilised from various sources including UNDP's project with GCOP, the Danish Embassy, SIDA, as well as the Dutch Embassy, in addition to in-kind contribution from various resident advisors of PAR projects funded by GTZ, SIDA, and UNDP.

Plans for the next twelve months

5. The planned follow-up actions to be taken by the Government PAR Steering Committee will include:

- Finalisation of the PAR Strategy Document by the Secretariat, incorporating all comments from the Government and advisors;
- Consultation with the Party;
- An official decision approving the PAR Strategy of the Government (expected to be issued early July 2001);

- A programme format will be developed to guide the formulation of 8 specific programmes identified under the PAR Strategy. The programmes will then be formulated by the different lead agencies;
- Consultation workshops on ODA framework with the government agencies and donor community have been planned for August 2001;
- PAR Strategy launching conferences have been planned for September or October 2001;
- The Secretariat of the Government PAR Steering Committee will be strengthened to assist the Committee in guiding, monitoring and evaluating the implementation.

6. At the request of the Government, UNDP, in collaboration with other donors, will further assist the implementation of the above activities. A consultation workshop on how donors can assist in implementing the government PAR programme to be sponsored by UNDP/ADB has been planned for August 2001.

**Strategy for Public Administration Reform – for the period 2001-2010
(a synopsis)**

Current status

Lessons learned

Opportunities and challenges

Context of PAR

1. Strategic Objectives

- in line with market economy
- system of legal institutions
- issuance of legal documents
- uniform law enforcement
- increased transparency
- responsibilities defines
- Government structure reformed
- Ministries downsized
- Supervisory roles
- Decentralized administrative work
- New financial mechanism
- Civil servants resized and professional
- Salary reform
- Modern equipment
- People satisfied

2. Guiding Principles

- within framework of Party
- enhancing democracy
- parallel with economic reform
- continuous process

CONTENTS

1. Institutional reform

- building legal and institutional framework
- develop and issue legal documents
- ensure law enforcement
- reform administrative procedure

2. Organizational structure

- role of the public sector
- scrutinize work tasks
- decentralization defined and operational
- accelerate socialization
- Central Government organizational reform
- Reform local government organization
- Management modalities
- Use if information technology

3. Civil servants

- Management of civil servants
- Salary system reform
- Civil servants training
- Strengthen accountability

4. Public Finance

- financial management system developed
- appropriate public expenditure structure defined
- decentralize financial and budgetary management
- budget decisions at local levels
- budget decisions at agency levels
- separate administration from service delivery
- modify charges and fees structure
- financial mechanism renovated
- build pilot financial mechanism
- transparency in public finance
- auditing reform

Implementation arrangements:

1. Major measures

- leadership renovation
- in line with political system
- simultaneous at central and local
- financial resources
- information activities

2. Implementation stages

- stage 1 2001-2005
- stage 2 2006-2010

3. Major action programs

- quality legal documents
- key legal institutions
- role of central government
- role of local governments
- public service delivery
- down sizing
- personnel management
- salary reform
- information technology
- financial management

Legal Sector: Partnership Update

Progress in the past six months

1. Much progress has been made since the December CG in that the comprehensive Vietnam Legal System Development Needs Assessment ("LNA") envisioned in "Partnerships for Development" is now being carried out by the key Vietnamese State Agencies in the legal sector. Recommended by the December 2000 CG, the LNA was approved by the Government in January 2001. The LNA is expected to take 10-12 months to complete and will result in a report setting out a proposed 10-year comprehensive development strategy and action plan for the development of Viet Nam's legal system over the next ten years including a framework for mobilizing and coordinating foreign and international donor assistance for development of Vietnam's legal system.
2. Coordinated by the Ministry of Justice, the LNA is financed by the Government of Viet Nam with assistance from a group of 8 international and bilateral donors--namely ADB, UNDP, the World Bank, Sweden, Denmark, France, Japan and Australia. Support from other donors interested in Viet Nam's legal development is invited, in particular through contribution of previously prepared reports and materials on various aspects of Viet Nam's legal system as well as comparative legal materials.
3. The practical work of the LNA is being undertaken by five teams of national experts from all key State legal agencies assisted by international experts: Four Teams will prepare reports on the major needs and proposed strategy in each of four broad subject matter areas--namely (1) the legal framework of substantive and procedural laws and treaties plus the law and treaty making process; (2) Institutions for law-making and implementation of laws and treaties, dispute resolution, quasi-judicial agencies (including legal aid); (3) Legal education and professional training; and (4) Legal information collection and dissemination. The fifth Team will prepare an overall report based on the four subject matter reports mentioned above which will set out:
 - A statement of the major needs for Viet Nam's legal system development in light of relevant priority social and economic policy goals including poverty alleviation;
 - A proposed comprehensive practical strategy for Viet Nam's legal system development to 2010;
 - A proposed action plan to carry out the strategy; and
 - A proposed framework for international legal cooperation.
4. The work of the five Teams will be overseen by an Inter-Agency Steering Committee chaired by the Minister of Justice and composed of high-ranking members of the Supreme People's Court, Supreme People's Procuracy, Office of the National Assembly, Office of the Government, Internal Affairs Commission of the Central Committee of the Communist Party of Vietnam, the Ministry of Planning and Investment, and the MOJ. The LNA will be supervised on a day-to-day basis by a Vice Minister of

Justice, and supported by a full-time Secretariat. Each of the teams has at least one secretary fluent in English or French who is the contact point for international donors and experts. Contacts by International Donors and International Experts with the teams can be made through the responsible members of the Secretariat by sending an email to the attention of Nguyen Minh Phuong at vie98001@undp.org.vn and nguyen_minh_phuong@yahoo.com or by phone or fax at (04) 843-0712.

5. LNA events and progress are recorded in the *LNA Newsletter*, two issues of which have been published to date. Those interested in receiving the *LNA Newsletter* by email or mail should contact Nguyen Minh Phuong at the numbers mentioned above.

6. Since the LNA Launching Workshop on 14-15 March, the Four National Teams have been in the midst of stock-taking, research, and analysis with assistance from international experts. Following a workshop on social and economic development goals relevant to legal system development in early June, the Teams will be drafting initial reports on their respective subjects with input from international experts. Initial draft reports are expected at the end of June when they will be reviewed by the Inter-Agency Steering Committee assisted by an International Consultant Coordinator.

Plans for the next twelve months

Major Events And Activities	Time Frame
1) Finalization of initial Team reports incorporating the suggestions made by the formal joint review above by the four subject matters Teams and preparation of the draft overall report summarizing major initial findings and recommendations of the four teams	15 July -30 Sep 2001
2) First Conference with international donors and relevant Vietnamese agencies conducted by the MOJ for giving comments on the draft overall report and recommending any additional research or other work required.	Oct 2001
3) Additional necessary research and finalization of draft individual subject matter reports based on comments at workshops and MOJ convened conference, and finalization of the draft overall report	Oct 2001 - 28 Feb 2002
4) Second Conference of donors and relevant Vietnamese agencies conducted by the MOJ reviewing and commenting on the draft final overall report.	01 Mar 2002
5) Submission of the Final Overall Report to the Government for approval of the strategy for comprehensive development of Vietnam's legal system of to 2010, the action plan, and framework for international donor cooperation and coordination	15 Mar 2002
6) Submission of the Final Overall Report to mid-term CG Meeting	01 June 2002

7. With the Inter-Agency Steering Committee, Research Teams and Secretariat, as well as an association of donors assisting it, the LNA has provided a strong basis for organizing and testing future partnership institutions and procedures for legal sector development in Vietnam.