

## Viet Nam Country Strategy

### SUMMARY

Viet Nam is one of NZAID's core bilateral partners and New Zealand's official development assistance (ODA) to Viet Nam is increasing significantly in the period 2005-2008. This strategy provides direction to NZAID's assistance to Viet Nam over the ten year period 2007-2016. It sits within the framework of the NZAID Asia Strategy, and takes into account:

- The Vietnamese government's Five-Year Socio-Economic Development Plan 2006-2010 and Comprehensive Poverty Reduction and Growth Strategy
- NZAID's policies, strategies, capacity and comparative advantage
- The activities of other donors
- The context of the Greater Mekong Sub-region and the rapidly changing environment in Viet Nam.

This strategy is complemented by an implementation plan that details NZAID's activity in country.

The overall **goal** of the strategy is to:

*Support poverty elimination in Viet Nam through improving rural livelihoods and basic education opportunities, especially for poor and marginalised people*

This is consistent with NZAID's Asia Strategy and with the priorities of the Government of Viet Nam.

NZAID will achieve this goal through pursuing the following three inter-linked **objectives**:-

Objective One: Reduce poverty and promote livelihoods through building skills, promoting sustainable rural livelihoods and improving access to services for the rural poor.

Objective Two: Improve the quality of early childhood and primary education, especially for the poor.

Objective Three: Broaden accountability and participation in democratic governance.

NZAID will seek to engage at two, complementary, levels in its development cooperation with Viet Nam. At the central level, NZAID will collaborate with other donors to strengthen delivery of Vietnamese government programmes in rural development and basic education, and advocate for democratic governance and greater access to social services for the rural poor. NZAID will also provide direct assistance in two provinces with a focus on improving rural livelihoods, enhancing the quality of early childhood education and promoting access to services for the rural poor.

This approach will be complemented by assistance to link poor producers to markets through trade and private sector development, and by a continuation of NZAID's human resource development assistance. Human rights, gender equality and women's empowerment, environment and HIV/AIDS initiatives will be integrated into our work and, where appropriate, be supported through discrete activities.

In measuring the performance of the Viet Nam Country Strategy, NZAID will focus on development impact. This means that we expect that poverty will be reduced, that the quality of services will improve and that communities with which we work will increase their self-reliance. A biennial high-level consultation will be established between NZAID and the Government of Viet Nam to review implementation of the strategy. A review of the strategy itself will be conducted during 2011 to ensure that it remains responsive to the rapidly changing development environment and is aligned with the Government of Viet Nam's Five-Year Socio-Economic Development Plan 2011-2015. It will also consider the nature of the relationship between New Zealand and Viet Nam beyond 2016.

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## PART ONE – COUNTRY ANALYSIS

### VIET NAM DEVELOPMENT CONTEXT

With a population of some 84 million, the Socialist Republic of Viet Nam is one of the more populous countries in Southeast Asia and, alongside the Philippines, one of the most densely populated. The *Kinh* comprise 87 percent of the population, which is made up of 54 ethnic groups, most of whom live in the remote, mountainous regions of the country.

Two decades after Viet Nam's economic renovation process (*doi moi*) commenced, the changes have been remarkable. Average growth of 6-7% during this period has seen poverty reduced, incomes raised and improvements in education, health and other social indicators.

Viet Nam's human development index rating of 0.709 ranks it at 109 out of 177 countries and places it above its Greater Mekong Sub-region neighbours Cambodia, the Lao PDR and Myanmar, and below the Philippines and Indonesia, the other ASEAN member states yet to reach middle income status (Table 1).

**Table 1: Human Development Index**

Country	HDI Ranking	HDI Index	GDP per Capita (PPP US\$)	Gender-related Development Index	
				Value	Ranking
Philippines	84	0.763	4,614	0.761	66
Indonesia	108	0.711	3,609	0.704	81
Viet Nam	109	0.709	2,745	0.708	80
Cambodia	129	0.583	2,423	0.578	97
Myanmar	130	0.581	1,954	..	..
Lao PDR	133	0.553	1,027	0.545	100
Timor Leste	142	0.512	---	..	..

Source: UNDP (2006), Human Development Report, pp 284-285.

Viet Nam, like New Zealand, has committed itself to implementation of the Millennium Declaration and the Millennium Development Goals (MDGs) and is well on the way to achieving most of the MDGs (c.f. Table 2). Poverty was reduced from 58 percent in 1993 to 14.84% percent in 2007<sup>1</sup> and the proportion of people suffering from hunger was reduced by more than two thirds in the same period. Gender gaps in primary and secondary education have largely been eliminated and targets for tuberculosis detection and control of malaria have been achieved.

<sup>1</sup> Socialist Republic of Viet Nam (2007), Viet Nam: Supplementary Report on the Socio-economic Situation in 2007 and Socio-economic Development Plan for 2008, p 7. National poverty line

**Table 2: Viet Nam's Progress Toward the Millennium Development Goals**

<b>Goal 1</b>	<b>Eradicate extreme poverty and hunger</b>	<b>Status</b>
Target 1	Halve between 1990 and 2015 the proportion of people living in poverty	Already achieved
Target 2	Halve between 1990 and 2015 the proportion who suffer from hunger	Already achieved
<b>Goal 2</b>	<b>Achieve universal primary education</b>	
Target 3	By 2015 boys and girls to complete a full course of primary schooling	Likely to be achieved
<b>Goal 3</b>	<b>Promote gender equality</b>	
Target 4	Eliminate gender gaps in primary and secondary education no later than 2015	Already achieved
<b>Goal 4</b>	<b>Reduce child mortality</b>	
Target 5	Reduce by two thirds between 1990 and 2015, the under-five mortality rate	Likely to be achieved
<b>Goal 5</b>	<b>Improve maternal health</b>	
Target 6	Reduce maternal mortality by three quarters between 1990 and 2015	Likely to be achieved
<b>Goal 6</b>	<b>Combat HIV/AIDS and other diseases</b>	
Target 7	By 2015 have halted and begun to reverse the spread of HIV/AIDS	In danger of not achieving*
Target 8	By 2015 have halted and reverse the incidence of malaria and other diseases	Already achieved
<b>Goal 7</b>	<b>Ensure environmental sustainability</b>	
Target 9	Enhance sustainability and reverse the loss of environmental resources	Uncertain to achieve
Target 10	Halve by 2015 the share of people without drinking water and sanitation	Likely to be achieved

Source: Joint Donor Report (2006), *Vietnam Development Report 2007*, p21;

\* based on Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, p 25.

The government's commitment to poverty reduction and socio-economic development has encouraged many donors to believe that Viet Nam is a country that they can work with effectively. Twenty seven bilateral donors and twenty one multilateral development banks, funds and organisations cooperate with Viet Nam, with USD 5.4 billion pledged for 2008 at the 2007 Consultative Group Meeting for Viet Nam. Eighty percent of ODA is in the form of loans, with infrastructural investments a significant proportion of total ODA. Viet Nam continues to be one of the top ten ODA recipients world-wide. Disbursement rates are currently at less than 50%. Total ODA flows are smaller than foreign direct investment (FDI) and remittance flows, with ODA making up some 5% of GDP and 11 percent of total investments<sup>2</sup>.

The fact that Viet Nam is not aid dependent is reflected in the relationship between the government and its international partners. The government exhibits strong ownership over its socio-economic development strategies. For example, it recently declined to continue its Poverty Reduction and Growth Facility (PRGF)

<sup>2</sup> Socialist Republic of Vietnam (2006), Strategic Framework for Official Development Assistance Mobilisation and Utilisation, 2006-2010, p 3.

with the International Monetary Fund as the government disagreed with the conditionalities attached to the Facility.

Viet Nam has been an active participant in aid effectiveness fora hosted by the Organisation for Economic Cooperation and Development (OECD). The 2005 Paris Declaration on Aid Effectiveness was localised in the Hanoi Core Statement on Aid Effectiveness, adopted by the mid-term Consultative Group meeting in June 2005 and approved by the Prime Minister in September 2005. The Partnership Group on Aid Effectiveness (PGAE) serves as the primary forum for dialogue on harmonisation and alignment. More than twenty partnership groups have been established, providing a vehicle for coordination and dialogue between government and donors, including non-governmental organisations (NGOs) in particular sectors or thematic areas.

Growth rates are projected to be 8% per annum in the five years 2006-2010 and Viet Nam is expected to graduate from developing country to middle income country status by 2010. This will result in a decline in Viet Nam's access to ODA grants and concessional loans, a fact that has been recognised in the government's priorities for mobilising and utilising ODA in the period 2006-2010.

NZAID needs to be able to respond to Viet Nam's rapidly changing development environment. The nature of our development assistance in the period leading to 2010 is likely to be quite different from the assistance we offer in the following period. Some donors have indicated that they will end their development cooperation with Viet Nam once it reaches middle income country status. However, given the large numbers of people who will still be in absolute poverty, given that poverty rates in some regions will still be high, and given the broader relationship that New Zealand and Viet Nam share (particularly the links that New Zealand has with ASEAN), NZAID intends to remain engaged with Viet Nam even though the nature of that engagement is likely to change. NZAID will remain committed to poverty eradication.

NZAID will review its Viet Nam country strategy in 2011 in order to take into account changes in the development context, the type of development cooperation most useful to Viet Nam and to ensure that it is aligned with the Government of Viet Nam's Five-Year Socio-Economic Development Plan 2011-2015. It will also consider the nature of the relationship between New Zealand and Viet Nam beyond 2016. We will ensure that our engagement during 2007-2010 does not limit our ability to adapt to changes in the Viet Nam context.

## **VIET NAM'S DEVELOPMENT PRIORITIES**

The government's development priorities are outlined in the Five-Year Socio-Economic Development Plan 2006-2010 (SEDP), which draws on the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) approved by the Prime Minister in May 2002. Further elaboration is provided in sector and

sub-sectoral strategies prepared by government Ministries. The Strategic Framework for ODA Mobilisation and Utilisation 2006-2010 provides further clarification on priorities for donor assistance.

In support of the MDGs, and in order to meet Viet Nam's development needs, 12 Viet Nam Development Goals (VDGs) were established and have been integrated into the country's socio-economic development plans and strategies (c.f. Annex 3).

The general goals of the five year SEDP in 2006-2010 are laid out in Box 1 below. These are broken down into eight main tasks and specific targets for the economy, social affairs and the environment.

**Box 1: General Goals of the Five-Year Socio-Economic Development Plan 2006-2010**

Boost the economic growth rate, achieving rapid and sustainable development, quickly bringing our country out of the low development state. Significantly improve people's material, cultural and spiritual life. Boost the industrialisation and modernisation process and gradually develop the knowledge-based economy, creating foundations to make our country basically become a modern industrial country by 2020. Stabilise politics, orders and social security. Firmly protect our independence, sovereignty, territory and national security. Continue strengthening and expanding foreign relations and improve Vietnam's status in the region and the world.

Source: Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, p 67.

While the role of agriculture has been decreasing in value terms as Viet Nam's economy develops and diversifies, this sector continues to play a vital role in the livelihoods of most Vietnamese. Some 80% of the population live in rural areas and agriculture employs two thirds of the labour force<sup>3</sup>. Emerging challenges arising from the global food crisis, higher oil prices and greater awareness of the potential impact of climate change, including on Viet Nam's major rice producing areas, further highlight the importance of this sector.

**Box 2: Priorities for the Mobilisation and Utilisation of ODA in 2006-2010**

The following priorities in ODA utilization should be given for ODA projects, programmes:

- a) Agriculture and rural development (including agriculture, irrigation, forestry, fishery) in combination with poverty reduction.
- b) Economic infrastructure development toward standardised and modern approach.
- c) Social infrastructure development (health care, education, population development and others).
- d) Environment and natural resources protection.
- e) Institutional capacity and human resources development; technology transfer, research and development capacity building.

Source: Socialist Republic of Vietnam (2006), Strategic Framework for Official Development Assistance Mobilisation and Utilisation 2006-2010, p 8-9.

<sup>3</sup> World Bank (2006), Accelerating Vietnam's Rural Development: Growth, Equity and Diversification, Vol 1, Overview, p 1.

The government's Strategic Framework for ODA Mobilisation and Utilisation identifies agriculture and rural development in combination with poverty reduction as one of five priorities for ODA (see Box 2). Some 21% of total ODA is expected to be committed to this sector in the period 2006-2010.

The SEDP aims to achieve middle income status for Viet Nam and to improve Viet Nam's status in the Southeast Asian region and globally. Becoming the one hundred and fiftieth member of the World Trade Organisation (WTO) is an important step in this direction. However, Viet Nam now faces the challenge of meeting its accession obligations. Much remains to be done to achieve an open, rule-based, predictable, non-discriminatory trading and financial system and Viet Nam will face many challenges as it continues along its path to integration with the ASEAN Free Trade Area (AFTA) and the global economy.

### **POVERTY IN VIET NAM**

Strong economic growth has contributed to Viet Nam's remarkable achievements in poverty reduction, from 58.1% in 1993 to 14.84% in 2007<sup>4</sup>.

The Socio-Economic Development Plan 2006-2010 target is to reduce the poverty rate, as measured by the government's newly adopted poverty line<sup>5</sup>, to 10-11% by 2010. Given the projected population of 89 million in 2010, this equates to 8.9-9.8 million people living in extreme poverty. A large number of households live just above the poverty line and are vulnerable to a range of external shocks brought about by disease, poor harvest, agricultural price fluctuations, loss of employment, and natural disasters. Some 5-10% of the population (4.45-8.9 million people) fall into this category. Female headed households make up some 24% of all households.<sup>6</sup> In Viet Nam, 90% of poor people live in rural areas.

Despite the country's overall achievements, there remain significant challenges in the areas where poverty remains (and is projected to remain) most entrenched. While the North Central Coast, and the Mekong and Red River deltas have the greatest number of poor people, reflecting their higher population density, the Northern Mountains, Central Highlands and North Central Coast are the poorest regions. Given that within the northern mountains region there is considerable variation between east and west, the North West is considered to be the poorest of all<sup>7</sup>. Data from the 2006 Vietnam Living Standards Survey (VLSS) indicates an improvement in the Central Highlands but arguably disguises the extent of

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<sup>4</sup> Socialist Republic of Viet Nam (2007), Viet Nam: Supplementary Report on the Socio-economic Situation in 2007 and Socio-economic Development Plan for 2008, p 7. National poverty line

<sup>5</sup> VND 200,000 per capita income in rural areas and VND 260,000 in urban areas; the poverty rate in 2005 is 22% (SEDP 2006-2010, p 69).

<sup>6</sup> NCFAW and GSO (2004), Viet Nam Gender Statistics in the Early Years of the 21<sup>st</sup> Century, p. 49. Data drawn from household registrations in 2003.

<sup>7</sup> Joint Donor Report (2003), Vietnam Development Report 2004: Poverty, p xiii.

ethnic minority poverty in the provinces of this region, with food poverty data offering a more nuanced indication of the depth of poverty. Details by selected provinces are listed in Table 3.

**Table 3: Provincial Poverty Rates, 2006**

	Poverty Rate (%)	Ranking (/64)
<b>Viet Nam</b>	<b>15.5</b>	
Ho Chi Minh City	0.5	1
Ha Noi	3.0	3
Binh Dinh	16.0	32
<b>Central Highlands</b>	<b>24.0</b>	
Lam Dong	18.3	35
Dak Nong	26.5	50
Dak Lak	24.3	48
Kon Tum	31.2	55
Gia Lai	26.7	52
<b>North West</b>	<b>39.4</b>	
Hoa Binh	32.5	57
Son La	39.0	60
Dien Bien	42.9	63
Lai Chau	58.2	64

Source: Viet Nam Living Standards Survey, 2006.

### **Poverty Among Ethnic Minorities**

Within ethnic minority groups, poverty reduced by 17.1% between 1993 and 2004 compared with a reduction of 30.8% amongst the majority *Kinh* people. Ethnic minorities are now 39% of all poor people despite making up only 14% of the country's population. Sixty one percent of ethnic minority peoples were still poor in 2004 compared with only 14% of the *Kinh* and people of Chinese ethnicity. Estimates suggest that 37% of those living in poverty in 2010 will be from ethnic minorities, more than twice their share of the poor in 2003 and close to three times their share of the Vietnamese population. Hunger remains a significant problem for ethnic minority peoples with one third of all ethnic minorities experiencing hunger in 2004, compared with only 4% of *Kinh* and ethnic Chinese, and nearly half of the ethnic minorities living in the North West and Central Highlands living in hunger<sup>8</sup>.

Addressing the persistence of poverty amongst ethnic minority peoples remains a challenge for the government. Livelihoods of ethnic minorities are much more reliant on agricultural production and forests than those of the *Kinh*. The allocation of forest land to households, particularly in the Central Highlands where only three percent of households have long-term usage rights, and better targeting of agricultural extension services, based on the needs of ethnic minority peoples and their local conditions, are two areas that offer potential.<sup>9</sup>

<sup>8</sup> Swinkels, R and C. Turk (2006), Explaining Ethnic Minority Poverty in Vietnam: a summary of recent trends and current challenges, p 2-3.

<sup>9</sup> Swinkels, R and C. Turk (2006), Explaining Ethnic Minority Poverty in Vietnam: a summary of recent trends and current challenges, p 5-10.

**Table 4: Poverty and Food Poverty Incidence by Region**

	Poverty 2006 (%)	Poverty 2004 (%)	Food Poverty 2004* (%)
<b>Viet Nam</b>	<b>15.5</b>	<b>19.5</b>	<b>7.4</b>
<i>Kinh</i> and Chinese		13.5	3.5
Ethnic Minorities		60.7	34.2
<b>Northern Mountains</b>	<b>N/A</b>	<b>35.4</b>	<b>16.2</b>
<i>Kinh</i> and Chinese		14.2	2.9
Ethnic Minorities		57.4	30.0
<b>North West</b>	<b>39.4</b>	<b>58.6</b>	<b>34.8</b>
<i>Kinh</i> and Chinese		16.7	4.9
Ethnic Minorities		68.6	41.9
<b>North East</b>	<b>22.2</b>	<b>29.4</b>	<b>11.4</b>
<i>Kinh</i> and Chinese		14.0	2.7
Ethnic Minorities		51.7	24.0
<b>Red River Delta</b>	<b>10.1</b>	<b>12.1</b>	<b>2.3</b>
<i>Kinh</i> and Chinese		11.8	2.2
Ethnic Minorities		56.5	24.7
<b>North Central Coast</b>	<b>26.6</b>	<b>31.9</b>	<b>13.6</b>
<i>Kinh</i> and Chinese		26.7	9.6
Ethnic Minorities		76.1	47.5
<b>South Central Coast</b>	<b>17.2</b>	<b>19.0</b>	<b>8.1</b>
<i>Kinh</i> and Chinese		14.9	4.6
Ethnic Minorities		92.2	71.8
<b>Central Highlands</b>	<b>24.0</b>	<b>33.1</b>	<b>18.8</b>
<i>Kinh</i> and Chinese		13.6	4.8
Ethnic Minorities		74.4	48.3
<b>South East</b>	<b>4.6</b>	<b>5.4</b>	<b>1.5</b>
<i>Kinh</i> and Chinese		3.6	0.7
Ethnic Minorities		51.2	22.3
<b>Mekong River Delta</b>	<b>13.0</b>	<b>15.9</b>	<b>4.0</b>
<i>Kinh</i> and Chinese		14.7	3.2
Ethnic Minorities		34.9	15.7

Source: Viet Nam Living Standards Survey, 2004 & 2006

\*2006 Data on the food poverty rate was not available at the time of finalizing this strategy

### Challenges in Education

Viet Nam's net enrolment rate in primary education was 90% in the early 1990s and has been rising slowly ever since, reaching 97% during the 2004-2005 school year. Universal primary education and gender equality in primary education have been substantially achieved<sup>10</sup>. Disparities between boys' and girls' enrolment has been reduced at all levels and Viet Nam is expected to achieve gender equality in education by 2015.

However, much remains to be done to improve the quality of education and to ensure that children living in remote and disadvantaged areas, particularly ethnic minority girls, are able to enjoy the same levels of education as those in the

<sup>10</sup> Universal primary education is considered to be attained when the net enrolment ratio has reached 80% - UNESCO, 2007.

deltas.<sup>11</sup> Challenges include reducing the number of drop-outs and repetition, addressing the needs of children with disabilities, and improving the physical quality of schools, the quality of the curriculum and text books, learning strategies and learning achievement, the quality of teacher training, and conditions for school staff and education managers. A particular challenge for Viet Nam is to be able to provide mother tongue-based bilingual education for ethnic minority children in early childhood education and in the first years of primary education in order to enhance their learning of the Vietnamese language. An additional challenge is to address the needs of children and adults who have not been able to complete their education.

### **Gender Equality and Women's Empowerment**

Viet Nam ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1982 and the National Strategy for the Advancement of Women in Viet Nam by 2010 was approved by the Prime Minister in 2002. The strategy's overall objective is "to improve the quality of women's material and spiritual life, as well as establishing the conditions necessary for women to experience their fundamental rights, and to fully and equally participate in and benefit from all aspects of political, economic, culture and social life"<sup>12</sup>. Its five specific objectives address achievement of women's equal rights in labour and employment, education, health care, and in political, economic, cultural and social fields including leadership positions, and seek to strengthen efforts to build the capacity of the machinery for the advancement of women. The National Committee for the Advancement of Women is mandated as the machinery to coordinate a whole-of-government response for advancing the status of women.

The government recognises that much remains to be done to achieve gender equality and women's empowerment in Viet Nam. The SEDP notes that gaps still exist for women in accessing basic social services, health care (particularly maternal health, sexual and reproductive health and women's nutritional status) and educational opportunities. Domestic violence is increasingly recognised as a major problem to be addressed and that "early marriage, sexual discrimination and maltreatment against women, sexual abuse of girls, prostitution, trafficking of women and children, etc. social problems and violations to women's right to equality and dignity have not been effectively settled".<sup>13</sup> Women's representation in decision-making and women's average educational and income levels are lower than that of men, whereas women's working hours are longer, particularly in the informal and agricultural sectors. Strong gender socialisation impacts gender relations and the division of labour within families. The preference of

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<sup>11</sup> Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, p 43; Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, p12.

<sup>12</sup> Decision 19/2002/QD-TTg, 21 January 2002.

<sup>13</sup> Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, p 53.

many people for male children, gender bias and lack of proper application of the law continue to result in discrimination<sup>14</sup>.

### **Achieving a Healthy Population**

The health status of the population is improving with greater investment in infrastructure and services. The under-5 mortality rate was 58 per thousand in 1990 and had reduced to 31.5 in 2004 and the infant (under-1) mortality rate was estimated at 18 per thousand in 2004 as compared with 44.4 in 1990. Maternal mortality had decreased from 120 per 100,000 live births in 1990 to 85 per 100,000 in 2004 and Viet Nam should also achieve MDG 5, reducing the maternal mortality rate by 2015 by three quarters from the rate in 1990 of 62 per 100,000)<sup>15</sup>.

Targets for tuberculosis detection and control of malaria have been achieved in Viet Nam. However, with HIV/AIDS having increased in recent years (15,000 new cases detected per year in the period 2001-2004 and 103,900 cases of HIV detected by 2005), and expected to continue increasing in the immediate future, the MDG 6 objective of constraining the HIV/AIDS infection rate under 0.3% by 2010 and halting or reversing it by 2015 seems unattainable<sup>16</sup>. The emergence of SARS and Highly Pathogenic Avian Influenza (HPAI) in recent years have raised awareness of Viet Nam's vulnerability to zoonotic diseases and highlighted weaknesses in the capacity of the human and animal health sectors to cope with the threat of epidemics.

### **Democratic Governance and Accessing Services**

The government recognises that improved governance is a key building block for socio-economic development. Key challenges in order to achieve the SEDP targets are strengthening the legal framework, enhancing democratic governance through strengthening the role of elected bodies and improving citizens' participation in decision-making and the exercise of their rights, ensuring access to social services for the poor and disadvantaged, addressing corruption and increasing the quality and speed of reforms in public administration.

As an active member of the Group of Four (Canada, New Zealand, Norway and Switzerland), New Zealand has taken a close interest in the situation of ethnic minorities in Viet Nam. We have paid attention to socio-economic development in the Central Highlands, in particular the use of ethnic minority languages in education and allocation of land use certificates to households, the exercise of human rights and religious freedom. We will continue to pay close attention to these matters, throughout the country.

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<sup>14</sup> Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, pp 17-18.

<sup>15</sup> Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, p21.

<sup>16</sup> Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, p 50; Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, p 24-25.

The Vietnamese government continues to invest significantly in rural infrastructure. Programme 135 provides resources for the most disadvantaged communes and the Hunger Eradication and Poverty Reduction Programme complements this with a range of support including the provision of subsidised credit, health cards, health insurance and exemptions from education costs for the poor and vulnerable. It will be important to enhance the quality of these, and other, national targeted programmes (NTPs) whose delivery contributes to the Viet Nam Development Goals.

Investment in production and physical access to markets are essential, but more is needed in order to achieve sustained improvements in rural livelihoods. Producers need to understand what the market wants and to link with supply chains, adding as much value as possible to what they produce in order to maximise their income.

Security of land tenure, particularly for women and ethnic minorities, is an essential component of improving rural livelihoods. In 2000, 10-12% of women had land use certificates, most being female headed households or widows. The 2003 Land Law has clarified that where land is jointly owned by husband and wife, both names should appear on the certificate.<sup>17</sup> A land use certificate can be used as collateral enabling rural people to access loans for investment in production and off-farm employment opportunities. It can also provide an incentive for agricultural households to invest in their land. Transparent land administration and effective land-use policies incorporating sustainability principles improve rural governance and provide a secure base for improving rural livelihoods.

The SEDP recognises that “public administrative reform has been slow; bureaucracy, corruption and waste have not been well prevented; the efficiency of State management is limited; these weaknesses will exert serious impacts on the implementation and achievement of the next five-year plan unless they are solved on time”.<sup>18</sup>

The provision of effective rural services and competent advice to producers are also essential components of improving rural livelihoods. Extension services to poor communities need also to mainstream environmental sustainability to enable them to better manage and conserve the natural resource base of their rural livelihoods. Outbreaks of animal disease in Viet Nam point to the need for better veterinary services and livestock production techniques. These in turn will lead to improvements in food safety and help to maintain public health. Viet Nam has developed an Integrated Operational Plan to combat animal and human

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<sup>17</sup> Socialist Republic of Viet Nam (2005), Viet Nam: Achieving the Millennium Development Goals, p 16.

<sup>18</sup> Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, p 65

influenza in the period 2006-2010 and a Food Safety and Agricultural Health Action Plan.

## **REGIONAL CONTEXT**

Viet Nam is part of the Greater Mekong Sub-region (GMS) along with Cambodia, Lao PDR, Thailand, Myanmar and China's Yunnan province and is a member of ASEAN. Regional priorities are articulated in a number of strategies including the ASEAN community's Vientiane Action Plan (VAP), the Initiative for ASEAN Integration (IAI) and the GMS Economic Cooperation Programme.

Regional cooperation provides an opportunity for Viet Nam to contribute to policy formulation and to find solutions to trans-boundary issues that affect the country and its neighbours. It also provides an opportunity for Viet Nam to share its experience and expertise with, and learn from, its neighbours.

NZAID has a track record of supporting Viet Nam's participation in GMS-wide programmes in areas as diverse as human resource development, legal metrology, food safety, phyto-sanitary capacity building, human trafficking and HIV/AIDS. These programmes contribute to the country's integration into the GMS, the ASEAN community and the global economy and assist with addressing the challenges that such integration can bring. We will seek to learn lessons and share experience across our GMS programmes and from our development cooperation programmes with Viet Nam, Cambodia and Lao PDR, particularly in the area of sustainable rural livelihoods. We will strive to achieve complementarity in NZAID's support of bilateral and regional initiatives in the GMS.

## PART TWO

### NZAID's Response to the Development Challenge in Viet Nam

#### Goal

The overall **goal** of the strategy is to:

*Support poverty elimination in Viet Nam through improving rural livelihoods and basic education opportunities, especially for poor and marginalised people.*

This is consistent with NZAID's Asia Strategy and the Vietnamese government's Socio-Economic Development Plan 2006-2010 and Comprehensive Poverty Reduction and Growth Strategy.

#### Objectives

NZAID will achieve this goal through pursuing the following inter-linked **objectives**:-

- Objective One: Reduce poverty and promote livelihoods through building skills, promoting sustainable rural livelihoods and improving access to services for the rural poor.
- Objective Two: Improve the quality of early childhood and primary education, especially for the poor.
- Objective Three: Broaden accountability and participation in democratic governance.

#### **NEW ZEALAND'S DEVELOPMENT COOPERATION WITH VIET NAM**

New Zealand's development cooperation with Viet Nam comprises support through a range of NZAID programmes. Our principal involvement is through NZAID's Viet Nam country programme for which this strategy provides direction.

NZAID also provides support to Viet Nam through regional programmes, currently focussed on human resource development, as well as trade and development initiatives in areas such as phyto-sanitary capacity building, legal metrology, food quality and food safety, and small and medium enterprise development. In 2007, NZAID is supporting regional institutions and programmes such as the Mekong River Commission, the IFC's Mekong Private Sector Development Facility (MPDF), the UN Interagency Programme on Human

Trafficking in the GMS, and the Asia-Pacific Leadership Forum on HIV/AIDS. We also provide support through multilateral institutions including the Asian Development Bank, the World Bank and the United Nations Funds, Programmes and Specialised Agencies.

NZAID also co-finances non-governmental organisations through the Kaihono hei Oranga Hapori o te Ao Partnership for International Community Development (KOHA-PICD) and the private sector through the Asia Development Assistance Facility–Partnerships for Sustainable Development (ADAF-PSD) programmes. Two New Zealand NGOs, Volunteer Service Abroad (VSA) and the New Zealand-Viet Nam Health Trust, have been working in partnership with Binh Dinh province for many years, funded by NZAID.

Through the implementation of this country strategy, NZAID will seek to maximise the synergies between each of these assistance options and the activities of other New Zealand government departments. This range of engagements presents an opportunity for a wider footprint than that outlined in the strategy. NZAID will engage with the private sector as appropriate to our programme priorities and our poverty elimination mandate.

New Zealand’s response to the development challenge in Viet Nam is guided by NZAID’s overall policy architecture. This includes NZAID’s policy statement, guiding principles, sectoral and thematic policies and strategies, NZAID’s Asia Strategy and NZAID’s Multilateral Engagement Strategy.

As explained later in this strategy, NZAID will seek to engage at two, complementary, levels in our development cooperation with Viet Nam. At the central level, NZAID will collaborate with other donors to strengthen delivery of Vietnamese government programmes with a focus on rural development and basic education, and advocate for democratic governance and greater access to social services for the rural poor. NZAID will also provide direct assistance in two provinces with a focus on improving rural livelihoods, enhancing the quality of early childhood education and promoting access to services for the rural poor.

## **GEOGRAPHIC FOCUS**

As a small donor with an imperative to focus in order to maximise development impact, NZAID will complement support at central level by concentrating on two provinces – Binh Dinh province in the South Central Coast and Gia Lai province in the Central Highlands.

The development partnership between Binh Dinh province and New Zealand dates back to the early 1960s when New Zealand ODA supported a civilian surgical team based in the province. This partnership has been maintained over subsequent decades, largely because of the relationships formed amongst medical personnel. In recent years, NZAID’s development cooperation

programme in Viet Nam has had a significant focus on Binh Dinh province. Using the government's new poverty line, 65,411 of the 332,710 households in the province were classified as poor in 2005 (19.66%). VLSS data indicates that 16% of people in Binh Dinh province are poor.

NZAID's focus on Binh Dinh province will continue until the 2010/2011 financial year, by which time the province and Viet Nam will have experienced considerable economic growth and the need for external assistance will have reduced significantly.

Rates of general poverty, poverty amongst ethnic minorities, and food poverty are high in the Central Highlands, with VLSS data showing that Gia Lai province, ranked 52<sup>nd</sup> out of 64 provinces, experiences a higher poverty incidence (26.7%) than the other provinces in the region. During the late 1990s and early 2000s, New Zealand provided development assistance in Gia Lai province, Binh Dinh's neighbour to the west. While our direct development cooperation ended in 2002, as a member of the Group of Four New Zealand has maintained an interest in the situation in the province, visiting the region and following with interest the difficulties that are being faced there. It is an appropriate time to revive our development cooperation with Gia Lai province and to complement our interest in human rights and the rights of ethnic minorities with practical development assistance. NZAID will build a relationship with key partners in Gia Lai province in the first few years of the period of this strategy, with a view to Gia Lai becoming a major partner in the period 2011-2016, building on our experience in Binh Dinh where appropriate.

## **SECTORAL FOCUS**

NZAID's Asia Strategy acknowledges the importance of aligning NZAID's programme to partner country development priorities, and the need to harmonise activities with the international community in order to achieve more effective development assistance. The Asia Strategy and the Viet Nam Country Strategy recognise that NZAID has limited resources and capacity. This makes it imperative that NZAID focus on sectors in which New Zealand has comparative advantage, and can add value to development assistance provided by others.

NZAID's core focus in Southeast Asia is on sustainable rural livelihoods, complemented by initiatives in other sectors as appropriate to the local country context. In particular, NZAID supports core-bilateral partners to achieve the Education for All (EFA) goals and supports capacity building initiatives that are fully integrated with partner country strategies. We will take every opportunity to create links between the various components of the country programme, ensuring that they are mutually reinforcing. NZAID seeks to maximise synergies between regional and country programmes. We will pay particular attention to the connections between the Viet Nam country programme and the regional Trade and Development programme.

### **Sustainable Rural Livelihoods**

In line with NZAID's Asia Strategy goal *to pursue NZAID's mission of eliminating poverty* through a focus on sustainable rural livelihoods, NZAID will concentrate up to 50 percent of country programme resources in this area. We will build on our experience in phyto-sanitary capacity building, responding to emerging areas of need in animal health and food safety. This will be complemented by work to create value chains between producers and markets, focussed on the needs of poor rural producers in the two provinces where we focus our programmes. NZAID will mainstream environmental sustainability into all its assistance programmes especially including livelihoods work, including where appropriate, specific focus on supporting the poor to better manage the natural resource base of their livelihoods, and improved environmental governance.

### **Sanitary and Phyto-Sanitary Capacity Building**

As a primary producer, New Zealand has developed animal and plant health systems designed to improve food safety, strengthen our export potential in niche markets and protect our country from imported pests and diseases. We have much to offer Viet Nam as it faces the challenge of meeting its WTO accession commitments and integration with the global economy, in particular its commitments under the Sanitary and Phyto-sanitary (SPS) Agreement.

NZAID will build on the regional phyto-sanitary capacity building programme, assisting plant protection organisations at the central level to meet the requirements of the SPS agreement with a view to creating an enabling environment for trade in plant products.

Foot and mouth disease (FMD) and highly pathogenic avian influenza (HPAI) will remain in Viet Nam for the foreseeable future and other zoonotic diseases may develop. NZAID committed NZD 1.5 million to Viet Nam's Integrated Operational Plan for Avian and Human Influenza (OPI), 2006-2010, focussed on strengthening surveillance and epidemiological investigations in the animal health sector. We will investigate practical ways of strengthening veterinary services to deal with challenges in animal health and livestock production, working both at the central level and in Binh Dinh province. As our programme expands into Gia Lai province, we will assess the possibility of providing support there.

### **Linking Producers to Markets**

New Zealand's export markets have developed from sales of raw produce (meat, wool and milk products) to value-added products supplied to niche markets. Development of agri-businesses has been an essential component of this and we have much to offer a developing economy such as Viet Nam which is looking to expand its supply in national, regional and global markets.

NZAID recognises that poverty reduction is linked to pro-poor growth and that creating sustainable rural livelihoods is a complex task that involves a mix of actors including individuals, communities and the private sector, supported by government and donors. Initiatives that succeed in one context may fail in another. Therefore, NZAID will take a considered approach to sustainable rural livelihoods in Binh Dinh and Gia Lai provinces with a view to linking poor producers to markets and value chains that are most relevant to their local context, capacities and opportunities and that will bring about sustainable and real improvements in their income and food security.

We commenced this work in Binh Dinh province in 2007, analysing the opportunities that exist and identifying the most relevant means of support that NZAID can offer. We will attempt to create links to activities that NZAID supports through our work in food safety, animal health and livestock production, and to the activities that the Mekong Private Sector Development Facility is undertaking in relation to small and medium enterprises.

Work in Gia Lai province will progress at a slower pace in recognition of the fact that there is a need to build relationships in the province and better understand the context before a significant engagement can be entered into.

## **Education**

Education is of critical importance to NZAID. We will concentrate up to one third of our resources on supporting achievement of the Education for All (EFA) goals, particularly access to basic education. Support provided at central level will be complemented by engagement in Binh Dinh and Gia Lai provinces.

### ***Achieving Education for All***

The adoption by Viet Nam of its National EFA Action Plan 2003-2015 has led to Viet Nam's inclusion in the global EFA Fast Track Initiative. NZAID's Education Strategy identifies Viet Nam as one of the recipients of substantial resources for basic education in Asia. It was on this basis that NZAID took the decision to join other donors in the provision of budget support to the Vietnamese government's Education National Targeted Programme (ENTP) with a special focus on primary education. Our support is offered in order to improve fundamental school quality levels in primary education and to improve the overall process of planning, implementation, reporting and monitoring of the ENTP.

Once the initial funding period 2006-2008 is completed, NZAID will review progress with the targeted budget support modality and determine the best means of offering ongoing support to improving the quality of primary education. In the period 2011-2016, NZAID will further review our assistance in response to the changing educational environment in Viet Nam.

### ***Enhancing Children's Capacity to Learn***

NZAID recognises that a child's capacity for learning when entering primary school depends to a great extent on the physical, intellectual, emotional and social development that has already taken place in the early years of the child's life. Problems which cause difficulty in school, such as poor health, malnutrition, poor self-esteem and low learning ability are generally traceable back to the child's early childhood experiences. Early childhood education provides an excellent opportunity to prepare children so that they are able to maximise their learning once they commence primary education. The experience of Maori and Pacific communities in New Zealand has much to offer Viet Nam. In Viet Nam, many ethnic minority children are not able to speak the Vietnamese language when they commence school, so their learning opportunities are severely constrained. NZAID believes that facilitating mother tongue-based bilingual education at early childhood level will assist ethnic minority children to develop their skills in their mother tongue and act as an important pathway to their eventual uptake of the Vietnamese language.

NZAID supported UNICEF's early childhood development programme in 2006 and 2007, taking a particular interest in the action-research programme that UNICEF, the Ministry of Education and Training and the Viet Nam Women's Union is undertaking in the area of mother tongue-based bilingual education for ethnic minority children. NZAID's engagement will continue, with this programme being one of the particular areas of interest for NZAID's funding of the One Plan of the United Nations in Viet Nam.

NZAID investment in early childhood care and education in Binh Dinh province commenced in 2007 with funding for early childhood infrastructure, teaching materials and equipment in the disadvantaged and more remote areas of the province. This complements the province's efforts to increase the number of early childhood teachers and to improve the quality of their teaching, by upgrading the skills of existing teachers and providing ongoing in-service training. This work will be supported initially by a VSA Early Childhood Education Advisor. NZAID intends that this engagement with Binh Dinh province will provide learning which can be contributed to our engagement with the development of education policy at central level.

In future years, NZAID hopes to provide support to Gia Lai province. While the social contexts are very different, we will draw on experience gained from working in Binh Dinh province and from involvement with UNICEF's work in Gia Lai and other provinces.

### **Human Resource Development**

NZAID's long tradition of supporting Mekong-wide human resource development programmes is recognised and appreciated in the region, including Viet Nam. This includes developing the English language, technical and development

management capacities of staff from key government partners through the English Language Training for Officials (ELTO) programme, the New Zealand Development Scholarships (NZDS) programme and a range of programmes offered by regional institutions such as the Mekong Institute and the ADB Phnom Penh Plan for Development Management.

NZAID reviewed engagement in Mekong-wide human resource development in 2007 and will design a third phase of the ELTO programme during 2008. The Government of Viet Nam has requested NZAID to support Viet Nam's goal of promoting the use of English language in schools and tertiary institutions. Postgraduate scholarships will be made available annually under the NZDS programme for study in pedagogical methods through the medium of English language instruction, commencing in the 2009 academic year. These are targeted at staff of tertiary institutions which are participating in the Viet Nam – New Zealand initiative for English language teaching.

NZAID will integrate capacity development throughout the Viet Nam Country Programme with the NZDS programme an important means of achieving this integration. Recognising that many donors offer similar opportunities to their partners and to government officials, NZAID will focus the provision of dedicated resources within the NZDS and ELTO programmes on the key sectoral and thematic priorities established in this Strategy.

### **Health**

As envisaged in NZAID's Health Policy and outlined in NZAID's Asia Strategy, we will maintain our involvement in the Maternal Child Health project in Binh Dinh province until the project is completed in December 2008. Ongoing support for the Department of Health in Binh Dinh province will be provided via NZAID funding for the two New Zealand NGOs active in the province.

The growing industrialisation in Binh Dinh province will lead to increased numbers of young workers moving from rural areas into the towns, cities and neighbouring industrial zones. NZAID will consider how best to help the province to respond to negative impacts that this may have on adolescent reproductive health and gender relations.

### **CROSS-CUTTING THEMES**

In all programme planning and implementation in Viet Nam, NZAID will emphasise a number of cross cutting issues as follows:

#### ***Promoting Human Rights***

New Zealand believes that sustainable poverty reduction and human development demand respect for all human rights at all levels of government and civil society. A list of the human rights instruments the Socialist Republic of Viet

Nam has signed up to as part of its international commitments is presented in Annex 2. As a co-signatory of these human rights instruments with Viet Nam, New Zealand will encourage the government to improve its adherence to human rights instruments. We will maintain our active participation in the Group of Four and our interest in the situation of ethnic minority peoples.

We will support processes that facilitate greater access of citizens and the poor to justice and that enable communities to exercise their rights. We will work with the government and others to ensure that the interests of the poor, particularly ethnic minority people, people with disabilities and those who face discrimination in their lives, are reflected in government strategies related to the priority sectors of sustainable rural livelihoods and basic education.

### ***Promoting Gender Equality and the Empowerment of Women***

Much remains to be done to achieve the international and national commitments that Viet Nam has made to advancing gender equality and women's empowerment. NZAID views the pursuit of gender equality and women's empowerment as essential to the elimination of poverty and, as such, aims for women and men, girls and boys to be equally empowered to realise their rights and improve their lives and the wellbeing of their families. NZAID will therefore pursue a dual strategy of gender mainstreaming in all activities, combined with specific support for women's empowerment. In particular, NZAID will support initiatives which strengthen the rights and voices of poor women and girls and consult with groups which represent their interests.

### ***Governance***

The government of Viet Nam faces major challenges as it attempts to improve its governance and administrative systems. NZAID will take a two-track approach to our support in this area. At central level, we will work with members of the Like Minded Donor Group and the One United Nations in Viet Nam to support governance reform. We will also investigate ways of enhancing the capacity of public officials. In Binh Dinh and Gia Lai provinces, we will look for ways to strengthen public administration processes creating links between these and the services delivered in the sectors in which we work. A key element of our approach will be drawing links between work at the central and provincial levels.

New Zealand's experience with land administration is leading-edge and we have much to offer Viet Nam as it reforms its land administration systems. We will build on capacity development work that is being undertaken with the Ministry of Natural Resources and the Environment under the ADAF-PSD programme with a view to adding further value to Viet Nam's land administration system at central and provincial level.

NZAID is particularly interested in supporting efforts to promote greater democratisation, enhancing the public's participation in decision-making and their access to services. We will look for opportunities to support participatory

planning processes and increased public accountability in each of the sectoral areas in which we work.

### ***Protecting the Environment***

NZAID believes that enhanced capacity for poor people to manage their environment and improved environmental governance are essential for sustainable development. We will bring this perspective to our engagement with the Ministry of Natural Resources and the Environment and the Ministry of Agriculture and Rural Development.

In Binh Dinh and Gia Lai provinces, NZAID will work to ensure that appropriate attention is paid to environmental protection, management and governance processes in order to support the development of sustainable rural livelihoods.

NZAID mainstreams environmental management into all its programmes. This includes assessing the environmental risks and benefits of all activities, and monitoring for environmental impact throughout their implementation. NZAID will consider the potential for support to environmental governance in all programmes including the use of Vietnamese environmental authorities and processes for these purposes.

### ***Assessing the Impact of HIV/AIDS***

Viet Nam is at risk of not achieving the MDG 6 target of constraining the HIV/AIDS infection rate under 0.3% by 2010 and halting or reversing it by 2015. While we are aware that much larger resources than we have to offer are being directed at halting the spread of HIV/AIDS by members of the international community, we nevertheless have a part to play in helping the government to address this challenge.

In developing individual elements within our Viet Nam country programme, we will look at the impact (actual or potential) of HIV/AIDS on target populations and ensure that appropriate responses are considered in programme design.

## **OPERATING PRINCIPLES**

In implementing this strategy, NZAID will apply the following aid effectiveness principles:

### ***Harmonisation and Alignment***

NZAID adheres to the Hanoi Core Statement on Aid Effectiveness and participates in the Partnership Group on Aid Effectiveness (PGAE) and the Like Minded Donor Group, as well as relevant sectoral and thematic partnership groups.

New Zealand's ODA in Viet Nam is aligned with the Government of Viet Nam's Socio-Economic Development Plan 2006-2010 and Comprehensive Poverty

Reduction and Growth Strategy as well as government strategies in the sectors in which NZAID works. NZAID will align with and use government processes to the greatest extent possible, in line with our commitments under the Hanoi Core Statement.

### ***Policy Engagement Informed by Lessons Learned***

NZAID's engagement in Viet Nam will focus on policy issues as well as on programme activities at central level and in the two focal provinces. We will support local monitoring and evaluation and encourage joint monitoring, review and evaluation with other development partners and donors in order to learn lessons. Engagement in policy dialogues will contribute to enhanced programme delivery. Similarly, NZAID's experience of supporting programme activities, particularly in Binh Dinh and Gia Lai provinces, will inform our inputs to national policies, strategies and regulatory frameworks.

The Poverty Reduction Support Credit (PRSC) offers the opportunity to provide the Government of Viet Nam with general budget support while engaging in policy dialogues. NZAID's engagement with the PRSC will be focussed on the two priority sectors of sustainable rural livelihoods and education.

Through funding the One Plan Fund of the United Nations in Viet Nam, NZAID aims to provide the Government of Viet Nam with impartial advice based on best international practice and will pay particular attention to advice in the area of social policy.

We will use our bilateral relationships with the Government of Viet Nam to further the policy advice offered under these two initiatives.

### ***Programme Learning***

The lessons we learn from NZAID's engagement in Viet Nam will be integrated with those learnt from our engagement across the GMS, Southeast Asia and other areas of the world. Our experience in Viet Nam will inform, and be informed by, our engagement with bilateral, regional and multilateral development partners. We will also use our learning to contribute to national, regional and international fora and vice-versa.

### ***Complementarity and Coherence***

NZAID will maximise the synergies between programmes funded from the Viet Nam bilateral allocation and those funded under regional and multilateral allocations. We will also maximise synergies with contestable funding through New Zealand NGOs and the private sector, particularly initiatives supported under the ADAF-PSD programme. Where other New Zealand government agencies are involved in Viet Nam, we will promote good development practice based on the poverty reduction priorities of the government of Viet Nam.

## **MODALITIES**

NZAID is among the smallest bilateral donors in Viet Nam and size constrains our ability to engage fully with donor coordination and policy dialogue initiatives. Nevertheless, we are committed to playing our part as a partner of the Government of Viet Nam, committed to the Hanoi Core Statement on Aid Effectiveness. We will engage to the best of our ability and in areas where we can add value.

In planning the implementation of this strategy, NZAID will establish a Forward Assistance Programme outlining the key components of the country programme and the modalities to be used in their implementation.

NZAID is committed to a long-term planning approach, providing predictable resources for our development cooperation with Viet Nam (though recognising the need for some flexibility in how that assistance is provided given the rapidly changing environment). NZAID will utilise a mix of modalities, reflecting our commitment to supporting initiatives at central and provincial levels and initiatives in sectors where responding to a particular context is important. The modalities used for engagement in-country will comprise:

- General Budget Support, with a focus on sustainable rural livelihoods and education, provided in cooperation with other donors
- Budget Support to government initiatives in priority sectors such as the Education National Targeted Programme provided in cooperation with other donors.
- Co-financing or Delegated Cooperation, providing resources to programmes of other bilateral or multi-lateral donors and to multi-donor trust funds established in priority sectors.
- Programme Support to initiatives in the two provinces in which NZAID is engaged.
- Project Support where responding to a particular context requires this modality.

NZAID will remain open to adopting new aid modalities as appropriate for the size of our programme and the sectors and cross-cutting themes within it.

## **PARTNERS**

NZAID's primary partner is the Government of Viet Nam with whose plans, strategies, and regulatory frameworks we align our programme. We will work with central Ministries, Offices, Agencies and Institutions as appropriate to the sectors and cross-cutting themes outlined in this country strategy. We will also work with the Provincial People's Committees and relevant departments, offices, agencies and institutions in Binh Dinh and Gia Lai provinces.

In addition, NZAID will work with Vietnamese civil society, representative bodies and communities, ensuring that their voice, needs and aspirations are heard in policy dialogues in which we are engaged.

NZAID will also engage with members of the international community, forming strategic partnerships with like-minded donors, NGOs and the private sector working in areas relevant to the sectors and cross-cutting themes outlined in this country strategy. We remain committed to our engagements in the Like Minded Donor Group and the Group of Four as key partners supporting the government of Viet Nam.

NZAID is committed to multilateralism, in particular the role of the United Nations as an impartial partner providing international best practice and trusted advice, and exercising its normative function. We will support the One United Nations initiative in Viet Nam and the One Plan through providing untaged, core resources to the One Plan Fund.

## **RESOURCES AND MANAGEMENT**

NZAID has selected Viet Nam as a core bilateral partner and has committed to a tripling of its ODA to NZ\$ 10.5 million (USD 7.35 million)<sup>19</sup> in 2008. While this is a significant contribution for New Zealand, the total allocation is small in the Vietnamese context. We need to use our resources in the most efficient way possible to achieve development impact. Therefore, we will support a small number of sizeable programme activities, with longer timeframes, managed by our partners in Viet Nam. In addition, we will focus our human resources on programme learning and policy engagement to the greatest extent possible.

### ***Programme Allocation***

The Viet Nam country programme allocation was NZ\$ 6.7 million in the 2006-2007 financial year and will grow to NZ\$10.5 million in 2008. In addition, Viet Nam will benefit from funding from regional, thematic and multilateral sources including the regional Trade and Development programme, the Greater Mekong Sub-region programme, the ADAF-PSD programme and KOHA-PICD. There is scope for the footprint of NZAID's country programme in Viet Nam to be expanded through these mechanisms.

## **MEASURING PERFORMANCE**

NZAID's performance under this strategy will be measured according to the extent to which our assistance has achieved development impact:

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<sup>19</sup> Calculated at an exchange rate of USD 0.75 to the NZ Dollar.

Development Impact – our development partners have reduced poverty and those in poverty have increased self-reliance.

- Our support has significantly contributed to an improvement in the social and economic outcomes of those in poverty.
- The poor in areas where NZAID is active have increased their income and are exercising greater control over their resources.
- People living in rural communities where NZAID is active have increased opportunities to achieve their rights, access services and participate in their own development.

We aim to achieve development impact through enhancing both our engagement with various stakeholders and our agency capability:

Engagement – New Zealand has added value to the efforts of the Government of Viet Nam and the international community.

- NZAID's ODA is aligned with the Government of Viet Nam's Socio-Economic Development Plan 2006-2010, the Comprehensive Poverty Reduction and Growth Strategy and other sectoral strategies.
- NZAID's engagement in partnership groups has led to improvement in sectoral policies and in the practices of the international community and our Vietnamese partners.
- NZAID is perceived as making a positive contribution to processes of engagement with our development partners in New Zealand and in Viet Nam.

Agency Capability – NZAID's development assistance in Viet Nam is efficient, effective and responsive.

- NZAID has achieved synergies across the range of programmes that make up New Zealand's ODA to Viet Nam.
- NZAID is perceived to have listened and responded to the voices of the poor in the delivery of our ODA to Viet Nam.
- New Zealand's ODA focuses on sustainable rural livelihoods, basic education and democratic governance.
- New Zealand's ODA promotes human rights, governance, gender equality and women's empowerment, and environmental protection, and has identified the impact of HIV/AIDS on target populations, responding accordingly.
- NZAID is learning from engagements with, and adding value to, our development partners and this is leading to more effective development assistance in Viet Nam.

NZAID will undertake and support monitoring, reviews and evaluations to assess the performance and effectiveness of activities supported in our Viet Nam Country Programme. Evaluation activities are expected to provide information for three key purposes: accountability, learning and improvement. The core values that guide other NZAID work will also underpin these evaluation activities. It is

intended that participatory approaches to measuring performance are used wherever possible. NZAID will seek to support joint monitoring, review and evaluation with other development partners and donors. Over time, we intend to make a positive contribution to the evaluation capability and capacity of our partners.

Data gathered in reviews, monitoring and evaluations of individual programme activities will contribute to assessing development impact outcomes. Reviews of the functioning of the partnership groups, the Like Minded Donor Group and reviews of New Zealand – Viet Nam development cooperation will provide input into assessment of the engagement and agency capability outcomes mentioned above.

The results will inform decisions about the future allocation of NZAID resources. Such decisions will be taken in light of our wish to promote mutual openness, trust, respect, and accountability between NZAID and our development partners.

A biennial high-level consultation forum will be established between NZAID and the Government of Viet Nam to review implementation of the Country Strategy. The Country Strategy itself will be reviewed after five years to ensure that it remains appropriate to the changes that are occurring within Viet Nam and to Viet Nam's needs and priorities. It will also consider the nature of the relationship between New Zealand and Viet Nam beyond 2016. The results of regular monitoring will be fed into the wider review process for the NZAID Asia Strategy.

## ANNEX 1

### Key Development Indicators

Indicator		Year	
GDP per capita	USD 550	2004	
GDP per capita (ppp USD)	USD 2,745	2004	
Human Development Index	HDI 0.709; ranks 109 of 177 countries	2004	
Population	83.1 million; Female Population 50.6%	2004	
Life expectancy: 70.8 years	Male: 68.8 years; Female, 72.9 years	2004	
Growth in population	Average annual percentage 1.9%	1975-2004	
Urban population (% total)	18.8% in 1975	26% in 2004	
Maternal mortality rate	130/100,000 live births	2000 adjusted	
Infant mortality	55/1,000 live births	1970	
	17/1,000 live births	2004	
Under 5 mortality rate	87/1000 live births	1970	
	23/1000 live births	2004	
Fertility rate (births/woman)	6.7 in 1970-1975	2.3 in 2000-2005	
Children < 12 months receiving measles vaccination		96%	2004
Children < 12 months receiving tuberculosis vaccination		97%	2004
Total births attended by skilled health staff		85%	1996-2004
Adult literacy rate	Male aged 15+ 93.9%	Female aged 15+ 86.9%	2004
Net primary enrolment rate	90% in 1991		93% in 2004
Malnutrition in children under 5	Weight for age	28%	1996-2004
	Height for age	37%	1996-2004
Public expenditure on health as percentage of GDP		1.5%	2003
Per capita expenditure on health (PPP USD)		USD 164	2003
Population with sustainable access to an improved water source		85%	2004
Population with sustainable access to improved sanitation		61%	2004

Source: UNDP: Human Development Report 2006.

## **ANNEX 2**

### **Human Rights Instruments to which Viet Nam has Agreed or has Signed.**

International Covenant on Economic, Social and Cultural Rights (ICESCR)	24 September 1982 (accession)
International Covenant on Civil and Political Rights (ICCPR)	24 September 1982 (accession)
International Convention on the Elimination of All Forms of Racial Discrimination (ICERD)	9 June 1982 (accession)
Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)	17 February 1982
Convention on the Rights of the Child (CRC)	28 February 1990
Optional Protocol to the CRC on the Involvement of Children in Armed Conflict	8 September 2000 (signed)
Optional Protocol to the CRC on the Sale of Children, Child Prostitution and Child Pornography	20 December 2001
International Convention on the Prevention and Punishment of the Crime of Genocide	

## ANNEX 3

### Vietnam Development Goals Poverty Reduction and Social Development Targets of Viet Nam by 2010

<b>Goal 1: Reduce the proportion of poor households</b>
Target 1: Reduce by 50% poor households according to new poverty standards against the year 2000, i.e. decrease to 10-11% by 2010 from 22% in 2005.
Target 2: Reduce by 75% the poverty rate in terms of food shortage against the year 2000, i.e. reduce to 2-3% in 2010 from 12% in 2000.
<b>Goal 2: Universalise and improve educational quality</b>
Target 1: Increase the rate of primary school enrolment at the right age up to 90% by 2010.
Target 2: Complete the improvement of primary education quality and increase the number of all-day learning hours at primary level by 2010.
Target 3: Increase the rate of lower secondary enrolment at the right age up to 90% by 2010.
Target 4: Increase the proportion of students attending upper secondary school at the right age to 50% by 2010.
Target 5: Strive for the eradication of illiteracy for 100% of women under 40 years of age by 2010.
<b>Goal 3: Implement gender equality, improve the position of women and ensure the rights of female children</b>
Target 1: Gradually reduce gender imbalance at primary and secondary education level in areas with large ethnic minority groups by 2010.
Target 2: Increase the number of female delegates in elective agencies at all levels.
Target 3: Increase by 3-5% of women staff in agencies and sectors (including ministries, central offices, enterprises) at all levels over the next 10 years.
Target 4: Execute the regulation on entering names of both husband and wife in the land-use right certificate.
Target 5: Reduce women's vulnerability to domestic violence.
<b>Goal 4: Reduce the birth rate, death rate and children malnutrition rate</b>
Target 1: Reduce the birth rate to reach an average replacement level in 2007 at the latest in the whole country and by 2010 at the latest in remote, mountainous and poor areas.
Target 2: Reduce the under-1 infant mortality rate to 16/1,000 by 2010.
Target 3: Reduce the under-5 mortality rate to 25/1,000 by 2010.
Target 4: Reduce the under-5 malnutrition rate to under 20% by 2010.
Target 5: Reduce the underweight neonatal rate (under 2.5 kg) to 5% by 2010.
<b>Goal 5: Mother's reproductive health</b>
Target 1: Reduce maternal mortality to 60/100,000 live births by 2010, paying special attention to difficult areas.
Target 2: Improve mother's post-partum health.
<b>Goal 6: Prevent HIV/AIDS, malaria and other diseases</b>
Target 1: Restrain the growth of HIV/AIDS infection rate in 2005 under 0.3% of population by 2010.
Target 2: Maintain polio abolition results; minimise the rate of morbidity and mortality of cholera, typhoid, dengue fever, malaria and bubonic plague.
Target 3: Prevent accidents, injuries and harms of tobacco.
<b>Goal 7: Ensure environmental sustainability</b>
Target 1: Plant trees and vegetation on bare land, hills and mountains, increasing forest coverage up to over 42-43% in 2010, and increasing green spaces in urban areas.
Target 2: Gradually apply clean technologies to social and economic sectors; by 2010 strive to reach 100% of new business and production establishments to apply clean technologies or be equipped with pollution minimisation facilities, ensuring waste treatment to reach environmental standards; 50% of production establishments satisfy environmental standards.
Target 3: Basically complete the improvement and upgrade of waste water and rain-water

drainage systems in urban areas, industrial zones and export processing zones; 100% of industrial zones and export processing zones have centralised waste water treatment systems reaching environmental standards, 90% of solid wastes collected; over 80% of hazardous wastes and 100% of medical wastes treated.
Target 4: Basically treat environmental calamities on rivers.
Target 5: 95% of urban and 75% of rural population have access to clean water.
<b>Goal 8: Ensure vital infrastructure works for poor people, poor communities and communes</b>
Target 1: Improve, upgrade, expand and build vital infrastructure works (small irrigational works, schools, communal health stations, roads, electric lighting, water for domestic use, markets, communal cultural post offices, meeting houses, etc), ensuring 100% of poor communes to have access to vital infrastructure works by 2010.
Target 2: By 2010, 75% of households have hygienic latrines.
<b>Goal 9: Generate jobs</b>
Target 1: Generate jobs for about 1.6 million employees per annum, reaching a total of 8 million jobs in the five years 2006-2010. Raise female employee rate in the total new jobs to 50% by 2010.
Target 2: Increase the proportion of trained employees to 40% by 2010.
Target 3: Reduce the proportion of the unemployed in urban areas to below 5% of the total number of people of working age by 2010.
<b>Goal 10: Develop information, culture, improve people's spiritual life; reserve the cultures of ethnic minorities</b>
Target 1: Increase the amount and transmission hours of radio, television programs, especially broadcasts in ethnic minority languages.
Target 2: Improve people's intellectual life, preserve and bring into play traditional cultural values of ethnic minorities. Preserve and develop the number of people capable of reading and writing in ethnic languages in areas with a large number of ethnic minorities.
Target 3: Assist more people of ethnic minorities to work in State agencies.
Target 4: Ensure granting land use rights to communities, individuals in ethnic minority areas and mountainous areas. Consolidate and expand health care services, cultural activities, and information provision to grass-roots units to serve ethnic minorities.
<b>Goal 11: Reduce vulnerability and develop social welfare networks to support the disadvantaged and the poor</b>
Target 1: Improve the income situation of the poor, especially poor households headed by women.
Target 2: By 2010, ensure families in urban areas to be granted the land use right certificates and ownership of houses built on legitimate land plots.
Target 3: Renovate the policy and mechanism of social insurance; encourage the community's participation in voluntary insurance schemes.
Target 4: Increase the quantity and quality of jobs and ensure job safety for the poor and people with extreme difficulties.
Target 5: Intensify the protection of adolescents; completely eliminate child labour.
Target 6: Build a strategy for prevention and mitigation of natural disasters. Reduce by 50% the number of people re-impooverished by natural disasters or other risks.
<b>Goal 12: Push up administrative reforms, provide the poor with legal knowledge</b>
Target 1: Improve people's access to a transparent, responsible and participatory government.
Target 2: Continue accomplishing policies and institutions affecting the poor, set more feasible targets and allocate better resources for programmes which benefit the poor.
Target 3: Perfect reform strategies related to public sector, jurisdiction, and financial management to better support the poor.
Target 4: Minimize bureaucracy, corruption, and implement democratic State management with participation of the people.

Socialist Republic of Vietnam (2006), The Five-Year Socio Economic Development Plan 2006-2010, pp 154-156.

## LIST OF ACRONYMS

ADAF-PSD	Asia Development Assistance Facility-Partnerships for Sustainable Development
ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
AIDS	Acquired Immune Deficiency Syndrome
ASEAN	Association of Southeast Asian Nations
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
EFA	Education For All
ELTO	English Language Training for Officials
ENTP	Education National Targeted Programme
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
HDI	Human Development Index
HIV	Human Immuno-Deficiency Virus
HPAI	Highly Pathogenic Avian Influenza
IAI	Initiative for ASEAN Integration
LMDG	Like Minded Donor Group
MDGs	Millennium Development Goals
MPDF	Mekong Private Sector Development Facility
NCAFAW	National Committee for the Advancement of Women
NGO	Non-Governmental Organization
NTP	National Targeted Programme
NZAID	New Zealand's International Aid & Development Agency
NZDS	New Zealand Development Scholarships
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPI	Viet Nam's Integrated National Operational Programme for Avian and Human Influenza, 2006-2010
PGAE	Partnership Group on Aid Effectiveness
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
SEDP	Socio-Economic Development Plan
SPS	Sanitary and Phyto-sanitary Agreement
UNICEF	United Nations Children's Fund

VAP	Vientiane Action Plan
VDG	Viet Nam Development Goal
VLSS	Vietnam Living Standards Survey
VSA	Volunteer Service Abroad
WTO	World Trade Organisation