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Vietnam



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1. Summary

Vietnam has been successful in reducing poverty, in terms of material and social conditions, over the past years. The incidence of poverty was reduced from 58% in 1990 to 37% in 1998, and further to 29% in 2002. Vietnam has however experienced growing inequalities during the last decade.

The Vietnamese PRSP, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) is the most comprehensive strategy for poverty reduction in Vietnam and all donors have agreed to use it as the basic framework for their development co-operation. The CPRGS is however still largely unknown at the local level. Implementation will require continuing work to translate it into local government plans and priorities adapted to Vietnam's varying regional realities and to ensure that sufficient capacity and resources are available at the local level.

Disbursement of Swedish development assistance has been low during two consecutive years, due to reprioritising and restraints of the planning processes. This has been necessary in order to maintain ownership by the Government of Vietnam and to redirect the programme towards an approach in line with the Swedish policies on poverty as well as aligning with the CPRGS of Vietnam.

The grant- portfolio contains 3 main areas (Health, Rural development/Environment/land administration and Democratic governance). The old energy support is being phased out and transformed into a smaller rural energy program. Additional and smaller areas are research and private sector/trade development. The NATUR area is on the increase while the Democracy/HR/Governance and Social sectors will be more or less stable. Research will continue at a stable level. Mainstreaming covers human rights, public administration reform, governance issues, gender and HIV/AIDS. An initiative has been taken by the embassy in co-ordination with Sida and Foreign Ministry (UD) to widen and deepen the dialogue on support projects directly aimed at the human rights area

Harmonisation, donor co-ordination and capacity building in the aid management area is an expanding work area for the Embassy. Sida is member in around 16 Partnership groups. Donor co-ordination within the LMDG and EU and other fora is given continued priority and Vietnams role as leader/co-ordinator is promoted wherever feasible.

2. Strategic Country Development Trends

2.1 Poverty Reduction: Overall Trends and Perspectives

Vietnam has been successful in reducing poverty, in terms of material and social conditions, over the past years. The incidence of poverty was reduced from 58% in 1990 to 37% in 1998, and further to 29% in 2002. Vietnam has however experienced growing inequalities during the last decade, especially between rural and urban populations, between ethnic minorities and the majority kinh people, women and men, poor and wealthy regions and provinces, and within the growing cities. This has been confirmed by various sources.

The problem of HIV/AIDS continues to grow and over the last ten years Vietnam has experienced a rapid increase of 7% per annum in the number of new HIV infections. It is estimated that 200 000 people are living with HIV/AIDS in Vietnam. Data shows an increased infection rate in all groups of the population and all provinces have reported HIV/AIDS cases.

While income poverty has been reduced, progress in reduction of poverty in terms of lack of power, opportunities and security is more mixed. Steps have been taken to increase participation at local level but there are as yet shortcomings in protecting rights which are crucial for people's ability to avoid or move away from poverty. Vietnam performs well on many indicators of gender equality e.g. in education and health, but the situation with regard to power and opportunities is not equal. Domestic violence is prevalent and women face special problems in accessing rights to land and to health services. Women also have much less influence in public decision-making.

The easy gains in poverty reduction in Vietnam are probably over since most of the positive effects of the initial economic reforms have been exhausted and it will require great efforts for Vietnam to fulfil its objective of substantially reducing its poverty in the future, even if the economic growth remains at a high level. The remaining poor in the country tend to be more isolated in many respects, geographically, ethnically, linguistically, socially and in terms of access to information. The results from the VLSS 2002 also show a slower pace in raising living standards in recent years.

A number of national strategies were approved by the Ninth Congress of the Communist Party of Vietnam in April 2001. The most important

are the Strategy for Socio-Economic Development 2001–2010 (SEDS) and the five-year Socio-Economic Development Plan 2001–2005. The Government has also formulated a ten-year Hunger Eradication and Poverty Reduction Strategy (HEPR) 2001–2010. Its resources have mainly been used for resettlement and subsidised credits for poor people. Another program, the so called 135-program is focusing on the poorest communes and has mainly been used for investments in transportation, irrigation, electricity and schools and for construction of commune-cluster centres.

Government expenditure for education and training has been increased in recent years, while health expenditure is still low in international comparison (around 6% of total expenditure). Government expenditure on environment management is not categorised separately. However a review by the World Bank estimated environmental expenditure to just less than 1 per cent of total¹ The Public Expenditure Review 2000 basically confirmed Vietnam's commitment to poverty reduction. Both health and education spending has a pro-poor bias and cash transfers to the poorer provinces also perform a re-distributive role. But concerns must be raised about the increased reliance of user fees and own contributions which has a regressive effect.

The Vietnamese PRSP, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) is regarded as an action plan that translates the SEDS, the Five-year Socio-economic Development Plan as well as other sectoral development plans into concrete measures. It is the most comprehensive strategy for poverty reduction in Vietnam and all donors have agreed to use it as the basic framework for their development co-operation.

The CPRGS is however still largely unknown at the local level. Implementation will require continuing work to translate it into local government plans and priorities adapted to Vietnam's varying regional realities and to ensure that sufficient capacity and resources are available at the local level. Differences in local capacity mean that implementation of the CPRGS is likely to be uneven with poorer provinces less able to deliver and manage reforms despite the more urgent need in these regions. A process of "roll-out" of the CPRGS to provinces has been initiated by the Government and is supported by several donors.

2.2 Macro-economic Development

Vietnam's economic growth has been among the highest in the world (It was estimated at 7,2% in 2003). Up to 2001 it was driven by growth of exports, which was partly due to favourable price movements. During the last two years, domestic demand, and private sector investment in particular, has been the main driving force behind GDP growth. The industrial and construction sectors have been the main contributors and the domestic non-state sector grew the fastest.

Investments have been increasing and in 2002 the investment ratio was estimated at 34% of GDP. This is the highest ratio ever reached in Vietnam but efficiency of investment is low, illustrated for example by a high and increasing incremental capital-output ratio (ICOR).

¹ World Bank, *Vietnam Environment Monitor 2002*

Government expenditure has been increasing the last years and was around 25% of GDP in 2003, while total revenue was around 23%. Domestic budget revenue accounts for around 50% of total revenue while the other half comes mainly from crude oil exports and customs and excise duty of imported commodities. The Government has not been able to change this structure, which might cause problems in view of the commitments to tariff reductions within AFTA.

The financial market is continuously being liberalised and the State Bank has started to use Open Market Operations as an instrument. Credit growth has been restrained and inflation has been low. The last two years the inflation rate has increased to around 4%, mainly due to increased prices of food items. The State Bank is moving towards a more market oriented exchange rate system and has widened the trade band of the exchange rate and abolished the foreign exchange surrender requirement. The Vietnamese Dong has depreciated against the US Dollar by around 6% during the last two years.

Vietnam's foreign trade sector is today larger than in most similar countries. Export + Imports equals about 90% of GDP (compared to 52% in 1992). Export growth in 2001 was extremely high 1992–2000, 25% per year on average. It slowed in 2001–02 mainly due to declining world prices of oil and agricultural commodities but recovered to 19% in 2003 Imports have been increasing even faster leading to widening trade deficits. These have been offset partly by increased foreign exchange remittances, reflecting the impact of liberalisation of regulations on foreign currency accounts and the permission granted to overseas Vietnamese to buy land. Current official transfers have remained broadly constant over the last few years. Official reserves represents 9 weeks of imports.

Inflow of FDI was extremely high in the early 1990s but has fallen since then due to the Asian crisis and greater reluctance from investors. Gross inflow of FDI is around 5% of GDP. ODA inflow to Vietnam has been increasing during the 1990s and total disbursements are around 5% of GDP. In 1999 the IMF carried out a debt sustainability analysis and concluded that the debt situation is sustainable. Debt figures are much lower than for most HIPC-countries.

In the short term, economic policy is stable and sustainable. Assumptions for longer term are optimistic (annual GDP growth of over 7% up to 2010). Since rapid export growth is a fundamental assumption behind these targets, it follows that the official scenario is very vulnerable to external developments. The structural problems, leading to inefficiency and low competitiveness, could also undermine the Government strategies, if not adequately addressed.

The reform process has been stable during the last three years. The Government and the World Bank agreed in 2003 on a second Poverty Reduction Support Credit (PRSC2) based on a number of prior actions regarding economic policies, poverty reduction and governance. This agreement also includes agreement on a roadmap for a four-year reform program, based on the CPRGS and supported by annual PRSC:s

Significant progress has been made in trade reform. The bilateral trade agreement with the US was ratified in December 2001 and active preparations have started toward the goal of WTO accession in 2005.

Of more immediate impact is the commitment to tariff reductions within AFTA, which will be finalised in 2006.

The Government has initiated a SOE reform framework that provides for the equitisation, liquidation, and merger of around 1,800 small and medium SOEs, but progress in implementing plans and achieving targets has been slow. SOE:s equitised so far represent only 2,5% of the total SOE capital. Factors accounting for the slow pace include problems in resolving inter-enterprise debt; valuation of land, buildings, and equipment; decisions over the management structure of equitised enterprises; and difficulties in handling redundancies. There is a risk that the larger and more capital-intensive SOEs, which account for 90% of the SOE debt, will remain largely untouched by the reforms. Half of the SOE:s are running at loss and most other just break even. Their total debt is estimated at 33% of GDP.

The SOE-reform is closely linked to the reform of the banking sector, since its burden of non-performing loans to the SOE:s is the major problem. The State-Owned Commercial Banks (SOCB:s) still dominate the banking system and they are heavily exposed to the SOE sector. The SOCB:s still have political functions, in particular at provincial level. Their expenses are higher than in other countries and they continue creating losses. There are also concerns that the banking sector will have to grapple with a strong rise in bad debts when Vietnam joins AFTA in 2005. Many SOE:s will fail to compete with rivals from other regional countries, leading to closures or bankruptcies.

The main system for preferential credit is the Development Assistance Fund (DAF). This fund is financed from the budget, postal savings, social security funds and domestic bond issuance. It is also the main channel for onlending of ODA loans. Total lending by the DAF is over 4% of GDP or almost 1/3 of total credit to the economy². There is little information about the utilization of the DAF but its lending is mainly for SoE:s. It is a fear that the DAF is used as a channel for subsidising SoE:s while keeping the domestic credit targets.

The fiscal situation is basically sound. The system for control and management of public resources is moving towards a more performance oriented planning and budget model, but this process has only started. The link between planning and annual budgeting remains weak, and the annual budget is largely incremental.

The Government is planning to keep its cautiously accommodative fiscal policy, while providing for structural reform costs. The key policies on the revenue side are strengthening of VAT and customs collection and setting domestic prices for petroleum products so as to safeguard revenue, in view of decreasing revenue due to trade liberalisation. The Department of Taxes will also start implementing a self-assessment system for large taxpayers.

Decentralisation has increased in recent years much due to the creation of a more decentralised budgetary framework. The revised Budget Law will become effective from January 2004 and includes some major modifications and supplements with an emphasis on the role of provincial governments to the management and monitoring of local

² Vietnam Development Report 2003, World Bank 2002

budgets. In addition the law enhances the power of the NA and people's committees concerning decisions and allocation of state funds.

Within the limits given by the political system, substantial moves towards increased transparency have been taken during the last years. As an example, while the state budget, a few years ago, was entirely secret, budget figures are now available at the website of the Ministry of Finance. In 2003, the Government, for the first time, openly presented the draft Public Investment Programme (PIP) for 2001–2005 for discussion and comments. An important step towards increased transparency was the amendment of regulations on financial and budget transparency in November 2001. Under the new Regulation, Ministries, central agencies and provinces are required to make public their budgets and to prepare progress reports on budget transparency to the Ministry of Finance.

Recently, additional measures have been taken in order to increase transparency, e.g. the revised Budget Law, the Law on Promulgation of Legal Documents, the Statistical Law, amendments of the procurement regulations and a legal mandate for the State Audit to report to the National Assembly.

2.3 Political Development, Good Governance and Human Rights

The most striking feature over time is the stability of the political system.

But the Vietnamese society is more complex than the one-party system would suggest. The Vietnamese system perceives officially itself as democratic. The party has also designed rules to have feedback into the policy-making through for instance the mass organisations. Important decisions are taken through consensus building, after long consultations with various stakeholders. In addition, the provinces in respect of power have operated very independently, contrary to the centrally controlled ideal. The National Assembly, though far from being a fullfledged democratic legislature, increasingly seeks to hold the Government to account.

The Party and the Government are seriously committed to listen to questions and complaints from the people and open to respond to many demands. But it should at the same time be noted that the basic aim is to explain the policy and to avoid complaints from citizens. Individuals and groups with own political objectives are not tolerated. National unity is the overall goal and the political decision-making system is basically a top-down process. Vietnam is still not an open society. People are cautious to express their opinions and many issues are considered too sensitive to discuss. Information is tightly controlled and there is no free media. Although we have not seen a positive development with regards to the legal framework for media (press law etc.) we have seen positive changes in terms of increased criticism towards the leadership as well as types of articles presented in various newspapers.

Crimes against national security are defined very broadly and loosely. Tight control is kept on all types of social organisation, and unlicensed organisations are not permitted. With regards to human rights protection however the newly revised Criminal Procedure Code indicates some positive changes. It provides the defence lawyer with a strengthened role in court proceedings and an earlier access to the accused. In the new Code

the defence lawyer is also given the opportunity to cross examine witnesses and present his/her own evidence.

The Government has given increased attention to combat of corruption. Several cases, involving also high-ranking officials, have been brought to court and resulted in heavy punishment including death penalty in some cases.

Vietnam continues to expand its international network with an emphasis on economic and trade relations. A number of high level visits have taken place lately, including with big powers like USA, China, Russia, Japan, India and EU countries. Relations with the US were largely restored in connection with former president Clinton's visit in November 2000. Vietnam gives high priority to other ASEAN members and other regional powers like Australia. Vietnam is also seeking a bigger role in multilateral fora. Vietnam aims to be a member of WTO in 2005 and is campaigning for a seat in the UN Security Council 2008–9. Vietnam has also been voted into the governing bodies of a number of other UN agencies and plays an active role within the ASEAN and ASEM.

Vietnam and China have a few unsettled border issues in the South China Sea but there does not seem to be any urgency in having them solved in the near future. It is generally assumed that the growing economic and military might of China is a contributing factor behind Vietnam's endeavours to be on friendly footing with all nations. There are also unsettled border issues with other nations in the region but they have also been left pending. Vietnam plays a major role in Laos and Cambodia and extends a helping hand to Myanmar in its efforts to gain international acceptance.

2.4 Development Co-operation and Partnership

The inflow of ODA has increased every year from 1993 up to 2000. In 2001–02 it declined somewhat, but increased again to around USD 1,6 million in 2003. The role of ODA has increased in relation to other international flows since the decline in FDI's in 1997. On the other hand remittances from Vietnamese overseas have increased substantially and become a major source of foreign exchange in recent years.

A total of 25 bilateral donor countries, some 20 multilateral donor agencies and nearly 400 international NGOs operate in Vietnam. Many donors have Vietnam as a major recipient country, for example it is now the largest recipient of World Bank IDA funds. Overall Vietnam is the second largest recipient of ODA (after China). The main donors are Japan, World Bank and ADB, accounting for 60% of total ODA disbursements.

During the 1990s, the share of ODA provided as grants has declined and was 29% in 2001. The major part of ODA disbursements is for capital investment projects (around 70% in recent years). In 2001, for the first time since 1998, the World Bank in 2001 provided programme funding, under the Poverty Reduction Support Credit (PRSC) and overall programme support accounted for 20% of total disbursements. Technical Assistance was estimated at around 25% of total ODA.

Since 1998 the concept of "partnership" has been in focus for government-donor relations. Compared with other countries, Vietnam has made significant progress on partnerships. More than twenty partnership

groups have been established in different areas. The Government has participated actively in some of these, but neither the Vietnamese partners nor the bilateral donors have had enough capacity to cover all issues. Many of the groups have therefore been dominated by the multilaterals. The programs of the groups have also differed substantially, with some being limited to information sharing.

In general, the international community now broadly endorses the Government's reform agenda. There is an enhanced understanding that the pace of reform needs to be dictated by national political considerations. Meanwhile the capacity of the central government to engage in the dialogue with donor agencies has significantly improved. Another initiative pointing in the same direction is the analytical work of "localising" the Millennium Development Goals. Viet Nam has committed itself to the MDGs, but in consultation with donors, through the Poverty Working Group, it was agreed to establish a new set of indicators that are in line with Government's own strategic goals and timeframe (The VDG:s). Several donor agencies and INGOs have contributed to this analytical work, which has informed the development of the CPRGS. But despite participation of the Government (mainly MPI), it has primarily been a donor-driven process.

The intensified work on partnerships has however resulted in limited co-ordination of aid. The partnership groups have been important for exchange of information and co-ordination of policy to some extent. But until very recently there were no examples of movements towards a program approach or establishment of a division of labour between donors. The almost total absence of program support³ is explained both by lack of interest from the Government and reluctance from the donors, based on the assessment of high fiduciary risks. The last year has however seen a significant change due to the creation of a number of Multi-Donor Trust Funds and an increased interest for sector program support from the Government.

The Government has made progress in harmonising its procedures, with the promulgation of Decree 17 which is the overall regulation for all ODA. On the donor side there have also been a lot of efforts in harmonisation of procedures within the Like Minded Donor Group (LMDG)⁴, among the international development banks and within the EU and the UN system. Although there is agreement on reducing transaction costs and ensuring government ownership, there are diverging views among the donors of the coverage and depth of this harmonisation process. An important step forward was the presentation of a Harmonisation Action Plan by the MPI at the CG-meeting 2003. This is expected to become the framework for future efforts by the Government and all donors.

³ There are no SWAPs in Vietnam but the World Bank PRSC, including co-financing from bilaterals (Denmark, Netherlands, Sweden and UK) is an example of program support, as is also the Japanese Myizawa Fund.

⁴ The LMDG is an ad-hoc grouping of Hanoi-based bilateral donors (Sweden, Denmark, the Netherlands, Canada, Finland, Norway, Switzerland and the United Kingdom) who are drawn together by a common commitment to: (1) Use the CPRGS as a framework for our ODA planning and delivery; and (2) Improve the quality of aid in Vietnam. The LMDG is not an exclusive group and aims to promote change through the demonstration effects of practical actions that have concrete, measurable results.

3. Swedish Development Co-operation

3.1 Strategic Assessment and Considerations and Overall Country Programming Review

The new Cooperation strategy for Vietnam was adopted by the Swedish government in December 2003 for the period 2004–2008. The strategy takes its point of departure in Vietnam's Comprehensive Poverty Reduction and Growth Strategy (CPRGS).

The overall goals are:

- to promote Vietnam's capacity to reduce poverty on a long-term and environmentally sustainable basis
- to promote openness and development towards democracy and increased respect for human rights

The sub-goals are:

- To promote an equitable, pro-poor and sustainable use of natural resources based on local initiatives
- To promote a professional, transparent, accountable, accessible and non-discriminatory public administration
- To promote improved rights and democratic access for poor people, with a special focus on a development of the rule of law that ensures predictability, equality, non-discrimination and protection against abuse
- To promote the right to adequate health care for all people, including improved access to health services for the poor.
- To promote pro-poor growth, based on a dynamic private sector and open trade relations.

The Development Co-operation Strategy will act as the instrument when it relates to general directions of the co-operation and sector emphases. The Strategy also gives guidance for prioritised dialogue issues.

Disbursement has been low during two consecutive years, due to reprioritising and restraints of the planning processes. This has been necessary in order to maintain ownership by the Government of Vietnam and to redirect the programme towards an approach in line with the Swedish policies on poverty as well as aligning with the CPRGS of Vietnam.

The increased emphasis on working in a decentralised manner with provinces, districts and communes will be a more efficient way of reaching the objectives of the co-operation. But, it demands other working methods that sometimes will be more time- and resource consuming.

The grant-portfolio contains 3 main areas (Health, Rural development/Environment/land administration and Democratic governance). The old energy support is being phased out and transformed into a smaller rural energy program. Additional and smaller areas are research and private sector/trade development. The NATUR area is on the increase while the Democracy/HR/Governance and Social sectors will be more or less stable. Research will continue at a stable level.

Mainstreaming covers human rights, public administration reform, governance issues, gender and HIV/AIDS. An initiative has been taken by the embassy in co-ordination with Sida and Foreign Ministry (UD) to widen and deepen the dialogue on support projects directly aimed at the human rights area. (see below)

The process of finding working methods being less heavy on administrative resources initiated a few years back has so far only given limited results. A number of co-financing operations and joint-donor operations have started through IFAD, UNDP and the World Bank. Co-financing with ILO will continue. ADB will be a new partner. Multidonor trust funds have been the instrument in areas like financial management and Public administration reform, legal reform. In some cases the importance of donor co-ordination per se has taken over short term efficiency concerns in order to move towards sectors wide approaches. A few bilateral cofinancing operations have been initiated e.g. with Norway. Program approaches and SWAPs are still hard to develop in Vietnam. Within the forestry sector there is an embryo to a SWAP where Sweden has shown interest.

The Swedish government decided not to provide budget support for 2003, since Vietnam does not fulfil the criteria in the Swedish guidelines. Budget support may only be made available based on an open and reliable state budget and a strengthened public administration, financial management and audit.

The framework of *Perspectives on poverty (PoP)* has been used in the Country Strategy work and will be a point of departure for all project/program preparations during coming years.

Harmonisation, donor co-ordination and capacity building in the aid management area is an expanding work area for the Embassy. Sida is member in around 16 Partnership groups. Donor co-ordination within the LMDG and EU and other fora is given continued priority and Vietnams role as leader/co-ordinator is promoted wherever feasible.

3.2 Follow-up of Country Programme Performance:

3.2.1 Democratic Governance

Support to Democracy and Human Rights

Sweden has supported the Human Rights Centre of the Ho Chi Minh Political Academy since 1997. The content of the co-operation was mainly human rights training of public servants. The co-operation was evaluated in 2001. The evaluation suggested the co-operation to be enlarged to include additional target groups such as prosecutors.

The Academy was in no position to accept an enlarged co-operation and Sweden found the present project too narrow to be continued as it was. The co-operation was terminated in 2002.

Based on above, during 8–10 October 2003 Sweden and Vietnam met in Hanoi to explore the opportunities for future human rights development co-operation. Human Rights Ambassador Ulla Ström led the Swedish delegation. The delegation had separate meetings with several ministries, agencies and party committees.

The purpose of the meeting was to re-establish and further develop a co-operation between Sweden and Vietnam in the area of human rights. The discussions were very friendly and open and at the same time straight to the point and constructive. The results of the meetings were that Vietnam expressed its interest and willingness to co-operate with Sweden in the human rights field. Areas of common interest were identified and Vietnam proposed potential future projects for co-operation.

Based on above meetings in October new discussions between the Vietnam Research Centre on Human Rights, Sida and Raoul Wallenberg Institute have been initiated with the aim of continuing parts of the previous co-operation and initiating some new areas for co-operation.

The institutional co-operation between the Office of the National Assembly and the Swedish Riksdag Administration moved into its second phase during the year. The project is a co-operation with technical and political dimensions. The technical aspect is the capacity building for the improvement of the National Assembly supervisory and public information functions. The political dimension is the long-term objective of contributing to a democratic development in Vietnam. Since the start of its second phase in August 2003 one strategic seminar on the National Assembly's supervisory role has been carried out.

Support to Local Democracy

After having issued the decree 29 since 1998, the Government of Vietnam in 2003 introduced the decree 79 aimed at concretizing the citizen rights to democracy at the commune and ward level. This is a great effort taken by the central government to strengthen its political system at the grass-root level. The implementation of the decree is facing a number of obstacles because of the attitude of the civil servants as well as their competence. The effective implementation of the democracy at the grass-root level ensures the success of the public administrative reform and vice-versa. Additionally, it contributes to the fight against poverty and hunger.

The Sida-financed project “Developing Democracy at the Grass-Root Level” has procured local consultants to undertake survey in 6 provinces and cities throughout the country. The consultant has completed its survey and is now processing data. It is expected to have initial results at the end of April and a seminar will take place in June to make recommendations to the Government and the Party to better the implementation of the said decree

Support to Legal Sector Reform

The comprehensive legal needs assessment (LNA) has been completed. Based on the LNA, a long-term Strategy for the reform of legal sector – The Legal System Development Strategy to 2010 (LSDS) has been drafted including an Action Plan for the implementation of the LSDS. All projects and activities, which need international assistance, are listed in the Action Plan.

The LSDS is still in the final stage of the approval process by the Government and the State agencies involved. The LSDS when approved will be crucial for the development of Vietnam's legal system as well as donors' co-ordination in the years to come. Sweden has contributed in terms of expertise and funds to the LNA and will consider future support to the legal sector on the basis of the LSDS.

In order to follow-up on the successful completion of the LNA and assist in preparing the implementation of the LNA Action Plan, the Ministry of Justice with assistance from UNDP developed a project named "Assistance for the implementation of Vietnam's Legal System Development Strategy to 2010". Sweden, Denmark and UNDP co-finance this project during 4 years (the project document was signed on the 4th September 2003).

The Policy Development Forum (PDF) has been in operation. The members of the Forum have visited Vietnam several times. They have followed the general development of the legal sector, monitored the implementation of the four Sida funded projects in the legal sector and has given advice and recommendations to Sida. The Terms of Reference for the Forum will be slightly revised in order to achieve increased efficiency and improved focus of the Forum's experts.

The four present bilateral co-operation projects, supported by Sweden based on specific agreements with the Ministry of Justice – law making and law implementation, legal education, legal information and legal aid – are ongoing. All these projects from their angle contribute to strengthening the Rule of Law in Vietnam leading to the objectives of the Country Strategy 1999–2003 and fits well into the framework of the above mentioned LSDS.

Withing the project on strengthening of law making and law implementation Vietnamese legal experts have had opportunities to study, learn and exchange experiences with foreign experts from Sweden and other countries. The training course to improve professional skills for civil judgement executors is highly appreciated – professional skills and experiences provided by the Swedish experts in the training course are very useful. However, the activities related to administrative management work of MoJ have been delayed.

Regarding the project on strengthening legal information it can be mentioned that the database on legal documents was put on Internet for the first time on 7 August 2003. The Strengthening Legal Education project is in the second year of operation has increased the number of activities. For example, the Vietnam-Sweden joint Master course on International and Comparative law has been established both in Hanoi and Ho Chi Minh City.

Within the project Strengthening Legal aid the professional capacity of legal aid experts and collaborators continues improving. More people

can access to legal aid services and the number of legal aid cases has significantly increased. The participation of the Youth Legal Aid Center in the project is a good initiative to involve other stakeholders in addition to the State providing legal aid services. At present, many donors are supporting legal aid in Vietnam with different projects and target groups. Sida has initiated the idea of having a joint programme, supporting the legal aid system in the future, to avoid overlapping and to support the legal aid system more systematically. Both the National Legal Aid Agency and the donors to legal aid area have welcomed the initiative and now the concerned parties are working to realise the idea.

Support to Public Administration Reform

The PAR Master Plan includes seven programme areas. The present Swedish support consists of three different co-operation projects and at various levels.

At the central level Swedish support comprises a co-operation with the Ministry of Home Affairs (MoHA, former GCOP) and has its main focus on personnel management. This project is in its final stage and there are discussions ongoing with MoHA to develop a new co-operation programme. It is likely the content will be focused at the PAR Master Programme number 4 dealing with “quality improvement of the contingent of cadres and civil servants”.

At local level the support to a pilot PAR project in Quang Tri has been completed. There are discussions ongoing on a future co-operation project with the Quang Tri province. It is as yet not decided the technical content of such a project. A smaller program in replication of the Quang Tri model in three provinces is under implementation.

During the year Sweden has also entered a co-financing co-operation with UNDP on Public Administration Reform. This project will be subject to a first year review and Swedish future support to the project will depend on the results presented in the review.

Anti-corruption

Corruption is considered as a challenge for the development course in Vietnam. It has eroded the reputation of the Party and the public administration system in Vietnam. The Party and the Government have decided to carry out the fight against corruption as their urgent task this year. The Party is taking strong measures to punish party members including high-ranking officers. A number of scandals involved high-ranking officers were brought to trial. The candidates of the peoples councils at three levels to be held in April has to list their assets before the election.

Under the Project: Corruption and Anti-Corruption and Solutions in Vietnam today, two delegations consisting of different key Vietnamese institutions such as Party Controller, Ministry of Justice, paid study visits to Sweden and China for learning experiences and lessons of the fight against corruption in these two countries. The project has procured a Swedish consultant and is preparing for the diagnostic study in some provinces, cities and ministries in this year. It is the intention that initial results will be announced at the coming consultative meeting.

Parallel with the Swedish support, a number of donors are approaching Vietnam Inspectorate, Ministry of Planning and Investment and express its offer its support in this field. The Embassy has informed donors community of the progress of the project and is prepared to co-ordinate with others such as the World Bank, DIFD in this field.

Support to Media

The present Specific Agreement on support to the culture-media sector covers the years 2001–2003. In June 2003 the Agreement was extended and is in force up to June 30, 2004.

Support to the development of *Local Radio* will be phased out at the end of the Agreement period. Almost half of the 64 provincial radio stations have been provided with the ability to broadcast live. Most of the stations are broadcasting live daily. The local radio development project has been based on Swedish Radio's experience of public service and its ideals of free speech and serving democracy. It has contributed to a more interactive radio with the audience in focus, and has been introduced the concept of public service radio.

The journalist training project continues its activities with short-term courses and in-house training. Over the year, 9 short-term courses on different subjects and 3 in-house training courses were carried out.

In March 2003 a Performance Analysis of the Swedish Support to Media Development in Vietnam was conducted by a joint mission of Swedish and Vietnamese consultants headed by Gunnar Fredriksson. The performance analysis is based on studies by a fact-finding mission, which has explored not only the present situation and on-going trends in Vietnamese media, but also analysed the Swedish media support in Vietnam.

The two Swedish projects, the *Local Radio project* and the *project for further training of journalists* have provided Vietnamese journalists and managers with the technical means for change, and they have shown great willingness to take on new ideas. In terms of organisational changes, teamwork and more influence for ordinary journalists over the news flow have lead to increased self-esteem and expanding limits for self-censoring. This has meant new ideas in terms of journalists' outputs and interaction with their audiences for radio and television, as well as the newspapers and Internet involved in the projects.

The Embassy of Sweden and the Ministry of Culture-Information is under the process of preparing for a next possible phase of the media project. It has been decided that all media i.e. radio, television, newspaper and Internet will be including in a new project. It has also further proposed that the project will have a close link and co-ordinate with other relevant Swedish programs such as support to the development of grassroots democracy, support to the National Assembly and to the anti-corruption study.

Support to Economic Policy Development and Reforms

The project "Policy Research Capacity Strengthening to implement Vietnam's 2001–2010 Socio-Economic Strategy" was approved in September 2002 and implemented since November 2002. Five institutions are participating in the project: Prime Ministers Research Commission

(PMRC), Central Institute for Economic Management (CIEM), Vietnam Institute for Trade (VIT), Institute for Financial Science (IFS) and Institute for State Organisational Sciences (ISOS). During 2003, 31 activities have been undertaken including training, study tours and research projects. The organisation of the project has been established and functions well.

In 2003, Sida decided not to enter into a new phase of bilateral support to tax administration but on the other hand be open for the new forms of support. An example of that is the co-financing with Like-minded Donors Group (LMDG) to establish two Multi-donor Trust Funds to support the reform of the public finance management system. One of these funds is administered by the World Bank while the other is established at Ministry of Finance, with initial supervision by the WB. The objective of the funds is to support the larger program for modernization of public finance management in Vietnam, including taxation. In the first 6-month working plan of the MDTF, a significant amount has been agreed to spend on taxation self-assessment project, which was in fact a Sida concept and later was initiated by IMF.

The bilateral program for strengthening the capacity at the General Statistics Office (GSO) in the area of economic statistics will enter into the last year of its final phase in 2004. There is no plan to continue the current project, but other forms of support can still be considered. Sida has signed an agreement to co-finance with UNDP in a 3-year project on Households Survey, starting from February 2003, which has the following targets:

- Improve co-ordination and efficiency of data collection at GSO;
 - Improve quality of data collected in the VHLSS through technical assistance
- Strengthen analytical and planning capacity for analysis of VHLSS for policy purposes
- Enhance VHLSS based research, analysis and publication.

3.2.2 Social Sectors

Health

A launching workshop with participation of all stakeholders e.g. Sida, Ministry of Health, Consulting firm, SIPU International, programme staff and concerned government agencies was held in February 2003 to create a common understanding of the objectives, expected results and approaches of the The Vietnam-Sweden Health Co-operation on Health Policy and Systems Development (VSHC/HPSD). The Programme handbooks Volume 1 and volume 2 have been finalised in July 2003. These regulations facilitate the implementation of the Programme.

The 14-month work plans were approved temporary in December 2002. The Embassy and MoH approved the revised WPs in June 2003. Most of the activities were implemented as planned. The total budget for the period 1/11/2002 to 31/12/2003 was approximately SEK 23 million. The disbursement was SEK 21 million by 31 December 2003. An annual review was held in Hanoi in December 2003 to review the progress of the Programme and approve the work plans for 2004.

Sida has been invited to co-finance a project between Vietnam and ADB concerning health care in the Central Highlands with the objective to support the health system and improve the health status of people, especially the poor and disadvantaged people. In the letter dated 28 August 2003, the Minister of Health endorsed “the Ministry’s need for Sida support to the project” and considered that “the support would be a very logical extension and addition to Sida’s very effective past and current support to the health sector in general and for the poor in particular”.

Vietnam has during 2003 established a Health Care Fund for the Poor (HCFP) to provide health insurance cards to 14 million poor people. The government gives 75% and province contributes 25% of the fund. ADB and MoH have requested Sida to finance support to the four poor Central Highland provinces in implementation, supervision and evaluation of the HCFP as well as monitoring at the central levels. The Embassy staff has participated in the ADB appraisal mission. Asia Department of Sida Stockholm decided to give the Embassy a mandate to prepare an in-depth assessment and enter into agreement with ADB on the project.

The Sida co-financed WB National Health Support Project finished in September 2003. Sida agreed in the beginning of the year to provide an additional amount of SEK 2.7 million for completion of project activities already planned. The National Health Survey 2001–2002 which covered 36,000 households in all provinces, has been successfully completed. The survey data reflects a fairly comprehensive picture of the health status of the Vietnamese people, health determinants, and health service utilisation and health expenditures. A seminar was held in Hanoi in September 2003 to officially disseminate the data from the survey, which are of great valuable information for planning and policy development of the country.

Support to Cultural Development

Vietnam is the first non-European country planning to apply the European model for evaluating national cultural policies. Sweden is supporting this process through the *Cultural Policy for Development Project*. The first step of the model is the development of a national report, which is about to be finalised. Despite all efforts made by the Culture and Information Institute, the project, however failed to catch up with its planned progress. The reason of the delay, on the one hand is a limitation of the capacity of the Vietnamese side, on the other hand is the complexity and the difficulties of the project. During the annual review of the culture-media sector support in November/December 2003, it has been decided that the two remaining activities of the project will be moved to a next agreement period.

The Cultural Exchange Fund shows its high level of mutual benefit characteristic. Professional links have been set up between History Museum in Hanoi – Malmö Museer, the Hanoi Conservatory – Malmö Music Academy, Hanoi Fine Arts School and Umeå Fine Arts Academy and the Vietnam Film Institute and the Swedish Film Institute. In addition the publishing of Vietnamese literature in Swedish and Swedish literature in Vietnamese, the exchange continues with the publication of

the Anthology of ten Vietnamese short stories and the Anthology of fourteen Swedish short stories in both languages.

It is worth to note that the Vietnamese cultural days in Sweden taking place in September/October 2003 were a success. During two weeks, different cultural activities like giving concerts, art exhibition, book fair etc. taking place in Stockholm, Umeå, Malmö, Lund, Göteborg and were appreciated by Swedish audiences.

Preparation for a next phase of the culture sector support is underway. Support to the Cultural Exchange Fund will be continued and possibly be expanded. Two new projects titled “Art in School” and “Preservation of traditional handicraft for ethnic groups” were submitted to the Embassy of Sweden for consideration. Preparation process is going on both at the Embassy and at the Ministry of Culture-Information.

The Swedish-Vietnamese Fund for the Promotion of Culture is still a well-established institution in cultural development. Since its start in 1992, the Fund has supported more than 1,300 small-scale cultural and artistic projects throughout Vietnam. These activities stimulate cultural diversity, supporting new ideas as well as protecting cultural heritage. One of the fund’s more extraordinary results has been the rescuing of the water puppet trade in the Red River Delta.

3.2.3 Rural Development and Environment

The re-organisation of the sector for natural resources and the environment has continued during 2003. The new Ministry of Natural Resources and the Environment (MoNRE), which includes three previously independent environmental agencies (land administration, environmental management, meteorology and hydrology) and two technical departments (mining environment and watershed management) from other ministries, became effective by early 2003. While MoNRE is given the overall responsibility for state management of the environmental sector, several other line ministries still have technical responsibility for important parts of the environmental sector. Thus for example, the Ministry of Agriculture and Rural Development still holds the mandate for management of much of the “green” environmental agenda, i.e. for forestry development and protection, and river basin management. Following the reform process at the central administrative level, MARD has also been re-organised during 2003.

The Government decided early 2003 to also reform the provincial public administration for environment. Similar to what had been done at the central level, previously separate departments for land, water, science, technology and environment, etc have been merged into a common administrative structure. By the end of the year, 55 provinces had managed to integrate their environmental administration and established new Departments of Natural Resources and the Environment (DoNRE).

A reforming of the legal framework for natural resources and environment was initiated by the National Assembly during 2003. Several laws have been identified for revision, starting with the law on Land. With assistance from the Swedish Land Survey Agency – Lantmäteriet – the Land law was revised during 2003. The Land law was approved by the National Assembly in December 2003 and will come into effect by mid-2004. Other laws, which are up for improvement are the laws on

Environmental Protection, the law on Forest Development and Protection, and the Water law. The work in revising these laws rests with MoNRE and MARD mainly.

During 2003 the NRE staff of the Embassy has focused its work mainly on the in-depth preparation of new programmes for poverty alleviation and sustainable development. The Chia Se Poverty Alleviation Programme, which introduces new concepts and methods for multi-sectorial and decentralised rural development, is a major attempt from Sweden to assist the government of Vietnam in addressing poverty in rural areas. The financial support from Sida to the programme amounts to 310 MSEK, out of which about fifty percent of the budget resources are set aside for the establishment of local development funds at commune and village level. The programme will be implemented in three provinces (Ha Giang, Quang Tri and Yen Bai), covering both mountain and coastal areas. The Chia Se programme also includes a national project for information sharing and learning about poverty alleviation in rural areas. The national project includes a financial support to the CPRGS Secretariat at MPI

The Chia Se Poverty Alleviation Programme was agreed upon between Sida and the Ministry of Planning and Investment in June 2003. Agreements with the three provinces were signed in September–October 2003. Procurement of consultancy services for the programme was undertaken during the period July – October. The company chosen for technical assistance support to the programme – Orgut Consulting AB – had most of its personnel in place in the three provinces by November 2003. The programme has thus entered its Inception and piloting phase, where systems for monitoring and evaluation, as well as project and financial management will be established..

The in-depth preparation of a new environmental cooperation programme with MoNRE has also progressed during 2003. The programme builds on the experiences of the previous cooperation programmes on environmental management and land administration reform. The programme preparation is led by a Joint Reference Group (JRG) chaired by MoNRE. Two working groups are established for undertaking various studies and the preparation of projects documents. A team of consultants have been engaged by the Embassy for facilitation of the dialogue between the parties involved in the cooperation.

Concept papers for the new cooperation were presented in April–May 2003 by the Working groups at MoNRE. A first draft Programme document for the new programme tentatively referred to as Strengthening the Environmental Management and Land Administration (SEMLA) in Vietnam was presented to the JRG in August. The draft Programme document was appraised in October. Following the recommendations of the appraisal, the Programme document was revised in November for presentation to the Local Project Appraisal Committee of the Embassy. After comments from both LPAC and the JRG, the programme proposal has been further revised before presentation to the Sida Appraisal Committee in December. The SPAC found the programme proposal relevant in general, but recommended that the documentation for the programme should be further developed in order to better show its linkages to poverty alleviation, the rationale for integrating the two subject matters into

one programme better clarified, the LFA improved, and the needs for technical assistance motivated before it is presented to the Director General of Sida for approval.

Sida is providing financial support to technical assistance and training for the IFAD supported Rural Income Diversification Project in the province of Tuyen Quang. The project has after a slow start in 2002 now picked up speed. The Annual Supervision in December 2003 concluded that the project has made good progress on all fronts, except for some components. Large scale civil works are suffering delays due to the complexity of the procedures currently in place. Implementation of the micro-finance and micro-enterprise component is lagging behind due to institutional changes within the government as regards the responsibilities for rural financial services. Following delays in the implementation, the present agreement on RIDP between Sida and the province of Tuyen Quang has been extended to the end of March 2004.

The CPLAR bridging project was completed during 2003. The project has with the assistance of Swedesurvey consolidated its operation and thus completed a number of activities, studies and surveys. Examples of such studies are the feasibility study for investments in the land sector, the assessment of the support to training by CPLAR and studies on how to guarantee land tenure rights by ethnic minorities. The main output of the bridging project is however the revised law on Land.

The Sida Environmental Fund, which is in its third phase, has continued to support local proposals for public awareness and improvement of the environment. Through SEF 37 smaller projects have been supported during 2003. A Forum on Local Communities and environmental protection was organised in December 2003 where SEF projects and related authorities, organisation shared lessons and experiences through speakers' contest and exhibition of the projects' activities. Through SEF, Sida has supported the first Vietnam National Stockholm Junior Water Prize in the context of the Stockholm Junior Water Prize for upper school students. The contest is received actively support from different stakeholders, the main organizers (the Association for Conservation of Nature and Environment and Newspaper "Science and Life").

Other on-going environmental projects supported by Sida during 2003 are the VACNE's Independent Environmental Report compiled by scientists. The report in the form of a book on Life and Environment will be financed in 2004.

The Sida support to the Reduction of Industrial Pollution in HCMC, phase III through UNIDO is extended until December 2004 due to delay in the starting. Midterm Review showed that the project is performing as expected. Some activities on public policies and strategies and on follow-up assistance to companies applying the Cleaner Production measurements even performed better than expected. The project proposed some modifications for the rest period in order to ensure the success in high degree.

Support to the Energy Sector

The 10 years Master Plan for energy development in Vietnam 2001–2010 is under the revision since the consumption in the sector increases

much faster than estimated. For example: during the first six month of 2002, the growth rate has been 17,3% compared with forecast of 15%/year in the former Master Plan and will be more than 14%/year in 2006–2010,. It means that 15% of GDP will be utilised for energy sector in the coming ten years. Electric sector needs 15 billion USD for investment and repay 6 billion USD from now to 2010.

The tariff has been increased once more from 5.2 USD cents to 5.6 USD cents/kwh from October 2002. It will be increased once more in 2004. The target of the price of electricity is 7 U.S. cents per kWh in 2005.

The Energy Development Agreement has been expired in December 2003. All project under the Agreement have been completed and audited.

A second credit agreement for six 110 kV transformer stations is under implementation. On the third contract, a bid evaluation report has been revised. The possibilities to add two/three new substations to the second credit line are under discussion since remaining funds are available. It is foreseen that the Loan Agreement has been extended to one more year. An in-depth review has been carried out and it was proposed that the credit line should be continued as it contributed a lot to the development of the low income area. It was discussed between the two sides about the third credit line.

All projects under the Song Hinh Hydro Multipurpose projects are completed. The agreement will be expired in June 2004.

The Agreement on *Distributions* has been extended up to June 2005. The contracts for supplying of materials for An Nhon and Da Nang projects and Tuy Hoa have been approved by Sida. An Nhon and Da Nang phase 2 will be completed at the end of 2004 while the Tuy Hoa Project planned to complete in April/May 2005.

For the Rural Energy Agreement, the procurement of programme consultant is undergone. The first phase of programme is planned to be implemented from May 2004. The two provinces of Ha Giang and Quang Nam have been identified to include in the programme.

Credits

The credits for Vietnam, both concessional credits as well as soft loans have so far been given to the Energy sector only. As the country strategy notified that it should be more credits for other sectors, a credit working group has been set up at the Embassy level. The duty of the group is to collect all project proposals, make the preliminary screening and send the relevant proposals to Sida/INEC for further review. It has been proposed from the Vietnamese side that a similar credit line for environmental protection projects should be set up.

Gender-related Projects

A *Fund to promote gender equality* at the grassroot level was established in 1997 in an effort to support and promote individual initiatives, preferably outside the traditional organisations. An independent Vietnamese Advisory Group, with joint financial support from Sweden and Denmark, manages the Fund. The Fund supports small-scale projects centred on the issues of gender equality, promoting civil society participation at the grassroots level and income generation. Up to now, 520 small projects all

around the country have received support from the Fund. The Fund gave priority support to minority people and poor people. National and regional networking has been encouraged through workshops, study tours and exchange experiences. The plan is that the Fund will be continued with bigger budget since it is considered as relevant and efficient. At the same time the Danish Embassy has policy not working with the same project for more than 3 years.

An Agreement on a final support through *Vietnam Women's Union*, to promote gender equality and women's economic empowerment 2002–2005, was signed in August 2002. The proposal had been prepared based on recommendations from an evaluation in 2001 and a comprehensive needs assessment study. Sida has found the support to VWU relevant in relation to the Country Strategy as well as the Vietnam Socio Economic Development Strategy 2001–2010. Support to the grassroots level is the main objective of this new Agreement and it is also hoped that it will contribute to the implementation of the Decree on Grassroots Democracy.

As VWU has many years since 1998 received support from Sida, they have capacity to manage the project themselves. In this time, the assistance from foreign consultant is no longer needed. Instead of that, the local consultants are contracted to run the project together with the VWU. The intention is that this kind of traditional support will be closed down after this Agreement. The support will turn to different direction as to support to female entrepreneurs at the rural areas.

3.2.4 Private Sector and Enterprise Development

In 2003 Sida continued to support PSD through two main programs: Sida decided to support the second phase of the Mekong Private Sector Development Facility (MPDF) from regional funds. MPDF is the main program for PSD in Vietnam and it covers also Laos and Cambodia. It is co-financed by nine bilateral and multilateral donors. The other program is the Start and Improve Your Business (SIYB) which is implemented by the Vietnam Chamber of Commerce and Industry (VCCI) with support from the ILO. The two projects are well complementary to each other since SIYB project targets micro- and small enterprises while MPDF focuses on larger enterprises. As the current SIYB will come to an end by April 2004, the main partner in Vietnam VCCI has expressed their wish and commitment to continue it on their own with little external funding.

A proposal for a new project on Poverty Reduction through Integrated Small Enterprise Development (PRISED) has been submitted to Sida by ILO and VCCI, which intends to broaden the scope of the cooperation in support to PSD in Vietnam with more provincial focus, including establishing continuous dialogue between stakeholders at all levels, assisting in making and implementing provincial action plans to support local PSD, using mass media for improved access to knowledge, information and services by local businesses, continued support to VCCI and capacity building at national level in training of local policy reform, Public Private Partnerships (PPP), management of small business associations for local government officials. The new project will request for a Sida contribution of USD 4,25 million and be implemented in 6 selected provinces during 3 years. Preliminary comments are so far positive and it

is expected that the project assessment will be made by mid 2004 and the project will start by the end of 2004.

The Sida-financed survey study of the situation and role of small scale enterprises in urban and rural employment and income generation was carried out in 2003 by the Institute for Labour Science and Social Affairs (ILSSA) with support from local and international experts. The first results were presented in a seminar in November 2003, arranged jointly by ILO, UNDP and Sida.

Sida decided in 2003 to support a project on Trade related Technical Assistance to Vietnam in the area of Rules of Origin. The project is carried out through a collaboration between the Swedish National Board of Trade and the Ministry of Trade and the National Committee for International Cooperation in Vietnam. Another project in the area of trade promotion was prepared during 2003. This will be co-financed by Switzerland and Sweden and implemented by the International Trade Centre (ITC) and the Vietnam Trade Promotion Agency (Vietrade). Due to various reasons the project has been delayed and is expected to start in 2004.

3.2.5 Research

During the period of 17 February to 8 March 2003, a Sida/SAREC delegation headed by Dr. Morten Carlsson, chairman of Sida scientific board, has visited Vietnam. Consultations were held between the Ministry of science and technology (MOST) and Sida on the extension of the research collaboration between Vietnam and Sweden for the period 2000–2002 and preparation for a new phase of research collaboration from 2004–2007. In the preparation for a new phase, a number of research institutes and universities were visited and discussions were held with responsible partners. Vietnam identified biotechnology, health, rural development and environment as prioritised areas for research collaboration. The Parties agreed that the new collaboration should be considered as one programme, which consists of 3 sub-programmes (health, biotechnology, rural development and environment). Sida received a new proposal from MOST on 1 July 2003, including 19 project proposals, of which 7 were continuations from previous projects, 12 were new. The proposals were sent to independent scientific experts for review.

In October 2003, Ernst & Young presented the final audit report, which contained 11 disclaimers and 3 qualified comments of the 14 projects.

An amendment to the specific agreement on research collaboration 2000–2002 with one year up to 31 December 2003 was signed by MOST and the Swedish Embassy in Hanoi on 10 July 2003.

Further consultations were held in Hanoi between MOST, Sida and the Swedish Embassy in October 2003. During the period of 19–25 October 2003, consultations were held in Stockholm between MOST, Ministry of Planning & Investment (MPI), Ministry of Finance (MoF) and Sida to finalise the preparations for the next agreement.

3.3 Office and Administrative Issues

During 2003 the number of Swedish programme officers for development co-operation was reduced from 4 to 3. In total 14 persons are

working with development co-operation at the Embassy, of which 8 national programme officers. The Development Cooperation unit re-organized the division of work, and the structure of work, trying to make a fixed and a flexible organization. This work was supervised by staff from Sida/EOL.

Annex 1

Key Indicators – Vietnam

Population	79,5 million
Land area (sq m)	325 490
Population growth (annual %),	1,0
Population density (people per sq m)	244
Infant mortality rate (per 1000 live births)	27,5
Life expectancy at birth, female (years)	72,0
Life expectancy at birth, male (years)	67,0
Life expectancy at birth, total (years)	69,1
Literacy rate, adult female (%)	91,0
Literacy rate, adult male (%)	95,0
Population below poverty line (%)	29
GDP (million USD)	32 900
GDP per capita (constant 1995 USD)	372
GDP per capita (PPP)	2130
GDP growth (annual %)	7,0
Inflation (annual %)	3,0
Gross Domestic Savings (% of GDP)	25,1
Gross Domestic Investment (% of GDP)	30
Aid per capita (current USD)	21
Debt service ratio (debt service/exports %)	6,5
Public health expenditure (% of GDP)	0,8
Public education expenditure (% of GDP)	3,9
Access to safe water (% of population)	56
Carbon Dioxide Emissions (tons/capita)	0,57
GDP/energy use (PPP/kg oil equivalent)	4,1
Female MP:s (%)	27,3
Female ministers (%)	10
HDI-index	0,688 (rank 109)
HPI-value	19,9 (rank 43)
GDI	0,687
Freedom House Index	7,6 NF
Corruption Perception Index	2,4 (rank 100)
I-PRSP	2001
PRSP	May 2002

Annex 2

Planning Overview

Agree-ment no	Financial follow-up country program Vietnam, updated 8 April 2004	Status	Period agree-ment	Amount agree-ment	Amount planned agree-ment	Disb'd up to & incl 2003	Disb'd 2003	Disb'd 2004 per 8 April	Estm'd 2004	Estm'd 2005	Estm'd 2006	Estm'd 2007
1. Budget allocated per country												
1A. Dev Coop Agreement Projects												
				1372523	734500	732540	135751	30182	241085	287348	265300	235100
	Social sectors			127200	0	57867	18276	384	31420	22870	25000	25000
27800084	National Health Support Project	A	9507-0401	37 200		37 200	2700			0	0	0
A4600064	Health Policy/Systems Dev. 02-06	A	0211-0704	90000		20667	15576	384	26920	22870	15049	25000
	Cofinancing ADB Health	P	0401-1006	45 000		0	0		4 500	10 000	10 500	10 000
	Infrastr. priv.sect. urb.water/san			489403	18000	372930	31591	11299	21264	12250	11250	22500
27800072	Energy Co-operation	A	9407-0312	259000		230272	18074		120	0	0	0
27800076	Song Ninh MPP	A	9610-0406	38203		24029	1328		0	0	0	0
A4600011	Power Distribution	A	9807-0506	67000		64937	1980	13	849	0	0	0
A4600013	National Hydropower Plan	A	9807-0207	19000		12537	6511		0	0	0	0
A4600048	National Hydropower Plan-2	A	0303-0412	12700	12700			10797	12450	250	250	0
A4600025	Demand Side Management	A	9908-0306	30000		29000			0	0	0	0
A4600038	Rural Energy Development	A	0303-0707	48000					2500	10000	10000	22500
A7105036	Improve Your Business Pr-2	A	0111-0406	11000		7655	1698	489	3345	0	0	0
71001131	HCMC Industrial Pollution	A	0104-0406	4500		4500	2000		0	0	0	0
A4600066	Analysis Credit Tranf Stat	P			300				0	0	0	0
	Trade Development	P			5000				2000	2000	1000	0
	Private sector development	P				25000			5000	10000	10000	
	Agric. Forestry and environment			340000	582000	15921	1423	5234	90100	144400	151000	166000
A4600056	Poverty Alleviation Programme	A	0307-0903	310000	310000	1253	1253	5234	46 100	74400	79000	83000
A4600051	- IFAD Tuyen Quang RIDP	A	0206-0305	15000		14668	170		0			
	IFAD Tuyen Quang phase II	P	0404-0803	15000						10000	8000	27000
	Support to MARD	P	0306-0705		20000				2000	6000	6000	6000
	Land Administration Reform-2	P	0403-0904		100000				15000	20000	20000	20000
	Environment Management-2	P	0403-0904		100000				15000	20000	20000	20000
	Provincial Coastal Mgmt	I	0401-0712		20000				2000	4000	6000	10000
	Sustainable Development	P	0406-0612		32000				10000	10000	12000	0
	Democratic Governance & HR			244020	124500	138131	54423	10752	72301	76328	54550	
A4600019	UNDP-Master PAR	A	0308-0612		5000	2000	2000	0	3000	0		
A4600043	Statistics, final phase	A	0110-0506	17500		1137	4455		3000	5000	4500	
	Household Survey Strategy	A	0209-0512		4000			526	1910	1590	500	0
A4600006	Public Finance Management	A	0305-0606		10000	3250	3250	1750	1750	5000	0	0
A4600016	GCOP II	A	9907-0406	35023		33248	6638	1378	1775	0	0	0
	MOHA, PAR	P	0406-0712		35000				500	12000	12000	10500
A4600014	Quang Tri PAR, phase 1	A	9909-0312	20000		18403	1011		1800	0	0	0
	Quang Tri PAR, phase 2	P	0412-0806		25000				1000	8000	8000	8000
A4600063	Economic Policy Dev/Research	A	0209-0512	17000		4480	3314		7500	5020	0	0
	Female entrepreneurs	I	0501-0712		5000					1500	2000	1500
A4600039	Law Making/Implementation	A	0107-0503	13500		5240	3272		6095	2165	0	
A4600041	Legal Education	A	0109-0508	23500		14925	7108	81	7381	1194	0	0
A4600042	Legal Information	A	0112-0505	10500		3068	1280	2199	4550	2882	0	0
A4600040	Legal Aid	A	0111-0504	10500		6747	4386		3603	150	0	0
A4600057	UNDP Legal Facility	A	0310-0710	15500		2002	2	2000	5170	5150	2150	3028
A7261601	Policy Development Forum, Vie	A	0204-0510	2997		1381	564	273	1616	0	0	0
A4600020	National Assembly, ph 2	A	0306-0705	20000		1722	1722	316	6300	6578	5400	0
A4600054	Women's Rights, VWU	A	0208-0512	4500		1681	1181	1010	1720	1099	0	0
	Rights of the Blind	P	0310-0603		5500	0	0		2000	2000	1500	0
	HR Training	I	0410-0807	10000					1000	4000	4000	1000
A4600031	Culture/media Sector Support	A	0005-0406	39000		35250	11396	922	2728	0	0	0
	Culture/media Support, ph 3	I	0407-0812		35000				3000	10000	13000	12000
A4600037	Culture Fund	A	0105-0412	4500		3597	934	297	903	0	0	
	Culture Fund	P	0412-0712	4500						1500	1500	1500
A4600065	Corruption study	A	0209-0512	7500			1910		4000	1500	0	0
	Other			117600	0	94262	19799	2513	26000	3000	0	0
	Completed projects 94-01	A		31600		39400			0	0	0	0
A4600023	Consultancy Fund 2	A	9909-0606	86000		54862	19799	2513	26000	3000	0	0
TOTAL DISB. DEV COOP AGR				1372523	734500	732540	125512	30182	241085	258848	241800	213500

Agree-ment no	Financial follow-up country program Vietnam, updated 8 April 2004	Status	Period agree-ment	Amount agreem	Amount planned agreem	Disb'd up to & incl 2003	Disb'd 2003	Disb'd 2004 per 8 April	Estm'd 2004	Estm'd 2005	Estm'd 2006	Estm'd 2007
	Developm Coop Agreement	A	2004-2007	900000								
	Annual amount					561500	260000		274400	276400	280000	300000
	BBF					68400	-37339		-6178	27137	44689	82889
	Tot Available for year					629900	222661		268222	303537	324689	382889
	Disbursed all projects					667239	228839		241085	258848	241800	213500
	BCF					-37339	-6178		27137	44689	82889	169389
	1 B. Outside dev coop agreement			133450	102850	81459	13537	3878	22168	17440	54700	61600
	Infrastr, priv.sect, urb,water/san			610	500	247	0		843	500	0	0
A7100636	Song Hinh Follow-up	A	9908-0406	610		247	0		343	0	0	0
	Metrolink	I	0104-0303		500	0	0		500	500	0	0
	Agric, Forestry and Environment			2000	2350	6063	939		2807	1040	0	0
A7320084	Studies Coastal Zone Mgmt	A	0211-0406		2350	2350	0					
A4600050	Environmental Fund-3	A	0205-0412	7250		3713	2454	354	2246	1040	0	0
A4600049	Report on State of Environm	A	0205-0312	2000		1439	939		561	0	0	0
	24121213 Democratic governance and HR			4500	0	0	790		1500	0	0	0
A4600087	Gender Fund II	A	0201-0412	4500			790		1500	0	0	0
	Gender Fund III	P	0501-0712		6000					2000	2000	2000
	Soft Development Credits			55000	100000	55000			0	0	40000	50000
	Power Distribution	A	9807-0112	55000		55000			0	0	0	0
	Soft credit Rural Energy	I	0301-0512		60000				0	0	20000	30000
	Soft Credit Environment	I	0401-0512		40000				0	0	20000	20000
	Other			71340	0	20149	11808	3878	17018	15900	14700	11600
A4600033	Harmonisation	A	0001-0512	12000		1956	759	115	4203	4000	3000	
	Other Programme Development								1500	500	500	
A4600046	STRF	A	0201-0406	1208			314	13	800			
A4600045	Long term expat POs	A		42500		15959	7870	2369	7240	8000	7000	7000
	Long term National POs	A		15200		2234	2865	1236	3275	3400	4200	4600
A2120000	KTA	A		432				145	251			
				133450	102850	81459	13537	3878	22168	17440	54700	61600
	TOTAL ESTIM'D DISB COUNTRY			1505973	837350	813999	139049	34060	263253	276288	296500	275100
	Prel country allocation -orig						330000		270000	300000	310000	310000
	Revised Country Allocation											
	DISBURSEMENT SPACE - ORIG											
	DISBURSEMENT SPACE - REVISED								0			
	2. Outside country allocation			78100	210000	116079	17095		26860	95000	15000	15000
	NGO and Humanitarian Aid			0	0	59900	13700		14000	15000	15000	15000
	Economic Reforms	A	0107-0407	20000	180000	0	0		0	80000	0	0
	Research Co-operation			54300	10000	53429	10239		27271	28500	23500	21600
A7501164	Research Co-operation 00-03	A	0001-0409	54300		53 429	10 239		871	0	0	0
	Research Co-operation 04-07	I	0401-0809		10 000	0	0		26 400	28 500	23 500	21 600
	VNM Transformer Station II	A	0007-0407	31600		28828	6628		2000	0	0	0
	Song Hinh MPP	A		75000		75000	0		0	0	0	0
	Transformer Stations III	I			33000				0	33000	0	0
	BaiBang	A	0111-0307	34000		31000	31000		3000	0	0	0
	Credit- Land Administration Ref	I	0301-0512		18000	0	0		0	14000	4000	0
	7150300 Other			3800	20000	2750	3395		12860	0	0	0
	Energy Conservation Women	A	0104-0312	3800		3395	3395		605	0	0	0
A7501164	SAREC IT-project 01-03	A	0108-0312		20000	7 745	0		12 255	0	0	0
	GRAND TOTAL VIETNAM			1584073	1047350	930078	156144		290113	371288	311500	290100

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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