

Introduction

More than 600 international non-governmental organisations (INGOs) have now established ties with Vietnam and INGO programs reach all 64 provinces and centrally administered cities in the country. The Government of Vietnam estimates that INGOs disbursed around US\$170 million in 2005¹. The major focus of INGO assistance in the area of human development in Vietnam includes:

- poverty reduction;
- social equality, with a particular focus on poor, isolated and vulnerable groups including ethnic minorities, women and children;
- environmental sustainability;
- increasing people's participation and promoting democracy, particularly at the grass roots level;
- capacity development;
- disaster preparedness and response; and
- HIV and AIDS.

INGOs support both governmental and non-governmental partners in Vietnam, seeking to support Vietnam's efforts to balance the major objectives of simultaneously combating poverty and integrating more fully into the global economy.

INGOs have a strong commitment to information sharing, partnerships and coordination. This can be seen through the VUFO-NGO Resource Centre and its associated working groups, as well as through wider government-donor-NGO partnership groups and other initiatives.

INGOs have been strongly supporting the preparation of the Five-year Socio-Economic Development Plan (SEDP) 2006-2010 at both the local and national levels. This contribution reflects INGO perspectives and concerns based on our shared experience in Vietnam.

The following elected INGO Representatives will participate in the 2006 CG Meeting:

- **Deepali Khanna - Plan International**
- **Stephen Price-Thomas - Oxfam Great Britain**
- **Jeremy Stoner - Save the Children UK**
- **Andy Wehkamp - SNV Netherlands Development Organisation**

This statement and other reports and documents for the 2006 CG Meeting are available on the NGO Resource Centre website at:

http://www.ngocentre.org.vn/default.asp?page=resources/program_resources

¹ Source: The People's Aid Coordinating Committee (PACCOM)

Session I: Implementation of SEDP 2006 – 2010

(1a) Implementation of SEDP 2006-2010

Donors and INGOs have been supporting the Ministry of Planning and Investment (MPI) in the roll out of the present SEDP at the provincial level.

In the context of rapid decentralisation, supporting provinces to develop their annual SEDP, following the new planning approaches (pro-poor, participatory, and outcome based), is particularly important as provinces have now been provided with more opportunities to make decisions based on their particular context.

INGO experiences show that supporting the SEDP roll out should not just be focused on MPI developing a legal environment at the national level, but much more effort needs to be made at the sub-national level to make sure the roll out is effective at all levels.

Key Message 1

INGOs welcome the increasing emphasis put on bottom-up planning and wish to work with government partners to support its effective implementation.

Current planning practices often do not promote the motivation of local authorities in developing a plan that addresses local needs. This is the result of following inflexible and outdated guidelines and utilising a single log-frame issued by the MPI annually. The guidelines follow targets set by higher level authorities, and are based on a fixed budget set for a period of three years.

The current practise entails that local plans touch on all issues in a general manner rather than setting priorities or addressing specific local problems. For example, a consultation conducted by an INGO in Lao Cai revealed a critical problem: the close correlation between tourism development and issues concerning child protection and children dropping out of school. This is a ‘trade-off’ between economic development and social development, which cannot be reflected in the MPI’s log-frame and, therefore, cannot be addressed locally as there is no budget commitment to address the issue.

Key Message 2

Greater effort could be made to enhance inter-sectoral planning as well as the participation of other stakeholders, such as the local population and civil society, in all planning processes

Current planning practice tends to place the planning responsibility on the planning and investment section that mainly consolidates sectoral plans. There is very limited space for all sectors to sit together to discuss common issues and, as a result, sectors tend to work independently from one another. Such working practice exists because there is still heavy involvement from central level authorities in budget allocation, as well as local decision making and policy development.

This generally is in contradiction with efforts to strengthen decentralisation. For example, the Ministry of Agriculture and Rural Development (MARD), with the agreement of the Prime Minister, has stipulated that all provinces have to allocate a certain percentage of their provincial budget for

agriculture, regardless of the actual situation in each province.

Including stakeholders from outside of the government system in planning processes is challenging. At present there are no regulations or rules to reinforce participatory planning, and moreover there are no incentives to encourage wider participation of related stakeholders in local planning.

Many local governments are found to be skeptical about the involvement of, for example, NGOs in the government's planning processes. Government tends to see planning as their entire responsibility, and often seem unclear about why NGOs should get involved in supporting planning activities.

Key Message 3

Increasing the number of planners and strengthening their capacity would improve commune and district level planning processes.

To compound the above situation, there is a shortage of planning staff at local levels. At the commune and district level, planning is conducted by staff selected from different divisions or by the finance and planning sessions, respectively. Both solutions are inadequate in that staff are probably not trained and the planning process is not their primary concern or competence.

At province level, the problems are similar, even though every province has a Department of Planning and Investment (DPI). This current staffing situation makes it difficult for local-level authorities to prepare a plan that meets even a minimum degree of quality within the allocated time frames.

Furthermore, local planners, including provincial level planners, are not familiar with new planning methods, which can help to develop results-oriented and pro-poor plans. Current planning practice at commune and district levels generally comprise the person in charge of planning drawing up plans with reference to previous (annual) plans, indicative targets and objectives specified by higher-level authorities. Such data and information used as the basis for planning tends to be rough estimates, rather than being calculated on the basis of practical situation analysis. The tendency is increasingly for targets to be set over a range of years without any regard to the current situation or to whether the previous targets were achieved or not. This entails merely making a new version of previous plans with some minor changes in targets and, accordingly, in the budget.

Key Message 4

The legal planning framework could be improved by making planning guidelines more concrete and detailed, and by legalising the changing planning requirements, taking into account the wide range of existing experiences.

Almost all policy documents issued by the Government of Vietnam on planning or local participation have been welcomed by sub-national governments, but they do not seem to provide sufficient instructions for implementation. For example, although Official Document 2215 and Directive 33 both highlight the importance of consulting a wide range of stakeholders - including grassroots communities - these documents do not give sufficient guidance on how to carry out such consultations.

At present, there is not a specific policy that regulates the adoption of new planning approaches. Therefore, although several NGOs and donor organisations are willing to support localities to improve

their local planning, local authorities often do not seem open to such an approach. Even when NGOs can approach localities, they tend to develop various models using planning guidelines from different sources.

The main problem here is that there is lack of concrete guidance on planning processes or key requirements of the planning reform. Furthermore, the process of linking planning with budget analysis is extremely weak at all levels. Very often, estimated budgets submitted by provinces to the government are higher than the actual figures, in order to prepare for budget cuts. At lower levels, financial figures are kept confidential even among sectors, which makes effective collaboration very difficult.

Key Message 5

The draft Monitoring and Evaluation Framework for the SEDP 2006-10 contains a useful additional pillar on governance. In line with SEDP intentions, this pillar could be further strengthened by a) explicitly linking VDPs and CDPs into the SEDP planning framework, and b) giving a role to civil society in monitoring public service delivery quality.

The INGOs find the (draft) M&E framework of the SEDP both comprehensive and detailed, and particularly welcome the attention paid to strengthening governance systems, on the grounds that better governance will lead to better growth and poverty reduction outcomes.

In this respect, the framework could benefit from two further indicators, which would help to “Intensify measures of checking, supervising and organising the plan's performance, particularly the participation of people, communities and civil society in planning, implementation and monitoring from central to local levels” (SEDP page 132). These are:

- a) the integration of Village Development Plans and Commune Development Plans into the SEDP planning system, as a means of institutionalising participatory planning
- b) the inclusion of civil society reports (as well as report card surveys) on consumer satisfaction with key public services, as a means of improving the performance of government organisations.

(1b) Economic Growth & Business Climate

On Pro-poor Growth Through Products

Key Message 1

Economic growth policies could include a more pro-poor, rural-based focus. Product production models with high potential to benefit the incomes and employment opportunities of the poor, and potential for replication at various levels, could be identified.

The production of sedge in Ninh Binh’s coastal area is one example of a product with potential to benefit the poor. Sedge has high revenue potential and low investment costs for poor families. However, since 2000, the provincial government promoted shrimp production because of its assumed higher profitability. Shrimp cultivation areas replaced the areas traditionally used for sedge production. In practice, one out of three harvests failed, and high investment costs limit the possibility for poor producers to enter this market.

A market analysis of a coastal province carried out by Hanoi University and involving provincial authorities, private sector and an INGO demonstrated a high potential of sedge production. Sedge is produced by many poor farmers and results in net revenues of VND38.27million per ha, whereas revenues per ha of shrimp only reaches VND14.78 million. Sedge production is also less harmful for the environment.

The provincial master plan for 2006-2010 now includes actions for an enabling environment for sedge production.

Key Message 2

INGO's welcome coordination between government, donors, other development actors and the private sector in order to strengthen value chains that give poor farmers access to markets.

A recent study on green tea farmers in Vietnam was one example of a collaborative strengthening of a value chain. The study showed that tens of thousands of poor green tea farmers have relatively high production costs and low yields. Through a value chain analysis in Thai Nguyen involving different stakeholders, core bottlenecks were identified. These involved the lack of a quality control system, the absence of a supportive provincial policy, and little cooperation between poor farmers and tea companies.

Under the shared leadership of the province and a major tea-processing company, together with technical assistance by NGOs, the quality control of the provincial plant protection department and agricultural extension improved, and the marketing capacity and quality management of tea producers groups were strengthened.

Another example stems from a recent study of bamboo, which revealed that bamboo is a high potential product for pro-poor and sustainable growth, with a world market of US\$7 billion per year, and potential for replacing wood products. Due to new, more efficient added-value processing techniques, bamboo has greater pro-poor financial impact potential than other forms of handicraft production. Vietnam has large resources of approximately 1.4 million ha of bamboo, and potential to develop a US\$1 billion industry benefiting poor rural communities and the wider economy.

Government at the local and national level should provide sustained and consistent leadership if the sector is to develop, and coordination between government, the private sector, NGOs and donor agencies is needed to drive the development of the bamboo industry. In addition, the government's stimulation of investment choices for poor farmers would benefit from relying on analyses of pockets of poverty and of market opportunities with potential impacts on poverty.

Key Message 3

An enabling environment for small- and medium-sized enterprises could be enhanced; this will be even more important after Vietnam's accession to the WTO.

The government should ensure that quality standards for products are in place, known by all and adhered to. It should also ensure that research becomes more market-driven, and that the results of key

research about cultivation and processing techniques is made available for poor farmers. Supply driven extension should be replaced by market driven extension, with a focus on poverty impact.

On Pro-poor Growth Through Tourism

Key Message 4

In the implementation of the SEDP, more attention is needed for the link between growth, sustainability and poverty reduction. Government and other development agencies have a role to play to ensure that the poor benefit.

Currently it seems assumed that any growth will automatically translate into poverty reduction opportunities. Tourism provides a good example of an industry where this assumption is not correct. Furthermore, a condition for future employment and income growth from tourism in Vietnam is that activities within this sector are environmentally sustainable.

The impressive growth of the tourism industry in Vietnam has been recognised by the Vietnamese Government in the SEDP preamble as making substantial contributions to poverty reduction. In spite of these contributions, grinding poverty still exist near many popular tourism destinations and in areas with high tourism development potential, like the north-west. Without pro-active planning, policies and programs targeting poverty reduction through tourism, the full potential cannot be reached.

Legislative support for tourism development provided by the new Law on Tourism contains important provisions that will encourage tourism development in poor rural areas, like tourism investment incentives and vocational training support in remote and disadvantaged areas. The law supports employment for the poor through provisions for 'local home stays' and local tourism guides. However, the law needs to be matched with additional support from government and the wider development community, for example through vocational training programs and enterprise development. Much of this could be achieved if the tourism sector was given a clearer mandate for supporting poverty reduction in the provincial SEDPs.

Currently, targets for tourism development are set only for capital investment, GDP growth and visitor numbers, and not for the numbers of poor people that will benefit in terms of income, employment, education and socio-cultural development.

(1c) Social Development & Sustainable Environment

On Social Development

Key Message 1

INGO's would welcome more resource allocation for capacity development in poverty targeted programs.

Investment in infrastructure and other hardware in the new poverty targeted Program 135 and the follow up to HEPR comprises more than 90 per cent. To ensure success, more resources are needed for capacity building. Budget support should go hand-in-hand with guiding principles for investment in

capacity building.

On HIV/AIDS

Key Message 1

INGOs are committed to a full continuum of prevention, care and treatment; are strongly supportive of harmonising funding and programs; and are dedicated to coordinating and working with diverse stakeholders at all levels while ensuring the active engagement of groups affected or at risk.

The INGO community congratulates the Government of Vietnam (GoV) on the many steps it has taken in the fight against HIV/AIDS in the past year, and particularly on the new Law on HIV/AIDS Prevention and Control. The consultative and participatory process that facilitated the development of the law will serve as a model for policy development in other settings.

Thirty-three INGOs from multiple countries are engaged in key areas of the national HIV/AIDS strategy as outlined in the nine programs of action. In support of the strategy and the GoV's priorities, we are committed to a full continuum of prevention, care and treatment. We are strongly supportive of the current focus on the harmonisation of funding and programs, and are actively engaged in efforts to strengthen coordination at national, provincial, and sub-provincial levels – where programs meet populations, and where a fragmented response has its most human effects.

The INGO community is dedicated to collaborating closely with diverse stakeholders including government, mass organisations, civil society, communities, and the private sector. We are also committed to ensuring the active engagement of groups affected or at risk.

A number of challenges remain in the fight against HIV/AIDS in Vietnam, and it is important that these issues continue to be included on the agenda of government, donors, INGOs, local NGOs, and all other partners.

Continuous, tailored and targeted prevention efforts aimed at most-at-risk population groups, particularly drug users, sex workers and their clients, and men who have sex with men, will be fundamental to slowing the epidemic.

Given that drug users have the highest HIV prevalence rates in the country, the development and scaling-up of community-based comprehensive treatment programs that include methadone, addictions counselling, needle and syringe exchange, social support, and employment placement will be key both to prevention and to effective treatment among the many who are already infected. This will be especially important as increasing numbers of 06 Centre residents are transferred back to their communities, a move by the GoV that we applaud, and which should be continued.

Stigma and discrimination remain an acute problem among those infected and affected by HIV - as well as among those who engage in behaviour that puts them at risk. Combating stigma and discrimination must, therefore, remain a focus at all relevant levels of policy and across the prevention-to-care continuum.

Broader access to coordinated, high-quality care and treatment also must be more adequately assured, as must family-centred care and support programming, and interventions to prevent the transmission of

HIV from mothers to children. The lack of understanding of the magnitude and severity of children infected and affected by HIV/AIDS in Vietnam continues to limit partners' ability to meaningfully respond in this area.

Young people, accounting for the largest number of new infections, must remain a priority, particularly if the country's long-term economic development is to be assured. Commitments to institutionalising HIV/AIDS prevention education for young people within the education system need to be fulfilled, as well as expanded, to reach all levels of formal and non-formal schools.

Although priorities have been identified and are widely shared, we encourage the GoV to develop and cost all plans of action associated with the national strategy. We are committed to supporting this process. Our role in supporting the realisation of these plans will be most fruitfully leveraged in the context of a clear, operational framework for harmonisation, within which there is strong support for the perspectives of civil society - including support for the meaningful involvement of people living with HIV/AIDS - openness to innovation, and willingness to expand interventions that have proven to be effective.

On Sustainable Environment

Key Message 2

Government, donors and other development actors could improve the security of poor people by taking expected climate change into account.

Vietnam has experienced sustained economic growth. However, while economic growth is crucial for the reduction of poverty, new challenges have emerged.

Growth affects the natural resource base of the country now in an irreversible way, and will reduce opportunities for future economic growth.

The effects of climate change are already troubling Vietnam. Although future effects are difficult to predict, it is expected that typhoons will become more severe, floods more abundant and droughts will occur more often. These natural disasters especially hit the most vulnerable and poorest members of society, who do not have the resources to live in better areas or build stronger houses.

The Vietnamese Government is making important progress in terms of early-warning systems and evacuations in times of natural disasters. However, the government and donors could improve the security of poor people by taking potential climate changes into account. This requires better planning of residential areas and infrastructure. It also means that new building areas should be designed in safe locations so they do not flood every year. Roads built in mountainous areas could be constructed in a more environmental friendly way, so they are not prone to landslides. If such a long-term perspective is taken into account, financial investments would enjoy better returns.

Climate change does not necessarily only have potentially negative effects, but may also present opportunities for Vietnam. Vietnam as a signatory of the Kyoto Protocol can use the Clean Development Mechanism. This mechanism is not only be used for large-scale infrastructure projects but it can also be used to co-finance sustainable rural development projects such as in domestic biogas and small-holder forest plantations.

The Vietnamese Government could increase its efforts to understand and support the people that use this mechanism in projects. Governmental and non-governmental entities can receive financing for the development of projects that reduce greenhouse gases, and many rural poor could benefit from this opportunity.

Key Message 3

The environmental set of indicators in the M&E Framework of the SEDP could be strengthened by including clear biodiversity impact indicators.

Agenda 21 is explicitly mentioned in the Monitoring & Evaluation Framework of the SEDP, which is very encouraging. However, there is no mention of the new forestry strategy. The main issue addressed is still Program 661 - the five-million hectare reforestation program, which does not have poverty reduction objectives. The framework could be strengthened by clear biodiversity impact indicators and by including community forestry as one way to address the poverty of families making a living from forests.

On Ethnic Group's Access to Land

Key Message 4

Forest land allocation for poor ethnic communities combined with technical support for land use and market access could have a major impact on poverty reduction, equity, and environmental sustainability.

Improvements in incomes and living conditions in Vietnam have not benefited all members of society. Despite efforts made by the government, 61 per cent of the ethnic minority population was still poor in 2004.

Over the last decade, inequality has grown between the ethnic majority and ethnic minorities, and poverty is increasingly an issue of ethnicity. Ethnic minorities are very much dependent on forestry land but most forest land has not yet been allocated to households, and allocated land is generally bare and of poor quality. In the Central Highlands for example, only 3 per cent of households have long-term use rights for forestry land. Forestry land is mainly controlled by State Forest Enterprises. Lack of access to land or to forest resources limits the income opportunities of poor ethnic people.

By allocating forest land to poor ethnic communities and families and providing technical support for improved land use and access to markets, a major impact can be achieved in reducing poverty, increasing equity and environmental sustainability. Development of more targeted investments and a benefit-sharing policy on natural resources would also greatly assist in this process.

(1d) Legal & Institutional Foundation

Key Message 1

INGOs are ready and willing to work with the government to develop an enabling legal framework for a vibrant and active civil society sector in Vietnam, in a form that will maximise the contributions of all sectors to development, growth and poverty reduction.

INGOs welcome the continued focus of the government on improving the overall legal framework, combating corruption and public administration reform.

INGOs are working with partners at national, provincial and district level to ensure that civil society's contribution to SEDP implementation is maximised. Recent examples of civil society support for SEDP implementation include:

- qualitative poverty analysis to complement quantitative poverty analysis;
- strengthening of capacity for participatory planning;
- greater transparency of the planning process and budgeting (under the grassroots democracy decree);
- linking of grassroots plans to the SEDP process;
- greater coordination and harmonisation of civil society projects with the SEDP process; and
- many local civil society organisations (CSOs) are involved in working with ministries (supported by INGOs and donors) to build capacity for better livelihoods and better basic services.

INGOs recognise that relationships between the state and society are evolving, including changing relationships between the state and the economy (such as the increasing role of the private sector) and the increasing importance of civil society.

A key role of civil society is to enhance accountability by being part of the system of checks and balances. An example is the civil society monitoring of delivery of services. INGOs also welcome the role of civil society and the media, which was mandated in the Anti-corruption Law.

INGOs are ready to work with government agencies to support the expansion of the legal framework for Vietnamese civil society, so that Vietnamese civil society organisations, including associations, social organisations, non-profit organisations, community-based organisations etc., can actively contribute to the development of Vietnam in the future, and civil society's contribution to SEDP implementation can be maximised.

For this to be achieved, INGOs believe that an enabling and facilitating framework will be required and suggest the government proceed with this objective in mind. In particular, INGOs suggest that legal documents for CSOs are revised and simplified; a legal framework is created that is both accessible and enabling; and an enabling legal framework for foundations and community based organisations (CBOs) is developed. INGOs are ready to work closely with Government at all levels to support these aims.

To develop the legal environment for Vietnamese CSOs, INGOs suggest it would be appropriate to

take the following steps.

- 1 Institute a participatory process leading to a revision of the legal framework to facilitate and regulate the growth and operations of CSOs. INGOs believe that laws and regulations on CSOs need to be clear, simple and applicable to all key types of CSOs.
- 2 Establish a simple and transparent mechanism to register or incorporate a CSO as a legal entity, including a ‘one stop’ state management system on the establishment and registration of CSOs.
- 3 Strengthen the implementation and enforcement of the laws/regulations on CSOs.
- 4 Provide capacity building training for both civil servants who administer the laws (including tax officials, ministries, local authorities, etc.) and CSOs members on the implementation of the laws/regulations to help them perform their functions in an accountable and transparent manner to preserve the public trust.
- 5 Support and maintain the financial sustainability of CSOs by providing or implementing:
 - an assignment of state funds where necessary;
 - tax exemptions and reductions for CSOs and their donors, especially those working for the public benefit;
 - develop appropriate provisions to encourage fund-raising;
 - provide permission to engage in lawful economic activities without a distribution of net interest;
 - support endowment and volunteer work;
 - facilitate foreign funding;
 - develop a mechanism for CSO delivery of public services through grants, contracts or biddings; and
 - establish a clear and transparent mechanism to improve the interaction and partnership between the state and CSO sector for mutual benefit.

Regarding the legal framework for the operation of INGOs in Vietnam, INGOs are keen to work with the government to achieve appropriate and timely resolutions of the question of the tax position of INGO expatriate staff.

INGOs urge Consultative Group (CG) members to work with the government to ensure that by the end of the SEDP period, an environment exists for a vibrant and active civil society sector in Vietnam, in a form that maximises the contributions of all sectors to development, growth and poverty reduction.

As our support for civil society develops, there is a need for more coherence in approaches to working with and strengthening civil society. Similarly, funding for building the capacity of civil society organisations is necessary. As civil society grows, it is important that donors and INGOs ensure that they are not occupying the ‘space’ of domestic civil society.

Session II – International & Regional Integration

On WTO Accession and the Implementation of WTO Commitments

INGOs warmly congratulate Vietnam on reaching the final stage of the WTO accession process, and on a very successful APEC meeting. INGOs particularly welcome the emphasis given at the APEC meeting to restarting the Doha round of trade talks.

INGOs strongly support the multilateral approach to trade negotiations, which allows developing countries like Vietnam to negotiate from a position of strength. INGOs encourage Vietnam to strongly support this approach, in order to protect the interests of developing countries.

Key Message 1

INGOs warmly congratulate Vietnam on reaching the final stage of the WTO accession process, and on a very successful APEC meeting.

The challenge now is to implement the WTO agreements in a way that will maximise the benefits and minimise the negative impacts for all people in Vietnam.

INGOs believe that the government-led, DFID- and AusAID-supported ‘Beyond WTO’ initiative is a welcome start in this regard. A key challenge is Vietnam’s capacity to implement agreements such as Sanitary and Phytosanitary Measures (SPS) following accession. The SPS agreement involves harmonising national standards in agricultural and fishery products and will be an enormous challenge for poor producers, especially in the remote rural areas of Vietnam. This will undoubtedly take some time to achieve.

At the very least, INGOs consider it essential that CG members provide Vietnam with the required technical support to rapidly build domestic capacity in SPS.

Experience in other countries shows that there is some flexibility in the sequencing and prioritisation of the implementation of WTO commitments, and we encourage Vietnam to use what flexibility is available to ensure the interests of poor people continue to be the first priority. It is essential to closely monitor the impact on poor people of the changes that come with WTO accession, and to rapidly respond to any negative changes in order to protect people’s livelihoods. Several INGOs are already cooperating with government in this regard and we stand ready for further cooperation.

Key Message 2

By using the existing possibility of flexibility and prioritising, the implementation of WTO commitments could be strengthened by making sure benefits are maximised and negative impacts minimised for poor people in Vietnam. It is essential to closely monitor the impact WTO accession has on poor people and to rapidly respond to any negative changes in order to protect people's livelihoods.

INGOs hope that WTO membership will ultimately help Vietnam realise its potential in boosting exports of agricultural and fisheries products, thanks to improved access to international markets.

With some export products, such as rice, pepper and coffee, Vietnamese farmers have a strong position that could be expanded through WTO membership. INGOs also encourage Vietnam to take advantage of the WTO dispute-settlement mechanism to limit spurious anti-dumping actions, and hope that WTO membership will increase Vietnam's attractiveness for foreign direct investment.

However, INGOs recognise there are big challenges ahead for the agriculture sector, including the low competitiveness of some agricultural products, such as sugar, maize and livestock products.

Products such as sugar and maize have to compete with heavily subsidised competitors from the US and EU. For example, US maize farmers receive subsidies of as much as US\$10 billion a year. Meanwhile, maize is a crucial crop for food security and provides incomes for 2.6 million households who are poor or near-poor.

It will take time and support to help poor people find livelihood alternatives to secure income. The key question is whether farmers who can no longer make a living from farming have viable alternative livelihoods. If they do, then the negative effects for such people as a result of joining the WTO can be mitigated, and in the longer term, they may benefit.

Poor farmers often have limited skills and capacity to take up new opportunities and to compete in the domestic market. Any price fluctuation (as a result of opening markets for imported products) that causes a fall in farm income would deepen the already increasing inequalities between rural and urban incomes. Losses of agricultural income could have strong multiplier effects.

It will be a challenge for resource-poor farmers to cope with this, and they would need to look for alternatives in the area or migrate to towns and cities to look for employment. However, not all poor households can afford to migrate, in which case a compensation mechanism could be developed to mitigate the vulnerability of the poorest farmers.

Key Message 3

WTO membership will help Vietnam realise its potential to boost the exports of some agricultural and fisheries products, though there are also major challenges ahead for the agricultural sector.

In addition to working with communities throughout Vietnam, INGOs are cooperating to model livelihood value chains and strategic market analysis approaches to help ensure that poor people benefit from trade liberalisation as much as possible. There is scope for much more to be done in this regard and we encourage CG members to support the use of these and other methods to ensure that the benefits of WTO membership are maximised and the negative impacts are minimised for all Vietnamese.

Session III: Harmonisation, Disbursement & Aid Effectiveness

Key Message 1

INGOs are ready to play a more active role in aid harmonisation and enhancing aid effectiveness in Vietnam.

INGOs are ready to join donors' work on aid harmonisation (adapting policies and practices in order to ensure a common approach), and to closely collaborate with the government in order to enhance the effectiveness of aid to Vietnam.

The Hanoi Core Statement (HCS) on aid effectiveness provides a focused roadmap for donors to consolidate policies and work with the government to improve aid effectiveness and harmonisation in Vietnam. It is hoped that through the PGAE partnership group, the implementation of this statement will be monitored with INGOs initially as observers, but in the future playing a more active role.

In the recent Regional Forum on Aid Effectiveness in Manila, delegates applauded steps made to improve aid effectiveness in Vietnam, however there is still some way to go. MPI for example presented the progress in monitoring and evaluating the HCS in Vietnam. Vietnam's country worksheet (Paris Declaration indicators in 2005) shows:

- 78 per cent of aid flows are aligned with national priorities
- 32 per cent use country PFM and procurement systems
- 35 per cent use common arrangements or procedures
- 14 per cent joint missions or joint country analytical work

Key Message 2

Country ownership of the development process is paramount, including the role of civil society and the media in building broad ownership.

INGOs urge donors to ensure consistency in their approach and policies when working with and through government systems. It is also important that the ownership of the government is not compromised, while recognising the vital role of both civil society and the media in building broad ownership.

Key Message 3

Capacity building is required for budget support to be fully effective.

To maximise the chances of achieving the HCS targets for aid effectiveness, the government's capacity must be enhanced. Because of this, INGOs consider it essential that budget support commitments are accompanied by capacity building processes, so that the PRSC and other budget support instruments will be effective.

Regarding alignment, as donors work more closely within government processes, corresponding structural changes need to be made by donors to ensure that they are better able to work with the government, whether this is done by investing in human resources or wider organisational transformations.

Similarly, INGOs suggest government policies and approaches remain committed to the HCS steps. This needs to take place at a national level between departments, and also at the district and provincial levels to ensure aid is not duplicated.

In the HCS, Vietnam states that it hopes to ensure that at least 50 per cent of funds from 50 per cent of donors should use country systems for procurement and financial management by 2010.

There has been progress with INGO involvement in the PRSC processes and INGOs and civil society can play an important role in the monitoring and assessment processes at the national level through working groups in sectoral and thematic areas, as well as at the provincial and district levels. For example, DFID is trialling provincial level budget support, which is seen as a positive step to improving results and accountability.

Key Message 3

INGOs support the focus on joint working and encourage decentralisation processes.

INGOs support the focus on joint working. For example, the Like Minded Donor Group (LMDG), sectoral working groups and the Partnership Group on Aid Effectiveness (PGAE) are all actively promoting harmonisation measures.

Recognising that we focus on common goals (eg achievement of the MDGs, VDGs and SEDP targets), we continue to seek opportunities for joint missions, analysis and wider consultation. For example, INGOs have been actively consulted for the Vietnam Development Report 2007 and the SEDP consultation process. Similarly, the Comprehensive Capacity Building Program (CCBP) and the Harmonisation Action Plan both actively support the development of sustainable harmonised aid delivery.

INGOs support the decentralisation processes, which we consider will enhance responsiveness and encourage innovation. INGOs will continue to actively support provincial governments and sectoral ministries through capacity building measures to help strengthen systems and procedures.

To maximise the benefits of INGOs involvement in this process, INGOs need more opportunities to share good practice (in and between working groups) and participate in sectoral consultation processes.

To enhance a focus on results and ensure accountability, INGOs and civil society can play a greater role in ensuring donors are producing results, and the government is held accountable. In addition, there is room for donors and the governments to work more closely with INGOs to better share innovative practices, lessons learned and good practices.