

## The development policy of the Royal Netherlands Embassy in Vietnam

### **General objective: poverty alleviation**

Vietnam's poverty-alleviation policies have been effective: the MDG to halve the 1990 level of extreme poverty by 2015 has already been met. The Vietnamese Development Goal is to bring poverty down to below 20 percent by 2010. This goal can be attained since extreme poverty has gone down from 37 percent in 1998 to 29 percent in 2002. Inequality is highest in the South-East around HCMC and increasing in the Northern Mountains, the Red River Delta and Central Highlands. Poverty-alleviation has been realised through trickle-down effects of a robust economic growth and redistribution of rural land. These 'easy' successes have now been reaped: land scarcity limits the effectiveness of land redistribution. The poor live in remote highlands and disaster-prone lowlands. A relatively large group is hovering precariously above the poverty line.

The 2002 Comprehensive Poverty Reduction and Growth Strategy (CPRGS) provides a good context for the various reform programmes and private sector development. Progress of CPRGS implementation, and hence of reform programmes, is supported through the conditions of the RNE co-financed Poverty Reduction Support Credit (CPRGS).

Both CPRGS and PRSC provide a comprehensive context for relevant MDG's and development objectives of the Netherlands. RNE Hanoi concentrates its activities on the MDG's and VDG's regarding maternal health and child mortality, HIV Aids/TB, and environmental sustainability, with governance and gender as cross-cutting issues.

### **Health**

Despite economic growth and generally favourable social indicators, Vietnam continues to score poorly with regard to maternal and child mortality as well as under-five malnutrition. These indicators are particularly poor among ethnic minorities. Prevalence of HIV/AIDS is still low (0,09%), but on the rise and no longer limited to the traditional groups at risk (i.e. intravenous drug users). The Ministry of Health (MoH) is a rather vertically fragmented organisation that could gain from integration of its programmes and a more deliberate focus on service delivery for the poor in general and women in particular. The quality of public health services is declining, commune health centres are underused whilst low salaries fail to attract qualified staff. Increasing competition with private health sector providers may result in qualified staff leaving government services to join private practice.

*RNE objectives:* Improving MoH's ability to meet the changing reproductive health needs over the life cycle, including prevention and control of HIV/AIDS; to reduce prevalence of Tuberculosis; to improve policies for reduction of malnutrition among women and children; capacity building to address health needs of the population.

### **Water management**

Population growth, industrialisation, intensification and diversification of agriculture along the coastline and in river deltas created a strong need to modernise existing water

management systems. Upstream conditions determine challenges and risks for the Lower Mekong Basin and the Red River Basin, hence their sustainable development calls for integrated and participatory practices. The majority of lowland poor live in flood-prone rural areas along the rivers and in the coastal zone. People in the Lower Mekong Basin have to cope with the effects of annual floods, while flooding in the Red River Basin constitutes an increasing risk of loss of life and resources. Typhoon-generated floods in the central regions annually cause substantial loss of life and economic damage, particularly among the poorest in the vulnerable areas. The fact that farming is mostly done by women, renders them and their children most vulnerable to calamities. Floods and salt-water intrusion also damage irrigation and drinking water facilities. These problems are exacerbated by the loss of wetlands and upland forests. Flood management, flood protection and mitigation of the effects of natural disasters are required to turn the tide, but effective integrated water resources and coastal-zone management systems are largely lacking.

*RNE objectives:* Support to the introduction and development of integrated river-basin management and integrated coastal-zone management, both at a national and regional level; support to natural disaster management projects and institutional infrastructure; capacity building and studies.

### **Forestry and bio-diversity**

Vietnam's forests and wetlands are home to one of the largest varieties of flora and fauna in the world, including many species that are unique to Vietnam. The forest and wetland areas are also the habitat of the poorest sections of the Vietnamese society, who depend for their livelihood on these fragile ecosystems. Economic growth is taking its toll in terms of encroaching on such vulnerable areas as mangrove and upland forests. The forest area has sharply declined in the past decades, leading to loss of bio-diversity, erosion and increased flooding calamities. The forest cover is on the increase again, albeit the quality is still declining.

*RNE objectives:* Contributing to ecologically sustainable management and conservation of forests and wetlands; improved livelihoods through strategic intervention, where possible, through partnerships.

### **Good governance**

Vietnam has embarked on a number of reforms under the umbrella of the Public Administration Reform (PAR) Master Plan, such as PAR at the ministerial, provincial and municipal level; the Public Finance Management Reform Initiative (PFMRI); and Legal Reform. Through the Poverty Reduction Support Credit (PRSC), implementation of the CPRGS, including the reform processes, is being monitored and rewarded. The co-financing of the various reform programmes offers a good opportunity for harmonisation of donor-government aid procedures.

*RNE objectives:* Support to the PAR process at the central and ministerial levels; support to the PFMRI; and co-financing of the PRSC.

### **Gender**

*Objective:* Gender mainstreaming in RNE development programmes and to support women's empowerment and gender equality in public policy.