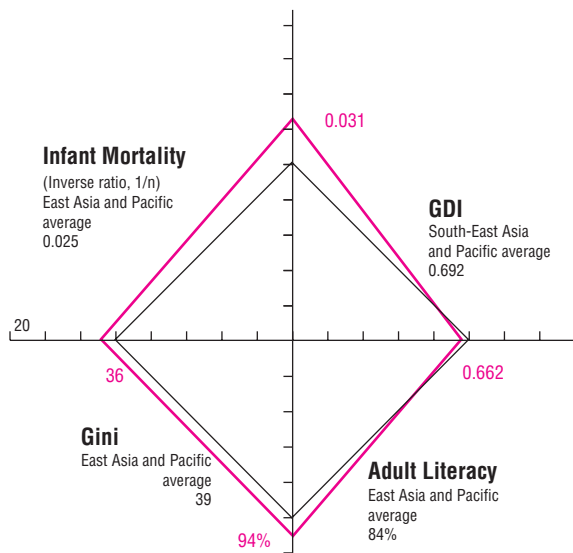


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NEW CHALLENGES

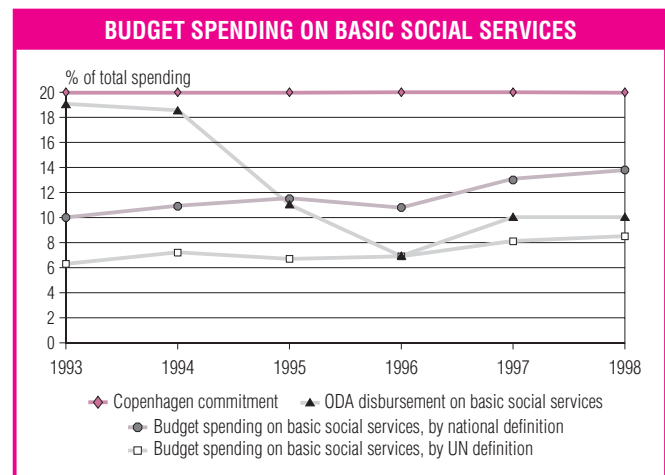
adequate investment and restructuring. Economic slowdown makes it difficult for the government to fulfil social commitments.



The Equity Diamond: National values in terracotta compared to regional ones in blue.
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*, **Adult literacy:** UNICEF, *The State of the World's Children, 1998*, **GDI** (Gender Development index): UNDP, *Human Development Report 1998*, **GINI:** World Bank, *World Development indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

The mass welfare system, which was the pride of Vietnam throughout the war years, received relatively limited budget resources in the period of market development. In 1998, according to a UN assessment, 8.5% of the government budget was spent on basic social services, an increase of 2.5% compared with 1993. The Ministry of Labour, Invalid and Social Affairs (MOLISA), however, reported figures 1.6 times higher (Figure 1), since by national definition, basic social services include services provided to war veterans, poor and vulnerable groups. By either definition, Vietnam is still only halfway to the Copenhagen 20/20 target. ODA inflow, which constitutes an important source of development investment in Vietnam, has been allocated in the same pattern.

FIGURE 1.



Source: Looking Ahead, UN in Vietnam, December 1999; Basic Social Services in Vietnam, UN in Vietnam and MOLISA, December 1999

The new millennium brings new challenges to Vietnam of maintaining economic growth and achieving government commitments to poverty eradication, employment promotion, and human and social development. The economic growth rate was 9.3% and 8.2% in 1996 and 1997 respectively, but fell sharply to 5.8% in 1998 and even lower in 1999. While neighbouring countries are recovering from the regional financial crises, Vietnam—which suffered less—is having more difficulty attracting capital from outside to finance its ambitious economic development programme and make up for low domestic savings. The economic momentum, which was created mainly by land allocation to farmers and an open door policy, seems to be exhausted without having generated

An analysis of the budget reveals that spending for basic social services is low as a result of the social sector development strategy and not because of budget allocation between sectors or shortage of financial resources. In total, the social sector received nearly 35% of the total budget expenditures, of which education accounted for 15%, health care 6% and social security 14%. **These figures are similar to those of other countries at the same stage of development. Limited budget resources were concentrated on non-basic rather than basic social services, however, so that people with higher incomes and better access to services received greater subsidies than the poor and poorest. While the budget covered only 50% of the educational costs of a primary student, it paid more than 80% of total educational costs of a college student. Similarly, 28% of the total health budget is spent on urban hospitals while only 8% went to support rural medical stations.**

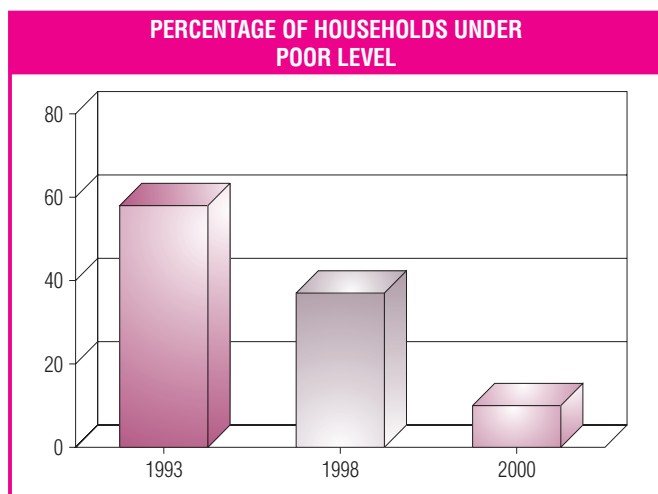
The government has recognised this situation and is considering preparation of a strategy for restructuring the budget that will take into account the economic slowdown.

programme also aimed to provide free health care services to 100% of hungry and 80% of poor households through medical insurance by 2000. To facilitate poor children's access to basic education, approximately USD 60 million were allocated in the period 1998–2000.

These efforts resulted in a significant reduction of the proportion of households below the national poverty level from 58% in 1993 to 37% in 1998. Some associated social indicators were improved. Thus, the malnutrition rate for children under five was reduced from 50% to 34%, and the infant mortality rate went from 4.2% to 3.2% in the same period.

The economic slowdown puts a light shadow on the sustainability of the poverty reduction achievement. Studies show that the current national poverty threshold was set at a level close to the level of the majority of the population, *ie*, most people were either just above or below it. Thus, a modest increase in living standards meant a notable proportion of households moved above the threshold. This does not mean that these households are no longer vulnerable to changes in economic conditions, since they stand at the poverty threshold. A slight drop in living standards will bring them back below the line.

FIGURE 2.



Source: Vietnam Living Standards Survey 1997–98; Decision of the Prime Minister on the approval of the National Target Programme for Hunger Eradication and Poverty Alleviation for the period 1998–2000.

Despite budget limitations, significant achievement was made in poverty reduction because of people's efforts and favourable policies, and land allocation to farmers for agriculture and forestry in particular. In 1998, the National Target Programme for Hunger Eradication and Poverty Reduction was set up, with a target of reducing poverty to 10% by 2000 and a total budget estimated at 10,000 billion dong (about USD 700 million). The same year, 1,715 poorest communes were identified in the National Socio-economic Development Programme for Poor Communes and a budget of about USD 29 million was allocated to the 1,000 of these in 1999. Along with the Bank for Agriculture, the Bank for the Poor provided credit to 60% of poor households in 1997. The poverty alleviation

GENDER EQUITY

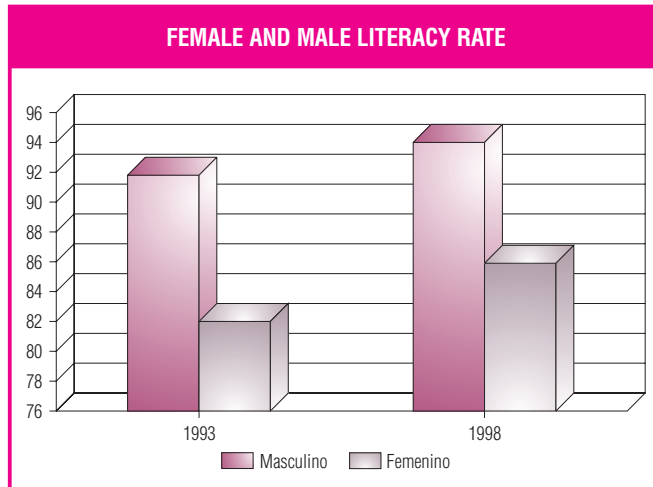
The government has made observable efforts to achieve equality and equity between men and women. The Communist Party issued Directive No. 37 in 1994 instructing all Party and government organisations to fill at least 20% of positions with women. Now, 19% of technical and managerial positions are held by women. In the National Assembly, the proportion of female deputies increased from 18% in 1994 to 26.2% in 1997.

In 1997, the National Committee for the Advancement of Women (NCFAW) established provincial committees in all provinces and cities. The National Plan of Action for the Advancement of Women was set up as a framework for NCFAW and Women Union (WU) activities. In preparation for the People's Council election in 1999, 16,700 women candidates were trained in leader's skills. Currently NCFAW, which is chaired by the Ministry of Planning and Investment and works in cooperation with WU, is preparing the Strategy for the Advancement of Women for 2001–2010 and the Plan of Action for 2001–2005.

WU, with government authorisation, successfully implements a large number of projects and activities across the country to support women in poverty alleviation and capacity building. One of these was a credit project for poor women with a revolving fund totalling 4,000 billion Vietnam dong (USD 300 million). WU credit projects contributed effectively to reduction of poverty in the country. (Figure 3 and 4)

Problems remain relating to formulation of a mechanism to enable effective participation of NCFAW in policy-making processes. So far, NCFAW performance at the lower level has been rather poor. NCFAW has no separate budget and no full-time members except at the central level. It is independent *de jure*, but mixed with the WU *de facto*.

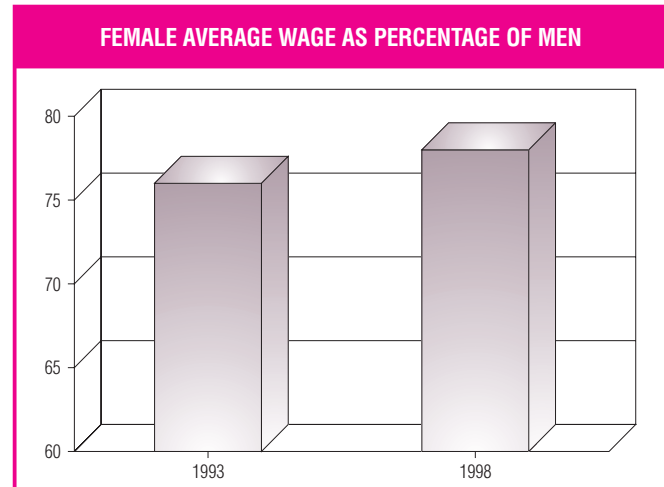
FIGURE 3.



Source: Vietnam's Living Standards Survey, 1997–98

Vietnam received the Award of the United Nations Population Fund (UNFPA) for good performance of the population program in 1999. Government Decree No. 37 stipulated speedy implementation of family planning, with the target of reducing the population growth rate to 1.5%–1.6% by 2000. But successful family planning that heavily relies on women has consequences for women's health. While 38% of women of child-bearing age used IUDs in 1998, only 6% of men used condoms. **The female sterilisation rate was 6%, compared with a male sterilisation rate of 0.6%. The burden of family planning led to more than 1 million abortions annually, or 2 abortions per birth:** one of the highest abortion rates in the world. As family planning is critical for the development of Vietnam with its large and growing population, reconsideration of this approach is absolutely urgent.

FIGURE 4.



Source: Vietnam's Living Standards Survey, 1997–98

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