The Socialist Republic of Vietnam

Rhonda Sharp
Diane Elson
Monica Costa
Sanjukta Vas Dev

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Contents

1  Background  2
2  Gender equality  3
3  Budgetary context  5
4  Gender responsive budgeting  6

References  9

Links to electronic resources for Vietnam  10

(This country profile is available online at www.unisa.edu.au/genderbudgets)
1 Background

Vietnam borders China, Laos and Cambodia. It has one of the highest population density in South East Asia (260 persons per square kilometre) after Singapore and the Philippines (respectively 7,013 and 302 persons per square kilometre) (Population Reference Bureau 2008). Ethnic Vietnamese (officially known as Kihn to distinguish them from other ethnic groups in Vietnam) constitute 87% of the country’s population and Buddhism, Taoism, Christianity and Islam are the main belief systems practiced. Vietnamese is the official language but Chinese, French, Khmer and English are widely spoken.

Vietnam has a long colonial history. It became part of French Indochina in 1887, declared independence after World War II, but continued to be colonized by the French until 1954 when Communist forces, under Ho Chi Minh, came to power in the North of the country. Under the 1954 Geneva Accords the country was divided into the Communist North and anti-Communist South (known as the Democratic Republic of Vietnam). During the 1960s, the United States of America and its partners (which included Australia) provided military support to the South leading to a long running civil war until a communist-led government took control of the reunited country in 1975 (CIA 2010). Since the reunification of the North and South the governing party of Vietnam has been the Vietnamese Communist Party (VCP) and the country remains a one-party state (King et al 2008: 791). Appointed by the President, Prime Minister Nguyen Tan Dung has been the head of government since the last five-year National Assembly election in 2006.

<table>
<thead>
<tr>
<th>Socio-economic indicators</th>
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<tbody>
<tr>
<td>Population in 2008</td>
<td>86.2 million</td>
</tr>
<tr>
<td>Projected population change 2008–50</td>
<td>31%</td>
</tr>
<tr>
<td>Percent urban (% of total population) 2008</td>
<td>27%</td>
</tr>
<tr>
<td>GDP per capita (PPP $US) 2005</td>
<td>$3,071</td>
</tr>
<tr>
<td>Human Development Index 2005</td>
<td>0.733</td>
</tr>
<tr>
<td>Human Development Index rank 2005</td>
<td>105th of 177</td>
</tr>
<tr>
<td>Proportion (percent) of population below the Poverty Line ($1 PPP a day) 2004</td>
<td>8.4%</td>
</tr>
</tbody>
</table>


In the mid-1980s the government initiated a programme of economic restructuring called ‘doi moi’ (renovation). These reforms aimed at establishing a market-oriented economy, allowed for de-collectivization and private ownership and liberalized and increased foreign trade under the umbrella of a socialist state (King et al 2008; Akram-Lodhi and van Staveren 2003; CIA 2010). A commitment to economic liberalisation and international integration followed a period of recovering from the ravages of war and a loss of financial support from the collapsing Soviet Union. Vietnam joined the World Trade Organisation (WTO) in 2007 after a decade long negotiation process. According to the World Bank (2008:1), ‘doi moi’ has enabled Vietnam to become ‘one of the most spectacular success stories in economic development’. Real GDP has on average grown by 7.3% per year between 1995 - 2005 and per capita income has increased by an average of 6.2% per year. The Vietnamese government’s recent Socio-Economic Development Plan 2006 - 2010 (SEDIP) lays out a path of transition towards a market economy with socialist orientation, with the goal of attaining middle income country (MIC) status by 2010 (World Bank 2008). The World Bank (2008) maintains that the national planning process has also become more participatory. However key negative consequences of the ‘doi moi’ development strategy reported are rising inequalities across a range of socio-economic indicators (see below). The
global financial crisis negatively impacted on Vietnam’s export orientated economy with economic growth reducing from a high of 8.5% in 2008 to 5.3% in 2010. Government stimulus spending and foreign government pledges of $8 billion in development assistance for 2010 have been the strategies for managing the economic down-turn (CIA 2010).

Vietnam is on track to achieve most of the Millennium Development Goals (MDGs) by 2015 (UNDP 2007). It is recognised as having made impressive progress on poverty reduction (MDG target 1) with the estimated poverty rate of 58.1 % in 1990 declining to 14.5% in 2008 – a reduction of 75% (UNDP 2010). Also, the food poverty rate has been reduced from 24.9% in 1993 to 6.9% in 2008 (UNDP 2007; 2010). The United Nations Development Programme (UNDP) has observed that if progress towards the MDGs is to be sustained more attention needs to be given to rising social and economic inequalities in policy decision-making and implementation. While Vietnam has met the target of eradication of extreme poverty and hunger ahead of the 2015 deadline, more than half of its ethnic minority groups continue to live below the poverty line and new forms of poverty are emerging, including chronic and urban poverty, child poverty and poor migrants. Targets on reducing HIV/AIDS prevalence and improving access to adequate sanitation are unlikely to be achieved without further targeted support (AusAID 2010; UNDP 2007). Progress in reducing gender inequality and gaps have included increased girls’ participation in primary and secondary school. Yet, as discussed below, women continue to face significant challenges. While maternal health has improved significantly the maternal mortality rate is higher in remote and ethnic minority areas (UNDP 2007; 2010).

2 Gender equality

<table>
<thead>
<tr>
<th>Gender equality indicators</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Gender Development Index (GDI) value 2005</td>
<td>0.732</td>
</tr>
<tr>
<td>Gender Development Index (GDI) rank 2005</td>
<td>91st of 157</td>
</tr>
<tr>
<td>Gender Empowerment Measure (GEM) value 2007/2008</td>
<td>0.561</td>
</tr>
<tr>
<td>Gender Empowerment Measure (GEM) rank 2007/2008</td>
<td>52nd of 93</td>
</tr>
<tr>
<td>Gender Gap Index (GGI) value 2007</td>
<td>0.6889</td>
</tr>
<tr>
<td>Gender Gap Index (GGI) rank 2007</td>
<td>42nd of 128</td>
</tr>
<tr>
<td>Seats in parliament held by women (% of total) 2007</td>
<td>25.8%</td>
</tr>
<tr>
<td>Population Sex Ratio (males per 100 females) 2005</td>
<td>96.8%</td>
</tr>
<tr>
<td>Maternal Mortality Ratio (per 100,000 live births) 2005</td>
<td>150 per 100 000 live births</td>
</tr>
<tr>
<td>Adult literacy rate, females (aged 15 and older) 2005</td>
<td>86.9%</td>
</tr>
<tr>
<td>Adult literacy rate, males (aged 15 and older) 2005</td>
<td>93.9%</td>
</tr>
<tr>
<td>Gross secondary enrolment: Ratio of female rate to male rate 2005</td>
<td>0.97</td>
</tr>
<tr>
<td>Gross secondary enrolment: Female ratio (% of the female secondary school aged population) 2005</td>
<td>75%</td>
</tr>
<tr>
<td>Share of women in wage employment in the non-agricultural sector (% of total employment in the sector) 2004</td>
<td>40.4%</td>
</tr>
<tr>
<td>Ratification to CEDAW (year)</td>
<td>1982</td>
</tr>
</tbody>
</table>

In many areas Vietnam leads the Asia-Pacific region on gender equality indicators. The country performs well in terms of delivering education and health services to women and men. The Asian Development Bank (Wells 2005: i) reports that while literacy levels need improving the gap between male and female literacy rates has been decreasing over time. A joint government, UNICEF and UNESCO report in 2008 noted that Vietnam had made great improvements in education for children at the primary and secondary levels with little aggregate difference between school achievement for boys and girls – see table above (Vietnamnet Bridge 2008a). Furthermore, women’s labour force participation is relatively high – 69% compared to 76% for men in 2007 (UNDP 2010: 217). Women are politically active at the national level with 26% of the National Assembly members being female in 2007 (see table). Vietnam has one of the highest proportion of women in parliament in the Asia-Pacific region and a gender empowerment indicator rank of 52/177 countries (see table; UNDP 2010). Although women hold lower level positions than men in the socialist system, there has been explicit affirmative action and mandated equality in the state sector. Many of these gender equality achievements are widely regarded as legacies of the socialist revolution and have been partially attributed to the strong legal and policy framework developed by the Vietnamese Communist Party (Long et al 2000).

Despite these positive indicators, Vietnam struggles with significant gender inequalities. As described by local NGOs in their CEDAW Shadow Report ‘there is a divergence between women’s rights as defined in legal policies and the reality’ (CEPEW et al 2006: 9). These include: the vulnerability of female-headed households to poverty; women working longer hours than men and for less pay; women’s limited access to resources such as land, property and formal credit (Wells 2005: ii). More problematic in Akram-Lodhi’s (2002: 9) view is that the hierarchical nature of Vietnamese governance serves to limit the extent to which the impact of policy on gender relations is evaluated. Long et al (2000) note in a World Bank report that since the early days of ‘doi moi’, the decline of social services has resulted in less social support for the elderly and children and the burden of their care falls more on women.

National education statistics mask differences between regions and the gender gaps between ethnic minority girls and boys. A 2005 UNICEF survey estimated that primary school enrolments were 90% but the rates were low for the poorer regions of the Central Highlands (43%) and the northern mountainous areas (48%) and 70% of the dropouts were girls (Vietnamnet Bridge 2008b). An analysis of the 2004 Household Living Standards Survey by Lee (2006) had found that while no difference exists in terms of male school enrolment between Kinh and ethnic minorities (73% for both) there still is a substantial difference for female enrolment by ethnicity (73% for Kinh and 61% for ethnic minorities). The joint 2008 Ministry of Education and Training, UNICEF and UNESCO study found that household poverty is the main obstacle to education for ethnic minority girls (Vietnamnet Bridge 2008b).

Several organizations affiliated with government and in civil society currently work to address gender inequality in Vietnam. The Vietnam Women’s Union was established in 1930 as a country wide government network, which today has over 10 million members. At every level of government – national, provincial, district and commune – it is the predominant body representing women (CEPEW et al 2006: 8). Funded by the national government, the Vietnam Women’s Union operates as an implementing agency for government and donor programs. Some argue that in recent years its focus on social programs such as income generation and credit schemes, maternal and child health programs has meant less time for policy-making and advocacy (Long et al 2000). The National Committee for the Advancement of Women was established in 1993 as the advisory body of the central government. Under the National Committee for the Advancement of Women is a network of Committees for the Advancement of Women in all ministries and agencies and in all 64 provinces of the country (Wells 2005).
According to the NGOs CEDAW Shadow Report the outstanding achievement of the National Committee for the Advancement of Women’s has been to consult with the government on the construction and enforcement of strategy as well as the National Action Plan for the Advancement of Vietnamese Women to 2010 (CEPEW et al 2006: 8). However, Wells (2005) identifies limited funds from the central budget and a lack of gender expertise as key challenges for the National Committee for the Advancement of Women.

Within government, the Gender Equality Unit located within the Ministry of Labour, War Invalids and Social Affairs has responsibility over the 2007 law on gender equality. In 2007 secretariat support for the National Committee for the Advancement of Women was transferred to the Gender Equality Unit from the Vietnam Women’s Union to strengthen the Committee’s advocacy role (communication with consultant 2009). Gender mainstreaming is promoted within the structures of governance and at the legislative and policy levels. The key policy document relating to gender in Vietnam, National Strategy for the Advancement of Women to 2010, is under the umbrella of the 10-year Socio-Economic Development Strategy (SEDS) and five-year Socio-Economic Development Plans (SEDP). The National Strategy highlights the need to strengthen the machinery for the advancement of women. At the same time however, donors have indicated concern that gender issues are not prominent in the Socio-Economic Development Strategy which, according to the Asian Development Bank (2002: 31), ‘neither highlights the potential for women’s contribution to development nor presents safeguards to minimize negative impact on women’.

3 Budgetary context

Following a series of Public Expenditure Reviews conducted by the World Bank and UNDP, the 1996 Law on the State Budget (LSB) was passed. This became the first legal document which stipulated concrete principles for the organisation and management of the national budget (Van Anh et al 2000). The 2002 State Budget Law heralded several major reforms: clarifying powers and responsibilities at different levels; promoting administrative reforms; strengthening transparency and accountability in public finance and strengthening the management of decentralization (Mountfield 2006). The Government’s Public Financial Management Reform Program (PFMRP) (2003 – 2009) has involved the adoption of performance budgeting with three year forecasts of targets and their associated expenditure. In 2005 a complete budget was disclosed to the public for the first time (World Bank 2008).

<table>
<thead>
<tr>
<th>Budgetary indicators</th>
<th>9%. Provides scant or no information to the public in its budget documents during the year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government tax revenue (% of GDP) 2006</td>
<td>Not available</td>
</tr>
<tr>
<td>Central Government total expenditure (% of GDP) 2006</td>
<td>Not available</td>
</tr>
<tr>
<td>General Government public expenditure on education (% of GDP) 2002–05</td>
<td>Not available</td>
</tr>
<tr>
<td>General Government public expenditure on education (% of total expenditure) 1991</td>
<td>9.7%</td>
</tr>
<tr>
<td>General Government public expenditure on education (% of GDP) 2004</td>
<td>1.5%</td>
</tr>
<tr>
<td>General Government public expenditure on health (% of total government expenditure) 2005</td>
<td>5.1%</td>
</tr>
<tr>
<td>Central Government military expenditure (% of GDP) 2005</td>
<td>Not available</td>
</tr>
<tr>
<td>Central Government public expenditure on defence (% of total outlays) 2007</td>
<td>Not available</td>
</tr>
<tr>
<td>General Government Total debt service (% of GDP) 2005</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

The State Budget Law is currently under revision in relation to the introduction of the Medium-Term Fiscal Framework and Medium-Term Expenditure Framework system and the preparation of the budget itself. The aim is to bring the budget and expenditure process up to international standards. The new Budget Law is expected to be in place in 2010 and be effective from 2011 (communication with consultant 2009).

The decentralization of budget management from the central to local authorities was described as an urgent measure in order to create favourable conditions for localities to take the initiative in shaping their own budgets for the performance of all socio-economic tasks that had been assigned to them by the State (Cheng 1997). However the budget process continues to be described by many as ‘top down’ given that lower levels wait for instruction from the higher level. Also at the provincial level, the provincial finance agency manages the consolidation of the provincial budget and negotiations with provincial agencies; a similar process occurs at the district and commune level, with lower levels in the structure waiting for instruction from the higher level (communication with consultant 2009).

The National Assembly (NA), supported by the UN Development Programme (UNDP) and various donor countries, have sought to enhance the capacities of Vietnam people’s elected bodies at all levels. The key project through which this has been attempted has been through support to the National Assembly’s Committee for Economic and Budgetary Affairs (CEBA) in a two phase project which has included supporting the budgetary process. CEBA - Phase 2 was commenced in 2008 by the UNDP with the ultimate objective of enhancing the capacity of the people’s elected bodies in budgetary decision and oversight.

Despite reforms, serious budgetary challenges remain. While there is a strong tradition of forward looking economic and social planning, this is not effectively translated into budget planning. The Ministry of Planning and Investment (MPI) and Ministry of Finance (MOF) have been described as working separately and consequently within a “dual budgeting” framework with a public investment program separate from the main budget (Mountfield 2006). Several multilateral institutions have called for strengthened efforts for joint working between the finance and planning functions at every level. Mountfield (2006) also notes that financial accountability and transparency particularly at the sub-national level remains limited.

4 Gender responsive budgeting

Vietnam’s experience with gender responsive budgeting (GRB) has been limited. Attempts have been made to promote the introduction of GRB by various proponents but these have been met with significant challenges.

In 2000, a joint government–donor working group undertook a Public Expenditure Review (PER) with a mandate to investigate ‘gender issues’ and to provide a cross-cutting analysis of the gender impact of public spending and taxation policies (Government of Vietnam and Donor Working Group 2000: 33). During the Review there were on-going tensions as to what the mainstreaming of gender into a Public Expenditure Review should entail. The key donor, the World Bank, limited gender analysis to the impact of expenditure, particularly in the social sectors. A gender analysis of the public expenditure review process by Akram-Lodhi (2002: 10) concluded:

*The PER, and its principal author, the World Bank (…) demonstrated a singular lack of attention to the use of information that was either available or was acquired during the PER and that could have been used for an elementary gender analysis of macroeconomic policy. The Bank also failed to acknowledge which additional information would be desirable if a proper gender analysis of the budget was to be undertaken. As a consequence, the actions of the Bank served to reinforce the lack...*
of capacity within government. This significantly contributed to the marginalization of gender analysis within the Vietnam PER.


Subsequent efforts at promoting GRB in Vietnam have encountered different challenges. In 2001, the Canadian International Development Agency (CIDA) funded a project to conduct a small-scale survey of 34 officials and 112 citizens in six provinces to ascertain the extent to which gender issues are incorporated into local budget processes and to identify ways of improving gender equality. The results found that while local government leaders at the provincial and communal level had either been trained or heard about the concept of gender, they equated this with women’s issues when making decisions on revenue or expenditure. More concerning, they considered it as an add-on, rather than something that is integrated into their thinking about economic development of the community (Beresford 2005).

A gender analysis of the impact of Vietnam’s value added taxation system (VAT) in relation to small and medium enterprises (SME’s) was undertaken in 2003 by researchers Haroon Akram-Lodhi and Irene van Staversen. The economic reforms of ‘doi moi’ with their greater emphasis on market mechanisms had led to a rapidly growing private domestic sector with SMEs being the driving force of this growth. The researchers’ analysis found that indirect taxes affected male and female entrepreneurs in the SME sector differently. Five implicit gender biases in Vietnam’s VAT and excise taxes were identified. One bias emerged from the lack of command females-owned SMEs had over unpaid male household labour which in turn limited the total amount of unpaid labour available for these SMEs compared to male operated SMEs. Without taking into account the availability of unpaid labour a VAT levy results in the female SMEs paying a relatively higher proportion of their total earnings as a tax. As a result of such biases which arise out of the different cost structures facing male and female owned SMEs, the researchers argued Vietnam’s indirect tax system would result in lower earnings of female owned SMEs compared to their male counter-parts (Akram-Lodhi and van Staversen 2003: 25). This analysis was disseminated in various training courses thereby contributing to awareness-raising about GRB.

Some work on GRB in Vietnam was undertaken as part of the UNDP project to increase the capacity of the National Assembly’s Committee for Economic and Budgetary Affairs (CEBA). In 2006 Professor Melanie Beresford developed a manual and provided GRB training to: (a) members of the National Assembly (b) Deputies to the Provincial People’s Councils and (c) technical staff (Beresford 2005). In 2007 GRB training was provided to new deputies of the National Assembly Budgetary Committee and for newly elected members of some Provincial People’s Councils. During CEBA – Phase I provincial representatives had requested additional capacity development in relation to the use of GRB to monitor the provincial budget (communication with consultant 2009). In its review of CEBA – Phase I in 2007, UNDP concluded that in relation to the cross-cutting issues of gender mainstreaming and poverty reduction policies, the CEBA project:

has organised a workshop on gender budget (Sep 06) and formulated a check list of gender mainstreaming for the workshop participants. However there is a wide disparity of awareness of gender, gender equality, and gender budgeting amongst MPs, PCs members. For example this review found that generally some MPs and PCs are likely to construe gender budgeting as a budget for women. (UNDP 2007: 29)

The UNDP commenced implementation of CEBA - Phase II in 2008 and while the original project documentation for CEBA – Phase II identified GRB as a component of the program, revisions to the document made no mention of GRB, despite the successful GRB training
undertaken during CEBA – Phase I (communication with consultant 2009). The current CEBA – Phase II document describes one output as ‘gender mainstreaming in the budget process’ which one commentator describes as a more ambiguous and less transparent and measurable output (communication with consultant 2009).

Also in 2008 UNIFEM funded a scoping mission to identify appropriate entry points for engendering the national budget in Vietnam. The consultant recommended a three phase GRB strategy over ten years. This entailed awareness-raising and promoting transparency of gender equality targets in budgets and policies fostering accountability in government for their gender equality commitments. It ultimately sought to change budgets and policies in the light of the introduction of these improved gender processes. At the same time, various constraints and key challenges were identified that needed addressing before GRB could be introduced more broadly in the public sector in Vietnam. For example, GRB work to date has been driven by donor input, with short term interest generated by individual projects. However, there is no evidence that GRB has been taken up as a long-term or core objective by elected representatives or government officials or civil society organisations. Many officials have limited understanding of gender and how it relates to economic development and while the Vietnam Women’s Union has received some GRB training from donors it does not have significant GRB capacity. In a more positive light however, it has been noted that in relation to the adoption of GRB, current changes to the management of the economy and the budget processes along with future changes to the management and delivery of government programs indicate that the environment for GRB will become more positive over the next few years (communication with consultant 2009).
References


Center for Education Promotion and Empowerment of Women (CEPEW), Research Center for Gender and Development (RCGAD), Institute for Family and Gender, Institute for Social Development Studies (ISDS), Reproductive and Family Health Center (RaFH), Research Center for Gender, Family and Environment in Development (CGFED) and Interdisciplinary Gender Center (IGC) - Group of Vietnamese non-governmental organizations (2006) Shadow Report - Report of non-governmental organizations regarding implementation of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). Group of Vietnamese non-governmental organizations support from UNIFEM Embassy of Switzerland and Action Aid: Hanoi.


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UNDP (2007) ’Viet Nam – Progress by goal’. MDG Monitor. UNDP.  


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Links to electronic resources for Vietnam


The National Committee for the Advancement of Women.  
http://www.ubphunu-ncfaw.gov.vn/?lang=E&func=0


ADB. http://www.adb.org/Vietnam/


UNDP. http://www.undp.or.vn/