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POVERTY REDUCTION PARTNERSHIP AGREEMENT

between the

GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM

and the

ASIAN DEVELOPMENT BANK

Dated 25 February 2002

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# POVERTY REDUCTION PARTNERSHIP AGREEMENT

## I. INTRODUCTION

1. The Government of the Socialist Republic of Viet Nam (the Government) and the Asian Development Bank (ADB) agree that ADB's operations will be governed by the understandings in this Poverty Partnership Agreement (the Agreement). The agreement sets out the long-term vision for reducing poverty together with the goals and targets, strategies, and key priorities for cooperation between the Government and ADB for realizing this vision. Agreed measures for monitoring and reviewing implementation of this agreement are also outlined. The Agreement reflects the Government's visions and goals for poverty reduction contained in its *Socio-economic Development Strategy 2001-2010* (SEDS), the Interim Poverty Reduction Strategy (IPRSP), the draft Comprehensive Poverty Reduction and Growth Strategy (CPRGS), various sectoral strategies, and key priorities of the ADB's Country Strategy and Program (CSP).

2. **Viet Nam's Achievements and Challenges.** Viet Nam has made significant gains in reducing poverty incidence and improving other quality of life indicators. Poverty incidence in Viet Nam fell from over 70 percent in 1990 to around 32 percent in 2000, mainly because of strong growth. While significant in terms of magnitude, the gains in poverty reduction remain fragile, with a significant number of "near poor" clustered just above the poverty line and vulnerable to shocks (economy-wide, community-level, and personal shocks). Access to infrastructure services, including clean water and electricity, has improved for the population as a whole but the share of poor communes without basic infrastructure still remains significant. Viet Nam has achieved universal primary education but access of the general population and especially the poor to post-primary education, which has proven impact on poverty reduction, is still limited. Key health indicators such as infant mortality rate, under-five mortality rate, child malnutrition rate, and maternal mortality rate have improved between 1990 and 2000 overall, but the improvement in the health status of the poor has been slower than for higher income groups.

3. Viet Nam's achievements are indeed significant, but so too are the challenges ahead. To ensure that poverty continues to decline in the future, high rates of economic growth will be necessary. In addition, as poverty declines in Viet Nam, it could become increasingly concentrated in four groups: the rural population, ethnic minorities, those with low levels of human capital, and the near poor vulnerable to shocks. In future, growth alone will not be sufficient to reach these groups and significantly reduce poverty. To be pro-poor, growth will have to be shared regionally, among all population groups, and will need to be sustained by institutional arrangements that are more open to participation by the poor and better designed to meet their needs.

## II. LONG-TERM GOALS (2001-2010)

4. **Viet Nam's Poverty Reduction Strategy and ADB Support.** The Government of Viet Nam's vision is one of sustainable and rapid development, eradication of poverty and hunger, and a high quality of life for the Vietnamese people. Based on this vision, the Government is developing a number of development goals, targets, and strategies to achieve them. The primary goal is to reduce poverty incidence by approximately 12 percentage points between 2002 and 2010. This translates into reducing the proportion of people (households) below the international (national) poverty line from 32 to 19 percent (from 17 to 5 percent). Key human development goals to be achieved by 2010 include reducing mortality rates, i.e. infant, child, and maternal, to 25 per thousand, 32 per thousand, and 70/100,000 respectively, reducing child malnutrition to 20 percent, and providing basic education to all, with special focus on eliminating gender and ethnic disparities.

5. ADB supports the Government's priorities as enunciated in the SEDS, the CPRGS and the Viet Nam Development Goals, currently under refinement. ADB recognizes the high quality of participation of Viet Nam's development partners in establishing the principles of poverty reduction that are integrated into this Agreement. This Agreement also constitutes part of ADB's contribution toward assisting Vietnam in meeting the International Development Goals. The Government's long-term goals and targets, the medium-term strategies to achieve those goals, linked priorities for ADB support, and short-term actions are outlined in Table 1 and summarized in the text that follows. The corresponding impact (long-term), and intermediate (medium-term) indicators are summarized in Table 2.

6. The Government and ADB agree that ADB's comparative advantage in supporting the shared goal of poverty reduction is to support (i) sustainable growth through development of a diversified rural economy, and a vibrant private sector; (ii) inclusive social development by ensuring that gender and ethnic minority issues are integrated and mainstreamed at the policy level and in relevant ADB-assisted programs and projects and that human capital development receives priority; (iii) improved governance through institutional reform including public administration, legal and judicial reform, and decentralization and grassroots participation, and (iv) regional development through geographical focus on the relatively impoverished Central Region.

7. While recognizing that ADB support is part of a broader set of efforts to reduce poverty in Viet Nam, it is expected that ADB assistance will contribute to improvements in a number of impact indicators. At the general level, improvements are expected in poverty incidence disaggregated by rural-urban areas, region, gender, and ethnicity. Other impact indicators specifically related to proposed areas of ADB support include:

- (i) for sustainable growth: the share of non-rice production in total output of the agriculture, forestry and fisheries sector; ratio of value added by agro-processing to value of primary agricultural production; share of domestic private sector in investment and gross domestic product (GDP), and labor force productivity;
- (ii) for inclusive social development: ratio of enrollment rates of girls to boys in secondary education, the maternal mortality rate, and literacy level in ethnic minority languages;

- (iii) for governance: improvements in real salaries for professional, technical and managerial staff towards levels consistent with providing adequate incentives for performance; and demonstrated improvement towards reaffirming meritocracy in the public service, as indicated by appointments, promotions, and downsizing carried out on a transparent and competitive basis; and
- (iv) for regional development: average growth in per capita real expenditure, and poverty incidence in the Central Region.

### **III. STRATEGIC FRAMEWORK (2001-2005) FOR ADB SUPPORT TO POVERTY REDUCTION IN VIET NAM**

8. Over the medium-term and subject to annual review, the Government and ADB agree to pursue strategies in the identified priority areas for ADB cooperation (para. 6) as follows:

#### **A. Sustainable Growth**

9. **Rural Diversification.** One of the key challenges to poverty-reducing growth is enabling the rural poor to benefit from productivity advances. Productivity enhancement in turn is dependent on the application of science and technology to identify new production processes and innovative products. To achieve this objective, Viet Nam's agricultural research and extension system needs to be reformed in terms of: (i) increased investment both public and private, (ii) restructuring the institutional framework for greater efficiency, and (iii) forging stronger linkages between research, extension, agricultural practices, and related activities of rural entrepreneurs. The Government, assisted by ADB, will develop and implement a strategy for reform of the agricultural research, extension, and marketing support system. The Government, with ADB support, will also seek to promote agro-industrial development through private enterprises. Key intermediate performance indicators in this priority area will be improved investment and production choices based on better knowledge as measured by value added per worker in agriculture, and increased value added generated by agro-processing enterprises.

10. **Private Sector.** To achieve the Government's ambitious growth targets and to create job opportunities for the poor, increasing reliance will have to be placed on the domestic private sector. ADB will assist the Government to develop policies and reforms aimed at improving the environment for the private sector, and to catalyze private participation in infrastructure. In the related area of financial sector development, ADB will support the Government's efforts to develop a resilient and diversified financial sector through building financial infrastructure, developing non-bank financial intermediaries that can provide medium and long-term funds to the domestic sector, and technical support in restructuring one or two state-owned commercial banks. Intermediate performance indicators to measure progress in developing a competitive domestic private sector will include: (i) extent to which legal and regulatory constraints have been removed in key areas including taxation and consistency in legal and regulatory documentation issued by different authorities; (ii) growth in number and size of infrastructure projects with private participation, and (ii) capital adequacy ratio of major commercial banks.

## **B. Inclusive Social Development**

11. The Government and ADB agree that to ensure inclusive social development, the needs of especially disadvantaged groups, such as the poor, ethnic minorities and women in poor households, should be integrated into relevant ADB-assisted interventions. These include promoting growth through rural diversification and private sector development, as well as the geographic focus on the Central Region where more than a quarter of Viet Nam's ethnic minority population lives. In addition to such mainstreaming, ADB operations will contribute to inclusive social development through education and health sector interventions aimed at building and preserving the human capital of the poor. Intermediate indicators in each of these areas will be selected to measure the extent to which income, gender and ethnic differences are being addressed.

12. **Secondary Education.** Education, particularly secondary education, positively affects productivity and contributes to improving the quality of the labor force. It also increases human capital and, if equitable access is ensured, it can raise the incomes of the poor. The Government and ADB therefore agree that increasing access to secondary education, improving its quality, and strengthening education management is a priority area for ADB support. The Government and ADB agree that it is important to promote more demand-driven approaches to vocational education, preferably with private sector involvement. Progress made in implementation of the Secondary Education Master Plan will be monitored, including enrollment and completion rates.

13. **Health.** The Government and ADB agree that to preserve the human capital of the poor and disadvantaged, mitigating the impact of health shocks through support for accessible, affordable health care is essential. This priority need will be addressed through support for health infrastructure particularly in remote areas, development of health personnel, and a sustainable scheme for health financing for the poor. Progress made in expanding health insurance coverage will be monitored.

## **C. Improved Governance**

14. The Government and ADB agree that ADB's focus in the governance area will mainly be on supporting public administration reform, with selective support for strengthening the legal framework and decentralization. Intermediate performance indicators will include the number of ministries/departments/agencies that have developed a strategic public administration reform plan, and show results in line with the agreed performance targets. Improvements in the quality of service delivery and the mechanisms in place to deal with the population's feedback on the services will also be monitored.

## **D. Regional Development Through Focus on the Central Region**

15. The Government's regional development policy combines continued dynamic growth of key economic zones with support for the development of regions facing difficult circumstances. ADB will help the Government pursue more balanced growth by focusing a share of ADB assistance to support regional development in the Central Region, and particularly the Central Highlands and the North Central Coast where the incidence of poverty is among the highest in the country. Community-level livelihood diversification projects will be supported in combination with investments in infrastructure to promote

integrated development in the region. A key intermediate performance indicator will be the share of public investment going to the Central Region.

#### **IV. SHORT-TERM ACTIONS (2001-2003)**

16. Based on the above strategies, the Government and ADB agree that the following actions are needed for ADB support to be effective:

##### **(i) Sustainable Growth**

- Maintain stable macroeconomic conditions.
- Increase budget spending on research and extension.
- Approve a plan for redirecting extension staff toward activities that enhance market competitiveness and begin its implementation.
- Develop a policy framework for the forestry sector and continue phased implementation of Five Million Hectares Program.
- Formulate a SME development strategy to address impediments as well as potential entry points for private participation and begin its implementation (e.g. by facilitating private sectors bidding for public/official development assistance [ODA] funded projects).
- Accelerate the equitization program.
- Make good progress in implementing restructuring plans for state-owned commercial banks (SOCBs). Expand rural finance at market interest rates.
- Consolidate the legal and regulatory framework for securities.
- Undertake measures to develop long-term non-bank financing instruments.
- Maintain and strengthen channels of communication between Government and private sector.
- Adopt the Secondary Education Sector Master Plan and begin implementation.

##### **(ii) Inclusive Social Development**

- Take measures to improve targeting of social assistance.
- Begin implementation of dual language education.
- Draft a health insurance program for the poor, defining the package of services to be covered, and design a fiscally sustainable financing mechanism.

##### **(iii) Improved Governance**

- Implement priority steps if the legal reform, public administration reform, and public expenditure review action plans.
- Improve ODA implementation.
- Make progress in civil service organization and remuneration reform

##### **(iv) Regional Development with Focus on Central Region**

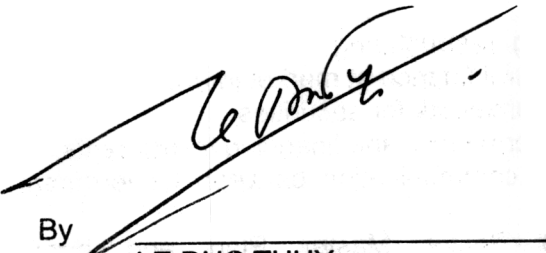
- Formulate a regional development strategy for the Central Region supported by adequate financing allocation, and begin implementation.

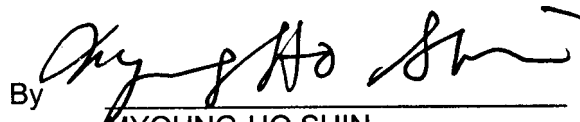
## V. MONITORING PERFORMANCE

17. The Government and ADB agree on the importance of establishing an effective monitoring mechanism to generate statistics and key indicators showing trends in income and non-income poverty in general and performance in areas of ADB support in particular. A monitoring mechanism is important not only to track progress but also to make mid-course corrections and provide inputs into decision making. The Government's CPRGS will include a detailed monitoring strategy and action plan. Several instruments will be used to collect the necessary information for monitoring progress, including national accounts, balance of payments, public expenditure reviews, new multi-purpose household surveys (MPHS), sector reviews and studies to be commissioned for the purpose. They will involve a number of institutions including the Ministry of Planning and its General Statistical Office (GSO), the Ministry of Finance, State Bank of Viet Nam, and relevant sector Ministries involved. ADB in coordination with other development partners will support the Government's efforts to monitor the poverty reduction strategy and help establish mechanisms for ensuring flow of monitoring information to relevant decision makers.

SOCIALIST REPUBLIC OF VIET NAM

ASIAN DEVELOPMENT BANK

By   
 LE DUC THUY  
 Governor  
 State Bank of Viet Nam

By   
 MYOUNG-HO SHIN  
 Vice President (Operations 1)

Signed in Hanoi, 25 February 2002.

**Table 1: Partnership Agreement Framework**

Government's Long-term Goals <sup>1</sup> Targets (2001-2010)	Medium-term Strategic Framework (2001-2005)		Supporting Short-term Actions Needed for ADB Support (2001-2003)
	Government's Medium-term Goals / Strategies / Programs	ADB Support	
POVERTY REDUCTION			
<b>Eradicate poverty and hunger</b> Reduce the proportion of people (households) below the international (national) poverty line from 32 to 19 percent (from 17 to 5 percent) and reduce food poverty from 13% to 3%	Adoption of Comprehensive Poverty Reduction and Growth Strategy (CPRGS) based on <ul style="list-style-type: none"> <li>• Macroeconomic stability to promote growth</li> <li>• Creating opportunities for and reducing vulnerability of poor families</li> <li>• Public administration reform</li> </ul>	Complement (CPRGS) with selective focus on four pillars <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Geographical focus on the Central Region</li> <li>• Inclusive social development</li> <li>• Good governance</li> </ul>	The CPRGS has been adopted with component strategies and programs embedded in a consistent resource allocation framework.
SUSTAINABLE GROWTH			
Sustain high growth At least 7.5 percent annually	Growth strategies (see below) for agricultural productivity, rural industrialization, regional development, natural resource management, and education	Linked support for pro-poor growth strategies relating to <ul style="list-style-type: none"> <li>• Rural farm and off-farm productivity</li> <li>• Domestic private sector development</li> <li>• Upgrading quality of labor force</li> </ul>	Maintain stable macroeconomic conditions
Intensify and diversify areas of agricultural potential <ul style="list-style-type: none"> <li>• Raise output by at least 4.5% annually</li> <li>• Double the value of output per hectare.</li> </ul>	<u>Agricultural productivity</u> <ul style="list-style-type: none"> <li>• Improve crop yields with application of improved technology based on relevant research and extension</li> <li>• Remove obstacles to crop diversification</li> </ul>	To support enhanced agricultural productivity: Institutional strengthening of agricultural research, extension, and marketing services with emphasis on developing services of relevance to small farmers, particularly women and ethnic minorities.	<ul style="list-style-type: none"> <li>• Increase budget spending on research and extension to 0.35% of GDP.</li> <li>• Plan approved for redirecting extension staff toward activities that enhance market competitiveness of farmers and implementation started.</li> </ul>
Expand off farm employment Achieve annual growth of 10-12 percent in rural industry and services	<u>Rural industrialization</u> Develop rural industries in areas of competitive advantage, particularly agro-processing.	To promote private sector in rural industrialization, support development of private agro-enterprises	Strengthen support for private sector in rural areas through extension and promotional activities

<sup>1</sup> Viet Nam Development Goals (VDGs) highlighted in bold, other goals are drawn from the SEDS and sectoral strategies.

Government's Long-term Goals <sup>1</sup> Targets (2001-2010)	Medium-term Strategic Framework (2001-2005)		Supporting Short-term Actions Needed for ADB Support (2001-2003)
	Government's Medium-term Goals / Strategies / Programs	ADB Support	
SUSTAINABLE GROWTH (cont'd.)			
<b>Ensure environmental sustainability</b>	National Strategy for Environment Protection	<ul style="list-style-type: none"> <li>• Forestry and watershed management</li> <li>• Water resources management and development</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policy framework for forestry sector</li> <li>• Begin phased implementation of Five Million Hectares Program</li> </ul>
<b>Establish a multi-sector market-based economy</b>	Facilitate development of private and small household sector by creating a level playing field for access to capital, land, labor, technology and markets.	<u>Domestic private sector development</u> <ul style="list-style-type: none"> <li>• Policy support for improving business environment</li> <li>• Support to develop a resilient and diversified financial sector that enables domestic sector access to medium and long-term funds.</li> <li>• Assistance in developing a policy framework in power and water supply sector conducive to private sector participation</li> <li>• Catalytic role to promote private participation in infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• SME development strategy formulated and adopted which addresses impediments as well as potential entry points for private participation (e.g. in bidding for public / ODA funded projects)</li> <li>• Equitization program accelerated.</li> <li>• Restructuring plans for SOCBs are in place. Rural finance at market interest rates expanded.</li> <li>• Legal and regulatory framework for securities consolidated.</li> <li>• Measures taken to develop long-term non-bank financing instruments.</li> <li>• Adoption of (revised) Electricity Law and further progress in separating generation, transmission and distribution.</li> <li>• Maintain and strengthen channels of communication between Government and private sector</li> </ul>
INCLUSIVE SOCIAL DEVELOPMENT			
<ul style="list-style-type: none"> <li>• Reduce vulnerability and strengthen social safety net</li> <li>• Preserve the culture and diversity of ethnic minorities</li> <li>• Provide essential infrastructure services to the specially disadvantaged communes 100 percent coverage of poor communes</li> </ul>	Implement targeted poverty reduction programs	Support for inclusive social development policies through <ul style="list-style-type: none"> <li>– Geographical focus on the Central Region where the ethnic minorities live and where poverty is higher (see below)</li> <li>– Reducing gender and ethnic disparities in access to secondary education (see below)</li> <li>– Reducing inequity in access to health care (see below)</li> </ul>	<ul style="list-style-type: none"> <li>• Measures to improve targeting of social assistance adopted.</li> <li>• Begin implementing dual language education</li> <li>• Increase number of communes with access to basic infrastructure package</li> </ul>

Government's Long-term Goals <sup>1</sup> Targets (2001-2010)	Medium-term Strategic Framework (2001-2005)		Supporting Short-term Actions Needed for ADB Support (2001-2003)
	Government's Medium-term Goals / Strategies / Programs	ADB Support	
<b>INCLUSIVE SOCIAL DEVELOPMENT (cont'd)</b>			
<b>Achieve Better Education for All</b> Improve the quality of human resources <ul style="list-style-type: none"> <li>• Universal lower secondary education by 2010</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve 80% net enrollment rate (NER) in lower secondary and 45% NER for upper secondary by 2005</li> <li>• Quality of education at all levels improved               <ul style="list-style-type: none"> <li>– upgrade curricula, teaching methodology, and infrastructure</li> <li>– teacher development</li> <li>– Reform education management</li> </ul> </li> </ul>	Focus on lower and upper secondary school education <ul style="list-style-type: none"> <li>• Improved access of poor, ethnic minorities, and women</li> <li>• Improved quality including curriculum development, decentralized education management, and teacher development.</li> </ul>	Secondary Education Master Plan has been adopted and implementation has started.
<ul style="list-style-type: none"> <li>• <b>Reduce child mortality</b> IMR: 25/1000 U5MR: 32/1000 U5 malnutrition 20%</li> <li>• <b>Improve maternal health</b> MMR: 70/100,000</li> <li>• <b>Combat HIV / AIDS</b> Halt increase</li> </ul>	Greater equity in the access to and use of health care services with expanded health insurance coverage. <ul style="list-style-type: none"> <li>• Reduction of the IMR to 30/1000</li> <li>• Reduction of U5MR to 39/1000</li> <li>• Reduction in U5 malnutrition 25%</li> <li>• The reduction of MMR to 80/100,000</li> <li>• Slow increase in HIV/AIDS</li> </ul>	<ul style="list-style-type: none"> <li>• Support for health infrastructure and human resource development to improve delivery of health services in remote and poor areas</li> <li>• Design of equitable health financing scheme</li> <li>• Strengthening provincial preventive health care</li> </ul>	Draft health insurance program for the poor defining package of services to be covered and fiscally sustainable financing mechanism
<b>GOOD GOVERNANCE</b>			
<b>Ensure good governance for poverty reduction</b> Improve access of the poor to a more transparent, accountable, predictable, and participatory government	<ul style="list-style-type: none"> <li>• Implement grassroots democracy decree</li> <li>• Implement the Legal Needs Assessment Action Plan</li> <li>• Implement the Public Administration Reform (PAR) Action Plan</li> <li>• Implement the Public Expenditure Review Action Plan</li> <li>• Implement anti-corruption strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Support for PAR</li> <li>• Selective support for legal framework, particularly in regard to private sector development including Guaranteed Transaction Registration</li> <li>• Complement decentralization with capacity building at the local level.</li> <li>• Promote financial accountability in ADB projects and sectors of involvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement specific priority measures in LNA, PAR, PER action plans</li> <li>• Improve ODA implementation</li> <li>• Make progress in civil service organization and remuneration reforms</li> </ul>
<b>REGIONAL DEVELOPMENT</b>			
Achieve balanced regional development	<u>Development of lagging regions</u> Economic zones will play the growth engine role but lagging regions will receive priority in public investment.	Approximately one-third of resources concentrated in the relatively impoverished Central Region for area-based multi-sector interventions. <ul style="list-style-type: none"> <li>• Community-based livelihood diversification support</li> <li>• Higher level infrastructure within region</li> </ul>	Regional development strategy for the Central Region containing financing plan is available and implementation has started.

**Table 2: Partnership Agreement Indicators**

PRIORITY AREA		IMPACT/INTERMEDIATE INDICATORS			PRIMARY SOURCE & MONITORING FREQUENCY
		CATEGORY A = Impact B = Intermediate	BASELINE (% unless otherwise indicated)	TARGET (Timeframe)	
	Poverty Reduction	A = Poverty Incidence <ul style="list-style-type: none"> <li>• Per International Poverty Line (GSO)</li> <li>• Per National Poverty Line (MOLISA)</li> <li>• Food Poverty Line (GSO)</li> </ul>	32 (2000) 17 (2000) 13 (2000)	19 (2010) 4 (2010) 3 (2010)	GSO/MOLISA Biennial (GSO) Annual (MOLISA)
Sustainable Growth	Rural Development	A = Non-rice production/gross value of agricultural output  A = Value added of agro-processing/value of primary agricultural production  A = Value-added per worker in agriculture	50 (1999)  25 (2000)  D 0.6 million	Increase  Increase  Increase	MARD (Annual)
	Private Sector Development	A = Domestic private sector investment / total investment A = Formal domestic private sector/GDP A = Formal domestic private sector/employment  B = Extent of removal of legal and regulatory constraints and other barriers to private sector development  B = Progress in the number and size of infrastructure projects with private sector participation  B = Capital adequacy ratio of state-owned banks	7.1 (2000) 7.3 (2000) 2.7 (2000)  Good progress in addressing constraints reported at 2001 Business Forum  In 2001, two BOT projects amounting to US \$850 million approved  In 2001, detailed restructuring plan adopted for 4 SOCBs for phased recapitalization	11-13 (2010) Increase Increase  Steady progress in removal of key constraints  Increase  Gradually approach BIS adequacy standards	GSO/ MPI Annual       SBV (Annual)

PRIORITY AREA		IMPACT/INTERMEDIATE INDICATORS			PRIMARY SOURCE & MONITORING FREQUENCY
		CATEGORY A = Impact B = Intermediate	BASELINE (% unless otherwise indicated)	TARGET (Timeframe)	
Socially-Inclusive Development	Education	A = Girls/boys enrollment rates in the secondary school Lower secondary (Grades 6-9) Girls Boys  Upper secondary (Grades 10-12) Girls Boys  A = Completion rates in secondary school Lower secondary Upper secondary  A = For ethnic minorities, literacy level in ethnic languages	62.4 (1997/98) 63.3 (1997/98) 61.5 (1997/98)  29.2 (1997/98) 28.1 (1997/98) 30.3 (1997/98)  69.4 (1999/2000) 77.7 (1999/2000)	Universal lower secondary education (2010)  90% enrolment in upper secondary education  Increase according to SESMP  Increase	MOET (Annual)    MOET  MOET / CEMMA
	Health	A = Maternal mortality rate  A = Progress made in expanding access to basic health insurance	100/100,000 (1999)  12% (2001)	70/ 100,000 (2010)  Increase	MOH (Annual)
Good Governance	Public Administration Reform	A = Real wage levels Professional ) Technical ) Managerial )	Wages significantly below levels in the private sector	Public sector wages are competitive so that the public sector can retain staff with professional, technical and managerial skill (2010)	GCOP (Annual)

PRIORITY AREA		IMPACT/INTERMEDIATE INDICATORS			PRIMARY SOURCE & MONITORING FREQUENCY
		CATEGORY A = Impact B = Intermediate	BASELINE (% unless otherwise indicated)	TARGET (Timeframe)	
Good Governance (cont'd.)	Public Administration Reform (cont'd.)	A = Meritocracy in public service  B = Number of ministries/departments/agencies that have developed a strategic plan	No uniform application of recruitment and promotions which are based on factors other than merit.	Unified and transparent public service where recruitment and promotion are based largely on merit.  Improvement in the quality of public service delivery as measured by scorecards/user surveys. (2005)	
	Legal Framework	A = Laws and regulations  A = Legal documents	Many laws and regulations are overlapping and inconsistent.  New legal documents are not made public for comments prior to approval by the Government and National Assembly.	Considerable progress made toward abolishing laws and regulations that are no longer useful (2010).  Legal documents, at least those of particular concern to private sector are made available for public comments, which are considered before approval.	Ministry of Justice (Annual)
Regional Development	Focus on Central Region	A = Average Growth in Rural Real per Capita Expenditure North Central Coast Central Highlands  A = Poverty incidence North Central Coast Central Highlands	7.4 (1993-1998) 5.0 (1993-1998)  48 (1998) 52 (1998)	Increase Increase  Reduce Reduce	GSO (Biennial)