

Country Programme Review: Vietnam

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The UK aid programme in Vietnam is a good example of how a relatively modest bilateral programme can grow in influence over time; and play a role in facilitating delivery of Government policy, piloting improved methods for reducing poverty and enhancing the effectiveness of development assistance.

Key findings

1. The aid programme in Vietnam has grown strongly over the period of the evaluation, and has successfully developed a model for working in a rapidly growing, non aid dependent country. **It is a good example of how a relatively modest bilateral programme can play a role in facilitating delivery of Government of Vietnam (GOV) development policy, and enhancing overall aid effectiveness.**

2. The country strategy has been strongly and consistently aligned with national policy, and has produced many positive results, albeit unevenly across the Country Strategy Plan (CSP) and Country Assistance Plan (CAP) objectives. The approach of “working with others through Government” has positioned DFIDV well to engage further on policy dialogue and institutional reform.

3. The overall performance of the country programme has been good with significant results being achieved against the objectives set for aid effectiveness, addressing social exclusion and improving the use of public resources. In the areas of social and economic transformation and rural livelihoods programme (particularly the area based rural development approaches) performance has been more mixed.

4. The evaluation suggests that in countries like Vietnam, where the government is delivering rapid growth and improving access to key services by the poor, the least cost aid delivery mechanism is likely to be general budget support. However, the evidence from DFIDV interventions in education and roads, and P135, suggests that Targeted Budget Support (TBS) and sector support can generate higher value added through innovation in policy and institutional reform. This approach has required proportionately more staff time and is therefore more costly to deliver.

5. **The main Poverty Reduction Support Credit (PRSC) instrument has promoted policy dialogue and enabled improvement in poverty reducing public services. In supporting the PRSC, DFIDV could have formulated a clearer vision of the purpose and of the contribution being made by DFID and its development assistance. The PRSC itself has also had difficulties in addressing sectors that are by their nature complex and fragmented such as governance and public administration reform.**

6. Partnerships have been vigorously pursued to improve aid effectiveness and promote harmonisation especially since 2003. The adoption of the Hanoi Core Statement (HCS) on aid effectiveness was a major step forward but progress with implementing the aid effectiveness programme has necessarily been slow to build understanding across government and donors and now needs to be accelerated if national targets are to be achieved. These challenges are well understood by DFIDV.

7. **The evaluation found evidence of innovation and leadership by DFIDV in the donor community. DFIDV has backed GOV's commitment to the aid effectiveness agenda and there has been real progress with harmonisation through improved procedures, new multi donor aid modalities, and financing mechanisms. that, whilst slow to set up, have reduced transaction costs for GOV.**

8. However, the strategic objectives of DFIDV partnerships have not always been clear enough. Partnerships with the World Bank are strong but more progress is needed for example, on Project Management Units (PMUs). The partnership with the Asian Development Bank (AsDB) has not yielded significant results in terms of transforming AsDB programmes or procedures. DFIDV has however helped shift the perspective of the Japanese

on the PRSC and to create commitment to a common position on aid effectiveness.

9. DFIDV has invested in CAP programme monitoring at outcome level. Nevertheless there have been gaps in the quality of complementary project monitoring and information—especially regarding monitorable measures of project achievement and impact. As the number of projects and the level of staff engagement on them decline, there is also a danger that staff lose touch with challenges of service delivery at lower levels of Government. The very limited progress nationally on monitoring the Comprehensive Poverty Reduction Growth Strategy (and now the Socio Economic Development Plan – SEDP) and assessing the impact on the poor and excluded compounds this.

Key Lessons

- *Country strategies need to provide a firm basis for selecting areas and sectors for engagement whilst allowing enough room for a flexible response when new opportunities arise. In Vietnam the country office has managed to achieve this.*
 - *Delivering an effective country strategy requires careful alignment of corporate and country level policy and coordination of country and HQ teams –for example on delivering corporate priorities for reform of the multilateral or regional institutions or on HIV and Aids. The Vietnam experience illustrates that this is not always easy to achieve and requires careful joint planning and communication between HQ and the country office.*
 - *It can be difficult for country programmes to respond to multiple HQ priorities. DFIDV focussed on aid effectiveness but struggled to respond to the HIV and Aids agenda until more staff resources were available.*
 - *Relying on lead donors has associated risks and negative consequences if they prove unable or unwilling to confront the policy issues or to deliver the programme. This has been a factor in DFIDV's support to HIV and Aids.*
 - *There is a trade off between running a lean programme and aspiring to engage in policy influencing and a range of corporate policy priorities including aid effectiveness. Influencing by DFIDV has required a strong in country presence and a critical mass of advisory staff. It will continue to do so.*
 - *The “Vietnam model” of co financing was successful where the conditions were right but “working through others” has had high transaction costs in several cases. The experience suggests that co financing and silent partnerships can require a lot of maintenance and engagement, especially when things go wrong. Careful*
- appraisal of partner capability and the risks involved is needed; as well as clarity on both sides as to the level of management resources that each partner can provide.*
- *In a rapidly growing non-aid dependent country it is harder to distinguish the precise contribution being made by DFID. There is a need to specify as clearly as possible in CAP indicators and in the goal/purpose of programmes, both the areas of policy and institutional reform DFID is seeking to support and how DFID and other donor resources will make a difference.*
 - *Provision of Technical Cooperation (TC) and expertise has been very successful where it is focussed on a policy area of high priority for GOV and donors. Embedding a specialised analytical unit within the WB is a good model to build on but with a view to evolving toward alternative arrangements providing more ownership by Vietnamese institutions.*
 - *Vietnam illustrates the difficulty of implementing a lead donor arrangement and sharing donor technical expertise. The WB has embraced this role effectively but there are fears this may crowd out others. Nevertheless, efforts should continue especially for pooling expertise, ideally under the control of a recognised lead donor. More could have been done in some sectors to organise an agreed division of labour between donors.*
 - *There have been real achievements with harmonisation but it is easier to talk about than deliver and change can be difficult to bring about. The process and multiple structures can sap donor energy and a big investment of staff time is required. Clearer priorities, objectives and plans for implementation are essential. A focussed approach, picking off the areas where there are positive incentives for reform, moving ahead with those who are willing, and pushing for independent monitoring of results, seems to offer the best prospects.*
 - *Multiple pressures make it difficult for country programmes to give enough attention to monitoring and evaluation of their development assistance programmes or those of partner governments. But this needs higher priority and without more effort, DFID cannot be sure that its resources are being optimally deployed for poverty reduction or that the impact on excluded groups is positive.*
 - *Early attention to planning a graduation strategy is important in a rapidly growing country like Vietnam. This is suggested by DFID experience elsewhere and the evidence from the evaluation that DFIDV have done so, and have framed their partnerships with other donors accordingly.*

Recommendations

11. *DFIDV to:*

- (i) give more attention to corruption issues in the next CAP and consider introducing anti corruption programmes into all main sectoral and TBS interventions.
- (ii) re examine future planned interventions in the area of social and economic transition and consider ways to address the questions raised about past performance by the evaluation in the design of future interventions .
- (iii) further enhance CAP monitoring efforts by systematically setting indicators and targets that distinguish between outputs and outcomes and that can identify the contribution being made to GOV policies and actions by DFID through the PRSC.
- (iv) give more attention during design to the monitoring and evaluation aspects of future projects and strengthen quality assurance to ensure there are suitable and monitorable measures of impact in the project framework.

12. *DFIDHQ to:*

- (i) clarify the division of responsibilities and labour between regional advisory and in county staff of the overseas offices in East Asia and elsewhere where this may be an issue. EMAAD and SAsD to consider and follow up action required.
- (ii) find ways to avoid gaps or delays in posting of key staff to overseas offices .The planned review of the cluster system may be an opportunity to address this issue. Human Resources Division (HRD) to consider and follow up action required.
- (iii) consider producing a note on the lessons and experience so far from harmonisation efforts in Vietnam and elsewhere (Policy and Research Division)

DFIDV Management Response

13. DFIDV welcomes this positive Country Programme Review (CPR).

“The UK aid programme in Vietnam has grown strongly over the period of evaluation, and successfully developed, and then adapted, a model for working in a rapidly growing non-aid dependent country. It is a good example of how a relatively modest bilateral programme can grow in influence

over time; and play a role in facilitating delivery of Government development policy, piloting improved methods for reducing poverty and enhancing the effectiveness of development assistance”.

“The country strategy has been strongly and consistently aligned with national policy, and delivered many positive results”.

14. We would like to thank members of the independent review team, DFID Vietnam staff and partners for the effort they devoted to the process. The CPR has been very useful both in lesson learning and providing external scrutiny and challenge. This report has fed into our new Country Assistance Plan (CAP) for Vietnam, 2007–2011 which we are currently drafting.

15. This was not a mandatory evaluation but a lighter touch review asked for by the country office to guide development of our new CAP. It therefore tries to balance more rigorous and in depth evaluation with a lighter touch, forward looking, and more qualitative review. In this, it is generally successful. Some areas covered by the review have validated actions already underway for example in strengthening project monitoring and increasing our efforts in tackling corruption. The team has usefully helped to reinforce messages and provide additional evidence.

16. The report acknowledges that general budget support (GBS) has promoted policy dialogue and improvement in poverty reducing public services. It also pointed out that many of the more complex reforms e. g. governance and public administration reforms are more difficult for it to address. We agree, to get results, these areas need not only financial resources but also staff engaging fully in the supporting policy discussions. We have allocated considerable staff time and technical assistance to ensuring results in these areas and other outcomes under the next cycle of the PRSC.

17. We note the positive assessment of the team on our targeted budget support (TBS). Though preliminary findings show positive results, there is not enough evidence yet to draw any final conclusions. This is a relatively new aid instrument for Vietnam. DFIDV is taking a lead by setting up a longer term lesson learning and impact evaluation study on TBS in Vietnam with Government and other donors.

18. Vietnam should achieve middle income status by 2010 – 2012. After which bilateral aid and technical assistance will decrease. This has implications for our aid effectiveness work. Our approach is to focus on what is most important and achievable. Firstly supporting UN reform, the “one

UN”, to ensure Vietnam has high quality technical advice post 2012 provided by an efficient and effective UN. The second issue is setting up an independent monitoring system for in country progress to the Paris Declaration on Aid Effectiveness.

19. ‘Working through others’ is important. We agree we need to get better at identifying the right partners based on a realistic assessment of their effectiveness. We are building on DFID’s global work on assessing multilateral effectiveness to help us do this.

20. Attribution is a big challenge for the development community globally, not just in Vietnam or in DFID. We need to strike the right balance between accountability, attribution and alignment to government policies and systems in countries where governance, results and national ownership are strong. This is not easy.

21. During the last CAP, the problem of corruption was underestimated by Government and donors partly due to the lack of reliable information. However information is now better and Government has acknowledged it as a major development challenge. We are now openly able to address the issue and we have significantly strengthened our engagement in this issue. Government is taking firm action.

22. We disagree with the report that our work on “social and economic transition” was “stand alone”. All our work in this area was co-financed with other donors. We agree that we could have had a clearer overall strategy for the sector. We have done this is the new CAP focusing where DFID can add value – linking the poor to economic opportunities and ensuring WTO implementation takes on a broader development perspective and not only a compliance one.

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