MAKING AID MORE EFFECTIVE THROUGH GENDER, RIGHTS AND INCLUSION: EVIDENCE FROM IMPLEMENTING THE PARIS DECLARATION

Vietnam Case Study
Preface and Acknowledgements

This is one of six country case studies (Bangladesh, Bolivia, Kenya, Sierra Leone, Uganda and Vietnam) undertaken as part of a study supported by the British, Dutch, Irish and Norwegian governments that aims to:

- Generate an evidence base on how human rights, gender and equity issues have been integrated into and benefit current approaches to aid effectiveness.
- Build support among Paris Declaration stakeholders.
- Provide practical recommendations for strengthening the focus on human rights, social exclusion and gender equality, and poverty outcomes, for the Third High Level Forum in Ghana (2008) and beyond.

A Synthesis Report has been prepared that draws on the country case studies (together with additional desk-based case studies) to provide overall findings and recommendations.

The study was prepared by Stephen Jones (Oxford Policy Management), Sarah Maguire (Social Development Direct) and Nguyen Minh Thong (Social Development Direct). The case study involved field work in Vietnam December 2007. Key informant interviews were carried out in Hanoi and relevant documents reviewed.

Thanks are due to the representatives of government, donors and civil society who provided time and information for this study, and in particular to Than Thi Thien Huong of DFID who assisted in the identification of issues and contacts, and to DFID Vietnam for detailed comments on an initial draft. Members of the donor group supporting the study also provided valuable comments.

This study represents the views of the consultants alone and conclusions or comments should not be attributed to the governments and donor agencies involved in supporting the study.
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Executive Summary

This country case study contributes to gathering evidence on the relationship between aid effectiveness and gender equality, human rights and social exclusion, focused on strengthening the poverty impact of the Paris Declaration. The aim of the overall study is to:

- Generate an evidence base
- Build support among Paris Declaration stakeholders
- Provide practical recommendations for strengthening the focus on the cross-cutting issues of human rights, social exclusion and gender equality, and poverty outcomes, for the Third High Level Forum in Ghana (2008) and beyond.

The study involved a review of the aid effectiveness and social issue context, and four more detailed case studies of particular initiatives that illustrate interactions between the PD Principles and social issues. Findings and conclusions from the case study are presented.

Context

Vietnam provides an example of a country whose government has provided leadership in taking forward the aid effectiveness agenda, and as well as a strong commitment to many social goals. Civil society is however weak and the channels for legitimate participation in policy making are narrow and controlled. There has been progress with the use of results frameworks and increasing attention to providing the underlying data required for these frameworks. This has meant that there are strongly and clearly articulated policies which can form the basis for alignment by donors. However, mutual accountability beyond the donor-executive relationship is limited. Donors have a mixed record on harmonisation, with particular weaknesses in social areas, and in alignment around government systems. The framework for aid effectiveness in Vietnam is provided by the Hanoi Core Statement (HCS) which establishes an agreed framework of action to take forward the Paris Declaration Principles, and the national Socio-Economic Development Plan (SEDP) which sets out an agreed policy framework as a basis for alignment. Aid is of significant but declining macroeconomic importance.

Vietnam has an impressive record of economic performance, social progress and poverty reduction. Economic growth has averaged over 6% a year since economic reforms began in the mid-1980s, and the pattern of growth remains relatively equal at the aggregate level with no significant increase in inequality. Social indicators are higher than those of other countries at similar levels of GDP per capita.

Civil society is weak both in terms of its independent organisational base and legal protections, and its role in policy making processes. Donors have not adopted a systematic approach to building civil society capacity, and CSOs have had little engagement with the aid effectiveness agenda.

The government of Vietnam has a strong commitment to social and economic rights but political and civil rights and some cultural rights are politically sensitive and limited in the context of a one party state system. This has at times been a source of tension with some donors.

The main social exclusion issue from the perspective of the Vietnamese government focuses on the position of ethnic minorities who constitute around 14% of the population and are largely located in remote mountainous areas, and who also make up a disproportionate and increasing share of the poor (around 44%).
Vietnam has a relatively good record on gender equality by regional standards although deep-rooted, significant problems remain culturally and socially which have an impact on women’s participation in public life and economic health, particularly in rural areas. The government has set out policies on gender and has established instruments for implementation of gender mainstreaming objectives, but progress has been limited in important respects. Donors have not engaged in an effectively harmonised or strategic way on gender issues although there is some evidence the situation may be improving.

Case study evidence

Four examples were reviewed in detail by the case study team. They were selected as illustrating the interaction between the aid effectiveness agenda and cross-cutting social issues:

- **Alternative approaches to engagement by donors on human rights.** This example was chosen because in Vietnam the tensions between government and the donor community on some aspects of the human rights agenda pose particular challenges for ownership and mutual accountability, and the example illustrates some alternative strategies for dealing with such tensions.

- **The development of national monitoring and evaluation systems.** This example shows how the Vietnamese government has been able to build around a common commitment to improving Managing for Results within the accountability framework provided by the Hanoi Core Statement, and the way in which this has provided opportunities for strengthening and systematising the attention paid to social issues.

- **Socio-economic development in ethnic minority and mountainous areas.** This programme (known as P135) seeks to address the social and economic exclusion of ethnic minority populations through infrastructure and related investments. It is the main initiative to address the principal form of social exclusion identified by the Vietnamese government. Donor engagement in Phase 2 of the programme has increased compared to the first phase, and there have been important attempts to improve the effectiveness of attention to gender and participation within the context of a partnership approach focused on harmonisation, alignment, and managing for results.

- **Partnership experience in the rural sector**, focusing on forestry and rural water supply. This example reviews progress and obstacles to progress in addressing social issues in a sector with long-running experience of partnerships and moves towards sector wide approaches and notes the lack of progress with taking forward an effective response to the significance of gender for the sector.

Key findings

Vietnam provides an example of a country whose government has provided leadership in taking forward the aid effectiveness agenda, and has also articulated commitment to many social goals which have in some cases been backed by effective action. Several findings point to the positive effect that this strong leadership has in providing a structure to the aid relationship that has the potential to further progress on social issues:

- Progress in integrating poverty reduction strategy into the SEDP provides a clear basis for alignment of donors providing budget support around government priorities, including social goals.

- Government adoption of commitments to more participatory and decentralised approaches to policy making creates opportunities for furthering social objectives.
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• The Vietnamese government’s commitment to managing for results has focused attention on the need for better and disaggregated data on social issues as well as an integrated approach to M&E systems that pays increased attention to social issues.

• Ensuring that social safeguards based on international standards and national systems of social impact assessment applied across donor-supported activities may have potential for furthering social goals.

• The P135 Programme shows the potential of joint approaches to review and the development of results frameworks to build consensus on social issues, but also the challenges in addressing problems identified.

However, progress with implementation of some important policies in the social area has been mixed. The Rural Sector examples show that there has been little progress in taking forward the policy of gender equality mainstreaming, despite the existence of a Gender Action Plan for the sector, and awareness of the significance of gender and other social issues through sectoral and sub-sectoral analysis. This reflects the fact that these issues have not in fact been given high priority by policy makers at sectoral and sub-sectoral level, while the capacity of the implementation machinery for the government’s overall gender equality mainstreaming is weak. Civil society voices that might potentially advocate for more attention to these issues have not been permitted a substantial role in the policy process, while donor action has not been effectively harmonised to counter these sectoral pressures. Key findings are:

• The Vietnamese government has not given sufficient priority to the forms of capacity development that are most relevant for achieving social goals.

• The limited role of civil society in policy making restricts the range of interests and perspectives represented within policy dialogue to the detriment of attention to social goals.

While the scope for donor influence in Vietnam is circumscribed, donor action has been less effective than it might have been in support for greater attention to social issues:

• Donors have not in general been effective in implementing harmonised approaches on social issues (including gender and human rights).

• Donors have not focused sufficiently on encouraging progress in improving the legal framework for NGOs, nor have they developed an effective strategy for supporting CSOs.

• Donor support to the building of capacity in the social affairs committee of the National Assembly shows the potential for donor support that seeks to widen and open the policy process.

Conclusions

Country ownership and mutual accountability

• Vietnam shows both the opportunities and risks resulting from strong government leadership of both the aid effectiveness and social agendas, in a context where the executive branch of government is dominant and civil society voices weak. The Hanoi Core Statement (HCS) and the Socio-Economic Development Plan (SEDP) have provided a clearly articulated and government-owned framework that has built on the principles and accountability framework provided by the Paris Declaration. The process of agreeing a common results framework for the SEDP (through the budget support instruments linked to the PRSC) provides an accountability structure for addressing social issues. The potential of this framework has not yet been fully exploited because neither government nor donors have accorded social issues a consistently high priority and civil society has had little effective voice to act as a check. As a
result, implementation of important commitments such as gender equality mainstreaming has been limited.

- The pattern of Vietnamese policy making over the last decade has been one of a gradual opening of the policy process to become more inclusive (though remaining within strict boundaries defined by the Party’s leadership). This has been reflected in the greater role of the National Assembly in shaping legislation, willingness to have substantive dialogue with donors, and some indications of the acceptance of a wider role for civil society organisations in policy discussions. Donors therefore need long-term engagement, joint analysis and evaluation and seeking to build consensus is required. Donors also need to maintain an effective process of dialogue in areas that remain contentious given that there is little evidence that more confrontational approaches are effective.

- The main challenge for both donors and government is to find effective ways of building capacity within (and outside) government to realise shared commitments to social objectives. Progress in developing a more strategic and effectively government-led approach to capacity development focused on issues such as gender analysis and participatory approaches will be an important test of government commitment. The recent passing of gender legislation, the high level of engagement of the National Assembly with these issues and the tasking of MOLISA with responsibility for implementation provides an opportunity for more effective donor support to gender mainstreaming, with a main challenge being to ensure sector programmes take much more effective account of gender issues.

- The weakness of civil society has meant that policy dialogue on social issues (for instance in the Forestry Sector as well as on human rights issues) has been largely conducted between government and donors. Donors have not taken a strategic approach (in terms of harmonising around an agreed strategy for supporting the CSO sector) either to supporting the development of the capacity of CSOs to engage more effectively in policy processes, or to encouraging a continuing opening of the “policy space” for CSO engagement. Support to strengthening the legislative arm of government (including the National Assembly) and the judiciary are also important to as part of process of widening accountability beyond the narrow form that is emphasised in the Hanoi Core Statement.

**Harmonisation and alignment**

- Donor harmonisation has been weak on social issues, notably around human rights, and the operations of the Theme Group on Gender. There are though signs that gender is now receiving more attention, including through the One UN process. It is critically important that this momentum (particularly in relation to gender) is built on. Effective harmonisation is important in presenting a strong donor message about the need for more attention to social issues, as for instance in the P135 Programme. Lack of progress on harmonisation appears to reflect the low priority accorded to social issues by some donors.

- Both aid effectiveness and an improved focus on social goals are enhanced by improved harmonisation. However, this has to some extent been undermined by an approach to dialogue on harmonisation and alignment from both donors and government that has become over-focused on managerial detail. Effective programme-based approaches are likely to be the route both to improving aid effectiveness in general and to increasing attention to social issues but a long term perspective is required in building such partnership arrangements.

**Managing for development results**

- The Managing for Development Results agenda has been enthusiastically adopted by the Vietnamese government and the process of establishing common results frameworks has an important role in improving the prospects of achieving social goals. There are two ways in which it does this. First, by encouraging a more systematic definition and monitoring of performance in achieving those goals (such as those related to gender equality) where
government has made explicit policy commitments. Second, by encouraging a generally more disaggregated approach to data collection which introduces a stronger gender and social lens to programmes that have generally been conceived by government in narrower economic terms (such as in Forestry and P135).

• The monitoring and evaluation examples also shows that leadership and effective donor support are required, and the major capacity development challenges that this process faces. Good data (especially disaggregated data to highlight gender particular social groups) are centrally important to giving substance to government policy commitments in the social arena which it has not been possible to monitor effectively in the past.
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Abbreviations

AE Aid Effectiveness
CAT Convention Against Torture
CEDAW Convention on the Elimination of all Forms of Discrimination against Women
CEM Committee for Ethnic Minorities
CPRGS Comprehensive Poverty Reduction and Growth Strategy
CRC Convention on the Rights of the Child
CSO Civil Society Organisation
DAC Development Assistance Committee
DFID Department for International Development
DPA Development Partnership Agreement
FSSP Forest Sector Support Partnership
GDP Gross Domestic Product
Gov Government of Vietnam
HCS Hanoi Core Statement
HEPR Hunger and Poverty Reduction Programme
ICCPR International Covenant on Civil and Political Rights
ICCPR-OP International Covenant on Civil and Political Rights – Optional Protocol
ICESCR International Covenant on Economic, Social and Cultural Rights
ILO International Labour Organisation
INGO International Non-Governmental Organisation
ISG International Support Group
MARD Ministry of Agriculture and Rural Development
MDG Millennium Development Goal
MPI Ministry of Planning and Investment
NCFAW National Committee for the Advancement of Women
NGO Non-Governmental Organisation

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>NTP</td>
<td>National Target Programme</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OHCHR</td>
<td>Office of the High Commissioner for Human Rights</td>
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<td>PC</td>
<td>Partnership Committee</td>
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<td>PD</td>
<td>Paris Declaration</td>
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<td>PGAE</td>
<td>Partnership Group on Aid Effectiveness</td>
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<td>PRSC</td>
<td>Poverty Reduction Support Credit</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<tr>
<td>RWSS</td>
<td>Rural Water Supply and Sanitation</td>
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<td>RWSSP</td>
<td>Rural Water Supply and Sanitation Partnership</td>
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<tr>
<td>SEDP</td>
<td>Socio-Economic Development Plan</td>
</tr>
<tr>
<td>SRV</td>
<td>Socialist Republic of Vietnam</td>
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<tr>
<td>STD</td>
<td>Sexually Transmitted Disease</td>
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<tr>
<td>TFF</td>
<td>Trust Fund for Forests</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>VAMESP</td>
<td>Vietnam Australian Monitoring and Evaluation Strengthening Project</td>
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<td>VND</td>
<td>Vietnamese Dong</td>
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<td>VWU</td>
<td>Vietnam Women's Union</td>
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1 Introduction

This country case study assesses how gender, rights and exclusion are being addressed in Vietnam in the “new aid environment” of the Paris Declaration and specifically through the aid instruments, partnerships, and dialogue and accountability processes that provide the mechanisms through which the Paris Declaration and its Principles are being operationalised.

Vietnam provides an example of a country with a relatively low level of aid dependence whose government has provided exceptionally strong leadership in taking forward the aid effectiveness agenda. The Vietnamese government has also articulated strong commitments to social goals (notably gender equality and reducing social exclusion) that have in some cases been backed by effective action. Sustained and rapid economic growth has been achieved and the benefits of growth have been widely shared. This is reflected in sharp falls in poverty and improvements in most social indicators. Vietnam however also provides a context in which civil society is weak and legitimate channels for participation in policy making are narrow and controlled, while political and civil rights are circumscribed.

The case study report is structured as follows. Section 2 summarises the main features of aid in Vietnam and provides an overview of progress in application of the PD Principles. Section 3 provides an overview of the opportunities and challenges for gender equality, social exclusion and human rights in Vietnam and the main policy initiatives to address these challenges. Section 4 focuses on four specific examples of how gender, rights and exclusion are being addressed as part of the aid effectiveness agenda. The examples selected were:

- Alternative approaches to engagement by donors on human rights;
- The development of national monitoring and evaluation systems;
- Socio-economic development in ethnic minority and mountainous areas;
- Partnership experience in the rural sector, focusing specifically on gender issues in forestry and water supply.

Section 5 presents the findings of the case study for Vietnam. These highlight the positive impact of strong leadership from the Vietnamese government in structuring the aid relationship in a way that has the potential to further social goals, the limited progress in implementation of key policies that has in fact occurred, and the limitations of the donor response.

Section 6 provides conclusions and wider reflections from the experience reviewed in terms of the relationship between the Paris Declaration Principles and progress in addressing gender equality, rights and exclusion.

Additional material is included in Annexes. Annex A contains the study terms of reference. Annex B contains the Hanoi Core Statement which provides the overall framework for taking forward the aid effectiveness agenda in Vietnam. Annex C provides the results framework for the P135 programme which is one of the examples reviewed in Section 4. Annex D sets out the assessment of progress against the triggers for release of the Poverty Reduction Strategy Credit at the end of 2007.
2 Context: Aid Effectiveness

2.1 Aid in Vietnam

Since the mid-1990s the Government of Vietnam has played an increasingly effective and confident role in articulating both its development objectives and the role that development assistance should play in supporting their achievement. One key step in this process has been the integration of the poverty reduction strategy agreed with donors (originally set out as the Comprehensive Poverty Reduction and Growth Strategy) with the national development planning process to produce the Socio-Economic Development Plan (SEDP) covering the period 2006-10. A second has been increased transparency and dialogue with donors in the policy making and budgeting process. A third has been a concerted attempt led by the Ministry of Planning and Investment (MPI) to strengthen the legal and management framework for aid. A fourth has been the use of the Hanoi Core Statement (HCS) as the instrument by which the aid effectiveness agenda in Vietnam is being taken forward.

The HCS (see Annex B) was agreed with donors shortly after the Paris Declaration in 2005 and provides a programme of action around 28 Partnership Commitments and 14 targets to be delivered by 2010. A Partnership Group for Aid Effectiveness (PGAE) provides an overall structure for consultation between government and donors, and the HCS establishes an independent monitoring process to support mutual accountability for the partnership commitments. The HCS does not make reference to social objectives (which are articulated in the SEDP which the HCS is designed to support). However, the importance of both environmental and social safeguards is stressed with a target that both environmental and social impact assessments (implemented to international standards and using government systems) should be applied in all donor funded projects.

Vietnam is one of the ten largest recipients of development assistance in the world (with combined donor pledges of USD 5.4 billion at the Consultative Group meeting in December 2007). However, Official Development Assistance (ODA) accounts for only about 4.5% of GDP, and less than 12% of the government budget, so the level of aid dependence is not high. Over the medium term, the share of aid in the budget is projected to fall, partly as a result of Vietnam’s expected achievement of middle income status within a few years’ time. Japan, the World Bank and the Asian Development Bank together provide 80% of Vietnam’s ODA. Eighty percent of all ODA is provided in the form of loans. European Union members (and the European Commission) are the main source of grant assistance. In total there are around 28 bilateral and 23 multilateral development partners operating in Vietnam.

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1 A significant issue in Vietnam has been a problem of low disbursement rates especially for loans from development banks, which has been attributed to problems in Vietnam’s legal and institutional framework for ODA management which have delayed project starts (ADB et al, 2005).

2 The overview of progress with the aid effectiveness agenda in section 2.2 draws on the first of these independent monitoring reports which was produced in November 2007, Cox et al. (2007).

3 Pledges at the December 2007 CG were $1.35 billion from the ADB, $1.11 billion from the World Bank, $1.11 billion from Japan, and $0.96 billion from EU member states.
2.2 Attitudes towards aid and progress with the Paris Declaration agenda

Country ownership

As outlined above, the Government of Vietnam has exercised leadership over both the setting of development priorities (in the SEDP) and the aid effectiveness agenda. Vietnam’s development priorities include a commitment to certain social objectives as discussed in section 3 below. Donors have provided budget support (including a Poverty Reduction Support Credit from the World Bank) that has been aligned to SEDP. There is a well-developed policy dialogue between donors and government, and the general budget support instrument (the PRSC) has evolved into an effective instrument to agree annual policy actions. This has been assessed as “a strong example of how policy dialogue can be organised in a mature development partnership” (Cox et al, 2007, p.4). Annex D shows the matrix of agreed triggers for the provision of budget support in December 2007. “Social Inclusion” is the second of the four pillars of the SEDP, and one specific trigger for 2007 was the adoption of implementation guidelines for the Gender Equality Law.

Ownership of the development agenda beyond government has widened through the consultative and increasingly evidence-based process by which the SEDP was developed, the more active role taken by the National Assembly in debating policy priorities and programme implementation, and government commitments to decentralisation and grassroots democracy. Donors have been able to build on these commitments as a way of strengthening the focus on social issues and the use of participatory approaches in some government programmes. Civil society capacity to engage in the policy process is however weak (see section 3.2 below) within the context of a one-party political system with restrictions on organised expressions of opinion on politically sensitive issues outside approved channels.

The independent monitoring report on the HCS noted one area in which national leadership was weak: capacity building assistance. More effective government strategies and processes for managing capacity building support are required to ensure that aid in this area is used effectively. Improved capacity is identified below as particularly important for effectively addressing social issues.

Mutual accountability

The Hanoi Core Statement has provided a clear framework of mutual accountability between the Government of Vietnam and donors. The development of agreed results frameworks around particular programmes (led by the PRSC) also enhances donor-government accountability. The independent monitoring report which is the outcome of this accountability process identified four priority areas of action to take forward the implementation of the HCS:

- Building stronger sectoral capacity through Programme-Based Approaches.
- Improving country leadership of capacity building.
- Bringing country systems up to international standards.
- Phasing out parallel Project Management Units and additional financial incentives.

While the HCS does not address social issues (beyond the emphasis on meeting safeguards), the SEDP and the Government’s international commitments to rights conventions provide a potential framework for accountability on social issues.
The concept of wider accountability (beyond the relationship between the executive branch of the Vietnamese government and donors) is problematic in the Vietnamese context. The one party political system institutionalises consultation and the representation of particular interests (for example through the Vietnam Women's Union) when expressed through official channels, but opportunities for independent challenges and wider policy debate are restricted. The processes of increased consultation and decentralisation described above in the discussion of Country Ownership have broadened involvement in policy making but have not strengthened accountability processes in the sense of increasing checks and reviews over executive action. However, there is evidence that the National Assembly is playing a more active and effective role in the scrutiny of legislation and the review of implementation performance particularly through its Social Affairs Committee.

Alignment

The clear articulation of the policy agenda, both nationally (through the SEDP) and sectorally, provides a basis for the alignment of donor programmes on government priorities. These also include strategies articulated for social objectives such as the “National Strategy for the Advancement of Women to 2010”, discussed in section 3.5. Vietnam also has now made significant progress towards establishing a single legal and institutional framework for public investment, encompassing aid.

However (with the exception of moves towards budget support around the PRSC and for some donors at sectoral level) progress in alignment on using government systems has been more limited. Only 17% of aid disbursed in the fiscal year 2005 was provided as budget support, with a further 17% in the form of sectoral programmes. Two-thirds of aid was provided in the form of single agency or co-financed projects. Overall, the record of use of country systems is modest (33% of aid uses national procurement systems, 27% public financial management systems). There has been progress in avoiding the creation of parallel project structures, but existing project structures largely remain intact. There is therefore still significant scope for donors to move towards programme-based approaches and rationalise their sectoral involvements.

Harmonisation

More than twenty sectoral or thematic Partnership Groups have been established while harmonisation also takes place through informal donor groupings. The HCS monitoring report concludes that the processes of harmonisation through Partnership Groups have not been very effective. Progress is not commensurate with the effort put into these processes which have tended to become bogged down in implementation detail. Those interviewed during the study considered that the Theme Group on Gender has lacked influence and appears to have been particularly limited in its effectiveness. The independent monitoring report overall concluded that the Partnership Group system needed to be revitalised with a stronger focus on areas of harmonisation that would improve development results.

Managing for results

The Government of Vietnam has taken a lead in encouraging and using common results frameworks both at the level of the overall policy framework (the results framework for the PRSC) and at sectoral level. This process has in several cases proved quite difficult and time-consuming, but this has ensured that underlying problems have been openly raised and addressed. The need for strengthening monitoring and evaluation processes and frameworks has consequently been highlighted and government has taken important initiatives in these areas. These are examined in particular in section 4.2.
3 Context: Human rights, social exclusion and gender equality

3.1 Overview of opportunities and challenges

Vietnam has an impressive record of economic performance, social progress and poverty reduction. Economic growth has averaged over 6% a year since economic reforms began in the mid-1980s, and there is empirical evidence that the benefits of this growth have been widely shared across society including by the rural population. The MDG of halving poverty by 2015 has already been achieved (the proportion of the population with incomes below the extreme poverty line fell from 58.1% in 1993 to 24.1% in 2004). The pattern of growth remains relatively equal at the aggregate level with no significant increase in inequality (as measured by the Gini coefficient). Social indicators are higher than those of other countries at similar levels of GDP per capita (UN, 2005) reflecting in part the relatively pro-poor orientation of public expenditure. Poverty is becoming increasingly concentrated in remote and mountainous areas and particularly within the non-Kinh ethnic minorities, who predominantly live there. Ethnic minorities accounted for about 14% of the population in 2006 but 44% of the poor (VASS, 2007).

Major features of the context in terms of the opportunities and challenges for progress in relation to rights, gender equality and social exclusion can be summarised as follows:

- The limited role and scope for independent action of Vietnamese civil society and the constraints on civil society capacity even to play the role that is currently available.
- A commitment to the main international human rights conventions and a framing of some social policy goals in terms of rights, but with tension with the donor community over particular civil, political, and cultural rights.
- Commitments at the policy level towards the goals of social inclusive growth and gender equality.
- The existence of administrative machinery to advance gender equality in government and in the policy process. This is institutionalised within government systems but generally the capacity is lacking for it to fulfil its role effectively.

3.2 The role of civil society

Understood as collective action to pursue common interests outside the control of the state, there is limited space for civil society in Vietnam. Political and social organisations such as the Vietnam Women’s Union, the Youth Union, or Trade Unions (called “mass organisations”) have a long and continuous role which is institutionalised into the political process. However these organisations are fully funded by the Government, and independent NGOs as known in other countries have a relatively recent history. National NGOs operate within a framework of state and Party supervision and more as service providers than as advocates or “challengers”.

One problem has been the legal context. Sabharwal and Than Thi Thien Huong (2005) note that the legal framework for CSOs in Vietnam has been evolving but that “these ad hoc regulations do not add up to a comprehensive and clear legal framework for the formation and operation of

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4 Sabharwal and Than Thi Thien Huong (2005) note that mass organisations “over the past decade … have proved to be effective in reaching services down to the communes. They are an important vehicle for improving access of services specifically across the poorest provinces but are not effective in promoting accountability of local governments.”
NGOs/CSOs”. A law on Associations has been under preparation for many years which would clearly define the role, function and management arrangements for NGOs but the lack of progress in finalising it reflects the political sensitivity of the issues. Under the current legal framework, most development NGOs must register under the law on science and technology (which provides recognition to professional associations). Sabharwal and Huong also note that “donors in Vietnam do not have an explicit approach or strategy for engaging with civil society organisations”, and that most support is organised through small grant schemes that are not well positioned to support a strategic approach to engagement.

Box 3.1 Findings from National Consultation on CSOs & Aid Effectiveness

1. Presently, awareness amongst Vietnamese CSOs on aid effectiveness is very low. Many organisations have never heard about the Paris Declaration (PD) and the HCS. There is a real need for awareness-raising and information-sharing on these issues, in order to enable CSOs to play a more active role in enhancing AE. At the same time the issues of how the potential role, capacity and relationship of CSOs to the HCS needs to be addressed. Presently HCS does not mention the role and responsibilities of national CSOs in relation to AE;

2. CSOs could, and are interested in, playing a role in monitoring the effectiveness of ODA programs and projects. In particular, CSOs could play a role in facilitating community monitoring of ODA programmes and projects. However, concerns were also raised that many CSOs may not have the capacity to conduct such activities, as CSOs are presently faced with a number of different challenges;

3. To enhance the role and capacity of CSOs donors and INGOs should make long-term commitments towards CSO development in Vietnam, and take into account how to involve CSOs in the design, implementation and monitoring of ODA development programmes and projects.

4. It would support the engagement of CSOs in AE if the government could work, together with donors, to ensure the creation of a supporting legal and institutional environment for CSO development. In order to promote this initiative, as well as CSO engagement in development in general, frequent dialogues between all stakeholders should be promoted.

5. At present, most CSOs work at the grassroots level and are implementing projects in the areas of community development and poverty reduction. Their work can provide creative and efficient pilot models for policy-makers and government programmes.

A workshop held in October 2007 (by the joint NGO resource centre) found that awareness of, and engagement in, aid effectiveness issues among Vietnamese CSOs was very limited, that CSOs had potential to play a greater role, but that a more systematic approach to supporting CSOs was required particularly from donors (see box 3.1).

3.3 Human rights

The Vietnamese Constitution and some laws and policies are framed in part by reference to economic and social rights. Vietnam is also a state party to some major international human rights instruments including the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child (CRC), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the UN Convention on Corruption.

However, the issue of human rights has been a contentious one at the political level in the relationship between the Government of Vietnam and donors particularly in relation to civil, political
and some cultural rights. A significant controversy arose during the December 2007 Consultative Group Meeting where the EU and some bilateral donors raised concerns about specific cases of human rights violations (arrests of lawyers and political dissidents).

Particular human rights issues and concerns include the following:

- Vietnam is not a state party to other major international human rights instruments including the Convention Against Torture (CAT), the ICCPR Optional Protocol, and the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.
- There is no Office of the High Commissioner for Human Rights (ONCHR) presence in Vietnam or independent human rights NGO based in the country. International human rights organisations are not granted access to monitor and none of the mandate-holders of the Special Procedures of the Human Rights Council have been invited to visit since 1998.
- A poor human rights record in terms of civil and political rights and some cultural rights (e.g. bilingual education).
- The death penalty still in force and implemented for serious crimes involving national security and financial, as well as violent, crimes.
- The judiciary is not fully independent because of the overarching role of the Party. The capacities of judges and lawyers remain poor, and fair trials are not always guaranteed. Standards of detention fall short of international standards.

### 3.4 Social exclusion

As noted above, “Social Inclusion” is one of the four pillars of the SEDP, covering actions related to the health and education systems, social protection and gender. Approaches to reducing social exclusion have focused on the identification of specific marginalised groups. As described in various government, donor and civil society documents, these groups include the following (with much overlap between the groups):

- Ethnic minorities with languages and cultural practices distinct from the majority Kinh population. There are 53 different groups identified accounting for about 14% of the population. The socio-economic condition of these groups varies considerably but many have significantly lower education and health indicators, higher incidence of poverty and lower access to employment as services than the population as a whole;
- People living in the mountainous areas (where ethnic minority populations are disproportionately located);
- Fishing-based populations (particularly ‘floating’ populations of coastal or other water-ways);
- People with disabilities (including war veterans);
- People living with HIV / AIDS;
- Migrants;
- Ex-convicts and drug addicts;
- In addition, there are categories of people who are considered to warrant special attention or favour, largely relating to their conduct during the armed conflict.

In practice, the agenda of social inclusion in Vietnam as set out by the Vietnamese government is framed largely in terms of the position of the ethnic minority populations. The policy response from government has been focused on infrastructure and related investment to improve access and the integration of these populations into the economic mainstream (see section 4.3). While this is an
important agenda for economic advancement, there are other issues relating to example to cultural, civil and political rights of ethnic minority groups which may prove more contentious.

3.5 Gender equality

Vietnam has, by regional standards, a good performance in achieving gender equality, despite social and cultural obstacles. This mainly reflects a long-running commitment to women’s access to education and health, and high levels of labour force participation by women (World Bank, 2006). The government has strong policy commitments in this area, and a framework for mainstreaming this within government programmes. Vietnam reported to CEDAW in 2006. The CEDAW Committee’s Concluding Comments emphasised the gap between the de jure and de facto situation for women and the need for the Government of Vietnam to take specific and sustained action to reduce discrimination against women. Major issues for gender equality include the following:

- Participation in the political sphere is still impossible for most women, particularly in rural areas.
- Violence against women and other forms of discrimination against women are widespread and violence is particularly prevalent in the family and affects women’s participation in public life.
- Prostitution is prevalent in the major cities and in provinces and trafficking for sexual exploitation to other countries in the region (and further afield) has been a significant issue.
- Sex preference for boys is prevalent through all life stages.
- Primary education enrolment rates between boys and girls are almost equal. However adult women’s literacy is significantly lower than men’s.
- Women’s Health is a largely neglected area, including reproductive health, and especially for ethnic minority women.
- The growing incidence of HIV / AIDS is of particular concern regarding women due to their lack of power in sexual relations and the threat of violence.
- The labour force is deeply gendered. Women comprise 75% of the unskilled workforce and the majority of agricultural workers (including 92% of new entrants to the agricultural workforce) and women are over-represented in the informal economic sector.

Gender in Government

The government strategy to promote gender equality is set out in the SEDP and in several other documents. The ‘National Strategy for the Advancement of Women to 2010’ is supported by a five-year Action Plan which identifies priorities related to gender equality. The SEDP itself identifies gender equality considerations and indicators in areas such as agriculture, employment, environment management, education, and health, and spells out several goals related to gender equality. The gender agenda in these national strategies is broad, all encompassing, and does not easily translate into clear cut PRSC priorities (with the exception of the requirement to specify the implementation process for the Gender Equality Law). A major constraint identified by donors, civil society and the Women’s Union is the lack of base-line and reliable gender disaggregated data.

The role of the Vietnam Women’s Union (VWU) has for many years been institutionalised as a way of representing women’s interests at each level of the policy-making process (below that of the Party’s Politburo). There are Committees for the Advancement of Women in all government organisations, with the National Committee for the Advancement of Women (NCFAW) as the overall umbrella organisation. NCFAW is tasked with the secretariat functions of the Gender Theme Group as well as dealing with the international engagement of the Vietnamese government regarding gender equality. However, an important development in December 2007 was that the
Ministry of Labour, War Invalids and Social Affairs (MOLISA) was charged with overall responsibility for gender equality (previously no ministry has had this role), with a new department being established to monitor the recently adopted Gender Equality Law. It is envisaged that with MOLISA’s new responsibilities, NCFAW will retain an advisory role, though the roles and functions of each body remain to be fully worked out, including how overall performance in achieving gender equality goals is to be monitored.

As discussed in Section 4.4, the Ministry of Agriculture and Rural Development (MARD) has developed a Gender Action Plan though progress in implementation has been mixed. Other line ministries have not designed or implemented a strategy or plan to mirror that of MARD – a key recommendation of the World Bank’s 2006 Gender Assessment. The Ministry of Planning and Investment states that gender should be ‘mainstreamed’ across all government work pursuant to the National Plan of Action, except where there are specific ‘gender projects’.

Civil society and gender

Civil society organisations promoting gender equality are few in number and low in capacity. Independent NGOs tend to be research-based and have little organised voice. NGOs concerned with gender, as with other NGOs, are not funded by the government and do not seem to receive core funding from any international organisation, so their work is project-based, depending on their own priorities as identified by research or the priorities of those funding their activities. GenComNet is a network of women’s organisations or organisations concerned with gender issues. It is apparently mostly concerned with benevolent activities or participation in committees, although the shadow report to CEDAW in 2006 by women’s organisations was an example of progress in action by women’s organisations. Representation by rural women and by women from ethnic minorities appears to be limited in most CSOs. UNIFEM has now opened a substantive country programme and its activities combined with the donor initiatives outlined below should help to identify and support independent women’s organising.

Donors and gender

Donors’ support to gender equality has been well-supported in terms of funding, while not especially well-coordinated. UNIFEM is about to commission a mapping of work on gender that has been supported by bilateral and multilateral donors, in order to identify gaps and enhance coordination. The donor/government Theme Group on Gender has in the past lacked effective influence. Contributory causes of this have been the lack of a fit between its mandate and particular government programmes, the limited capacity and influence of NCFAW to which it is linked, and the fact that donors in general do not appear to have accorded gender great priority. However, the One UN initiative is now leading to a much greater emphasis and focus by the UN on gender issues, with UNFPA and UNIFEM leading the Theme Group on Gender. An ambitious project is to be launched (with a budget of USD 4.5 million from the Government of Spain’s MDG fund) to enable the UN to support implementation of the Gender Equality Law, the Domestic Violence Law and the National Action Plan. Other active donors include Canada (especially through the regional CEDAW project), Norway, Sweden and foundations including Ford and the Asia Foundation. There has also been long-term support from UNDP and the Canadian government to the Social Affairs Committee of the National Assembly, which has played an increasingly active role in the development and scrutiny of legislation, including the recent laws on Gender Equality and Domestic Violence.

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5 The need for identification of responsibilities, resources and monitoring mechanisms for the Gender Equality Law had been identified as a trigger for the release of budget support resources under the Poverty Reduction Support Credit. See Annex D.

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4 Case Study Evidence

This section presents analysis of four specific examples that were reviewed in detail by the case study team. They were selected as illustrating the interaction between the aid effectiveness agenda and rights, social exclusion and gender equality:

- **Alternative approaches to engagement by donors on human rights.** This example was chosen because in Vietnam the tensions between government and the donor community on some aspects of the human rights agenda pose particular challenges for ownership and mutual accountability, and the example illustrates some alternative strategies for dealing with such tensions.

- **The development of national monitoring and evaluation systems.** This example shows how the Vietnamese government has been able to build around a common commitment to improving Managing for Results within the accountability framework provided by the Hanoi Core Statement, and the way in which this has provided opportunities for strengthening and systematising the attention paid to social issues.

- **Socio-economic development in ethnic minority and mountainous areas.** This programme (known as P135) seeks to address the social and economic exclusion of ethnic minority populations through infrastructure and related investments. It is the main initiative to address the principal form of social exclusion identified by the Vietnamese government. Donor engagement in Phase 2 of the programme has increased compared to the first phase, and there have been important attempts to improve the effectiveness of attention to gender and participation within the context of a partnership approach focused on harmonisation, alignment, and managing for results.

- **Partnership experience in the rural sector, focusing on forestry and rural water supply.** This example reviews progress and obstacles to progress in addressing social issues in a sector with long-running experience of partnerships and moves towards sector wide approaches and notes the lack of progress with taking forward an effective response to the significance of gender for the sector.

4.1 Alternative approaches to engagement on human rights

**Ownership and tensions over human rights issues:** As summarised in section 3.3 above, while Vietnam is a state party to some major international human rights agreements, the country has a poor human rights record in a number of respects such as freedom of political association, despite striking successes in relation to poverty reduction and many aspects of social improvement. There have as a result been tensions between the government of Vietnam and some members of the international and donor community on human rights issues, particularly in relation to the treatment of political dissidents, journalists and lawyers. These tensions pose a challenge for the Paris Declaration principle of country ownership in a context where, as described in section 2.2, the Vietnamese government has exercised leadership over the development agenda. The challenge for donors has been to find effective means to engage with the Vietnamese governments over these politically sensitive issues. Donor approaches to engagement on rights have not been well harmonised. This reflects in part differing domestic political pressures and agendas.

**Donor approaches on rights – voiced concerns:** As noted in section 3.3, several donors actively voiced concerns about human rights issues in the December 2007 CG. This response to some extent reflects the need to respond to domestic agendas and political pressures. For instance, the Irish government representative at the 2007 Consultative Group Meeting made a
statement about the recent detention of lawyers largely because one of the detained has a sympathetic following in Ireland. Sweden, which has had a long and special relationship with the Vietnamese government, has (following domestic political change) voiced significant human rights concerns and reduced its involvement in the provision of some forms of aid.

**Donor approaches on rights – alignment around areas of agreement:** Other donor approaches have involved a less confrontational dialogue, and an attempt to provide support in areas where there is more common ground with the Vietnamese government. Even where donors make public statements raising concerns about alleged human rights violations, they tend to be also providing financial support to capacity-building for national bodies. This is particularly so for donors who provide assistance bilaterally as well as through the EU and those who fund projects that go through the UN which has the advantage of perceived political neutrality.

One example is that the Vietnamese Government has recognised the importance of urgent efforts towards building a state ruled by law, and that its current legal system, particularly the criminal justice system, is in a poor state of affairs and has sought assistance (Ministry of Justice, 2005) from bilateral donors and international civil society (Save the Children, Sweden). It particularly identifies problems with legal aid to defendants or plaintiffs in civil suits. While it also identifies a gap with regard to an effective juvenile justice system, this has not yet formed a priority area with regard either to technical assistance or other international support.

Donors have provided financial support to individual projects run by the Government of Vietnam or the Mass Organisations. They include support to the implementation of Vietnam’s international human rights obligations – particularly CEDAW (through a Canadian, regional project for South East Asian states), training on various aspects of human rights and specific, sectoral work on the legal system and its implementation. Funding is either direct to the relevant Ministry or other organisation or through the UN (UNDP, UNIFEM or UNICEF). The UN however has limited capacity (staffing and technical) for mainstreaming human rights or adopting a human rights-based approach, though it has played a role in building up a database of human rights projects. Within the UN Country Team, human rights are dealt with by the Governance section of UNDP. After long process of negotiation a project on human rights is expected to start soon with the Ministry of Foreign Affairs.

**Donor approaches on rights - bringing rights into the mutual accountability framework for aid:** The UK, through its Development Partnership Agreement (DPA) with the Government of Vietnam, is an example of a bilateral donor which has not adopted a confrontational public stance about human rights in Vietnam but has instead sought to strengthen the framework of mutual accountability, in the context of a bilateral agreement but with reference to multilateral commitments. The DPA names as one of its three shared objectives “respecting human rights treaties… which both the UK and the Socialist Republic of Vietnam (SRV) have accepted”. It also states that UK ODA may be suspended or withdrawn if the “SRV significantly violates human rights treaties to which it is a signatory”. The document is silent about what would constitute a ‘significant’ violation.

**Assessment of donor engagement on human rights:** Foresti et al. (2006, p. viii) argue that human rights provide two main forms of support for improving aid effectiveness, as well as forming part of development goals. The first is the existence of a “shared and globally agreed normative and legal framework” for assessing development performance. The second is “a series of practical tools and established programming approaches for applying this framework to development efforts.” They also note (p. xi) that “human rights have the potential to strengthen political dialogue by moving beyond broad political statements to defining ‘inner’ and ‘outer’ boundaries of acceptable behaviour based on governments’ own human rights commitments.”

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There are a number of actual or likely pressures on the Vietnamese government (apart from the attitudes of donor governments) that may encourage more attention to a wider human rights agenda. These include Vietnam’s increasing regional and international role, and the interests of private investors in the country having a good international profile. Longer term change will however depend on domestic social and political factors including the rapidly increasing size of the Vietnamese middle class, and the extent to which this translates into demand for a more pluralistic or open political system, including a greater role for civil society.

Donors in Vietnam have at best so far only partially exploited these opportunities. There is a dialogue (which includes civil society) around Vietnam’s commitments under CEDAW but much engagement (for instance the initiatives in the justice sector) remains project-based and does not reflect a wider programmatic approach. In the areas of most controversy around political and civic rights, the impact of the public voicing of concerns by some donors is difficult to assess. However the evident differences in donor approaches on these issues are likely to militate against effective impact. The limited scope that the Vietnamese government accepts for civil society action in these contested areas of the human rights agenda constrains dialogue. The approach followed by the UK of linking development assistance to shared human rights commitments may point the way towards a more explicit recognition of human rights in the development cooperation relationship (for instance within the PRSC results framework). However, at the moment this remains a bilateral initiative. Greater attention to harmonisation and agreed engagement strategies, to broadening ownership and accountability beyond government and donors, and to bringing human rights within the wider results framework are likely to be routes to increasing the effectiveness of donor engagement on human rights.

4.2 National monitoring and evaluation systems: an opportunity for increasing attention to social goals

The strengthening of monitoring and evaluation systems (and the data required to support them) is an important aspect of the PD Principle of Managing for Development Results. The Vietnamese government (particularly through the Ministry of Planning and Investment, MPI) has actively promoted this agenda. The Hanoi Core Statement has provided a mechanism for promoting mutual accountability around the agreed results frameworks, especially for commitments under the SEDP that form triggers for release of budget support for the PRSC (see Annex D). The specific link to social goals is the potential for using the strengthening of M&E and related data systems to encourage a more systematic approach to the monitoring of social goals and commitments such as gender mainstreaming.

Following National Assembly approval of the SEDP in June 2006, the government issued an action plan for SEDP implementation (in September 2006), and the monitoring and evaluation framework was approved in May 2007. This process involved capacity development assistance in line ministries and provinces provided by the ADB, UNDP and World Bank, while the Australian-supported technical assistance in MPI assisted in linking the SEDP monitoring framework to the national ODA monitoring system. MPI has taken the lead in developing an overall management framework for ODA projects in line with the Hanoi Core Statement, including establishing a common monitoring and evaluation framework (with support from Australian aid through the VAMESP project), and with the intention of applying common guidelines across all Government of Vietnam projects, whether ODA funded or not. This framework was set out in Decree 131 (November 2006) which includes standard project document contents, and the core of the monitoring and evaluation system. This has been further elaborated in subsequent government decisions, including a quarterly reporting mechanism for ODA programmes and projects.\(^6\) As noted

\(^6\) Decision No. 803/2007/QD-BKH MPI.
in section 2, the HCS includes a target of ensuring that social impact assessments are carried out (using Vietnamese government systems) for all donor-supported activities.

However, while important progress has been made in developing an overall management and monitoring and evaluation framework for government and donor supported programmes, and in capacity development to strengthen monitoring and evaluation, the potential for a greater focus on social issues has not been fully realised. The M&E system is focused on ensuring alignment with Vietnamese government priorities and with ensuring the efficiency of project implementation. The general guidance on monitoring does not however include any specific reference to the monitoring of cross-cutting government objectives such as gender mainstreaming. There are also some critics who question the capacity and scope for independence of those at local level who are responsible for data collection and emphasise the political and social pressures that may undermine the scope for effective participatory evaluation approaches.

**Box 4.1 Quang Nam rural electrification project: impact evaluation**

A project to supply electricity to rural provinces was evaluated in 2005 to find out if it had been effective, efficient and to assess its impact and sustainability. Careful attention to the gender and social inclusion dimensions of the project at the evaluation stage allowed the evaluation team to identify the project’s gender and social inclusion implications.

Men had a more positive assessment of the impact of electricity on household income and well-being than women. The benefits for women mainly came from liberation from some work such as rice cooking and water supply, while some men found opportunities for enhanced jobs and incomes. However, most women still cook with wood and coal and few men in fact use electricity for income generation.

Men believed that electricity enable them to realise their aspirations to gain employment outside the home; women, however, were more concerned with the private sphere, reflecting the differences in existing gender roles as well as the opportunity to use a public good such as electrification to extend these roles into, for example, entrepreneurship.

Similarly, people in the coastal areas felt that the project had more impact on the population; that is made more of a difference to these people’s lives, than to their urban counterparts.

The use of rigorous and participatory evaluation techniques bolstered the capacity of the Department of Public Information, by training, practice and conducting an analysis of the evaluation.

As a result of the findings from the evaluation, the second phase of the rural electrification project put in place additional support to assist women to take advantage of economic opportunities resulting from electrification.

Source: Vietnam Australia M&E Strengthening Project

An initiative that has however effectively highlighted social issues has been the carrying out of selected in-depth programme or sectoral evaluations. These have been designed to show the potential of such approaches to improve project and programme effectiveness as well as to help with capacity development. One example is an evaluation of rural electrification (see box 4.1) which focused on the differential gender impact of access to electricity. The evaluation noted both the differential types of economic opportunity that were created and exploited by men and women (and the factors that enabled some but not all to take advantage of these opportunities), and the accompanying social problems.
4.3 Socio-economic development in ethnic minority and mountainous areas: harmonisation and alignment to address social exclusion

Programme 135 is one of the National Target Programmes and has been the major Vietnamese government initiative to address the economic problems of ethnic minority groups (whose population is heavily concentrated in remote mountainous areas). The experience provides an example of how donors have sought to provide harmonised and aligned support to a government owned programme, a process that has included attempts to improve the focus on the poorest households and communities and on gender issues, and effectively to empower these households and communities to play a more active role in the ownership and management of the infrastructure that is created through the programme.

Programme 135: Phase 1

The first phase of the “Programme for Socio-Economic Development in Communes faced with Extreme Difficulties” (known as P135-1) was approved in July 1998. P135 covered 2,362 poor and remote communities (expanded from an initial 1,000), over 90% of which were in highland areas (covering nearly 15% of the national population). P135 focused on developing village and communal infrastructure and inter-communal infrastructure, using a fixed allocation of VND 500 million per targeted commune (around USD 40,000). The objectives of the first phase of P135 were to:

- Reduce the proportion of poor households in severe-difficulty communes to less than 25% by 2005, and
- Provide adequate clean water, increase the proportion of school-age children attending school to more than 70%, further train poor people in production, control dangerous and social diseases, construct roads to inter-commune centres and develop rural markets.

The Committee for Ethnic Minorities (CEM) was responsible for overall coordination and providing guidelines on programme implementation, management and monitoring. CEM and the Ministry of Agriculture and Rural Development (MARD) had responsibility for coordinating implementation of the different sub-programmes. Donor engagement in Phase 1 was limited although DFID provided targeted budget support with a Partnership Committee (PC) overseeing the arrangement.

Challenges for Phase 2 – reaching the most excluded, effective empowerment, stronger partnership arrangements, disaggregated monitoring of impact

The design of Phase 2 of the programme has built on an evaluation of P135 undertaken by the Government of Vietnam and UNDP (UNDP 2004) with the World Bank playing a lead role. The World Bank’s project document for support to P135-2 (IDA, 2007) identified the following challenges and key strategies for Phase 2 of the programme:

- **Poverty targeting**: The Phase 1 approach successfully identified the poorest communes, but there was little attempt to target the poorest villages within the poorest communes, or to target the poorest households. Under Phase 2, the village (rather than the commune as a whole) is used as the entry point for identification and planning of programme-supported activities.
- **Enhancing sustainability of programme investment**: This was identified as requiring more attention both to operation and maintenance funding, and to the building of local-level management capacity. In Phase 2, there is also a greater focus on accompanying institutional and policy reforms (forming part of the overall policy matrix of donor support).
• **Pro-poor orientation of production/livelihoods support**: the limitations of approaches focused almost solely on infrastructure investment with limited supporting activities focused on livelihoods and skills were recognised, and the allocation of resources for such activities was increased from less than 4% of expenditure under Phase 1 to up to 20% in Phase 2.

• **Decentralisation, participation and empowerment**: In Phase 1, only around 15% of communes took ownership of infrastructure created. Under Phase 2, the target was increased to 60%, with a focus on local-level capacity development to support this objective.

• **Fiduciary transparency and accountability**: the overall assessment of fiduciary performance in Phase 1 was quite strong, though opportunities to maximise local employment opportunities were not fully exploited and there was scope for improving overall cost-effectiveness.

• **Donor support**: A need to strengthen donor engagement was identified. It was noted (IDA, 2007, pp43-4) that the “effectiveness of the Partnership Committee (PC) was hampered by the insufficiently senior staff representation in PC meetings of the key central government agencies concerned, weak coordination among the agencies, a generally low level of understanding of budget support as a modality for ODA, and the fact that the PC had no role in the management of complementary technical assistance.” Under Phase 2, there has been a broadening of government engagement to include MPI, the Ministry of Finance, MARD and the Ministry of Construction on the Program Steering Committee, under the overall management and supervision of the CEM.

• **Monitoring and evaluation**: The need to considerably strengthen monitoring and evaluation with a stronger focus on obtaining a disaggregated understanding of impact. In the first phase of P135 independent evaluations “were not based on program-relevant data that was tracked during program implementation itself. Evaluation of impact... was based almost entirely on ex-post studies that attempted to retrofit both indicators and baseline data. No attempt was made under P135 Phase 1 to monitor processes, such as differential rates of participation or inclusion of ethnic minority versus Kinh majority population groups, or differential participation by gender, age, income or well-being groups” (IDA, 2007, p. 39).

Phase 2 of P135 has involved a significant increase in the level of donor support to the programme, with offers of financial support substantially in excess of what government initially sought. Support is being provided by IDA, IFAD and Australia, Finland, Ireland, Sweden and the UK. The main feature of the support from donors is that it is being provided around a common results framework (operations policy matrix) that sets triggers for the release of donor funds (see Annex C). The process of negotiation to agree “triggers” for the release of donor funds has been complicated and time-consuming, and initial triggers were initially not fully aligned with government priorities (as set out in a separate “Roadmap”).

**Issues from implementation of Phase 2**

Increased donor engagement, with the objective of providing programmatic support through harmonised and aligned systems, has encouraged a stronger focus on participatory approaches and on poverty targeting, and there has been a productive dialogue between government and donors about the lessons from Phase 1 that has built a consensus on priorities for Phase 2. Considerable strengthening of management and participation mechanisms is taking place with communes now taking ownership of investment in 28% of cases - though this remains behind the target. A participatory M&E system is under development which includes increased attention to gender equality issues, and is less focused on official local bodies such as People’s Councils.

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7 This increased focus on local level control and capacity in part reflects the Grassroots Democracy Decree 79 (2003) which institutionalises the participation of local communities/CBOs/organisations of the poor in development activities at the level of the commune.
While the main implementing agency for the key capacity development components (CEM) has had little previous experience of working with donor agencies and its management capacity has been regarded as weak (Bartholomew, 2007), CEM's confidence is judged to be increasing along with its performance.

The increased ambition and complexity of the programme mean however that considerable challenges remain. The disbursement of funds is lagging behind plan and significant issues remain unresolved about the future operations and maintenance requirement of the investments. Bartholomew (2007) notes that there have been difficulties in aligning donor support with GoV budget systems and that the process of TA provision (central to the building of local level capacity) has not been well-coordinated. There has been relatively little progress with the social component (“Living standards support” of the programme, which comprises 4% of the total budget, and it is unclear that CEM has the capacity effectively to implement it. Donors have also not shown a strong interest in supporting this area.

The case study presentation on P135 at the London workshop noted that gender had received little attention in the design and implementation of the programme, and that while donors had effectively argued for a more decentralised and participatory approach they had not made a similarly focused effort to improve gender equality in the programme. Although the monitoring and evaluation approach is now more focused on gender, the results framework (Annex C) made no reference to gender issues or to the need for analysis of any particular problems or issues relating to women’s participation or share of the benefits of investments undertaken. The authors argued that “the example indicates a role for donors to promote issues such as gender equality with government and to support capacity development where this is weak. But this needs to be done up-front and from the start, as was the case with decentralization, and donors do not always live up to their own policy commitments.”

4.4 Partnerships in the rural sector: lack of progress on gender mainstreaming

The Rural Sector is of central importance for poverty reduction and gender equality in Vietnam. Women dominate the agricultural labour force but lack effective access to land rights. Access to land use and credit are both areas in which there remain challenges. For example, women are now entitled to be named on land-use certificates - however the system for registering land use is not yet well adapted to women’s needs. Rural water supply has a direct impact on women’s time (see Box 4.2). Poverty incidence is higher in forest areas than nationally. A study of the relationship between poverty, livelihoods and the forestry sector (FSS&P, 2005) concluded that forest land allocation policies were tending to exclude poor forest dwellers (including ethnic minorities) from access to economic opportunities because of their lack of capital.

The sector has also been a focus for long-running efforts to develop more effective partnerships with donors and more widely. These efforts have mostly been conceived with the intention of developing SWAp funding instruments such as common pools around an agreed sector or sub-sector strategy. A recent review (Rydder et al, 2007) of partnership arrangements in the rural development sector generally concluded that they have contributed to cross-sector coordination, policy coordination and development, improved sector-level information management, and have evolved incrementally in response to changing sectoral conditions. However, these efforts to improve aid effectiveness through strengthened partnership arrangements have not yet led to significantly increased attention to social issues in rural sector policies and programmes.

8 Tran Van Thuat and Ha Viet Quan (2008).
9 Tran Van Thuat and Ha Viet Quan (2008).
Partnership processes seem in practice to have been driven by a relatively narrow aid management agenda, together with a desire by donors to encourage a more decentralised approach to rural programmes.

Box 4.2 Rural water supply and gender issues

Plan International – one of the Rural Water Supply and Sanitation partners - conducted a baseline survey in collaboration with the Vietnam Women’s Union in eight communes ranked poor in three districts of Tu Nghia, Nghia Hanh and Son Tinh covering more than 1,130 households. A central component of the RWSS Strategy to 2020 is to provide households with adequate sanitation. The findings of this study demonstrate the impact this should have on women’s burden of labour:

“Ninety-one percent of women surveyed have overwhelming responsibility to collect water for the household. The situation is worse in Hanh Thien, Nghia Tho, Tinh Tho where the water sources are scarce or contaminated with carbon dioxide and women have to travel a long distance to access clean water for drinking. Nearly 39% of the respondents spend up to 90 minutes a day for carrying water and 32% spend another similar time for managing household waste.”

“... Despite high level of commitment to providing water, 78% of the surveyed households, only 39% have latrines. This figure is particularly low in some communes as Nghia Tho where no household interviewed has any latrine or only 11.5% in Tinh Tho. Of all eight communes surveyed, 18% of the households have no latrine, bathroom, well or water tank. Two of major reasons found are (i) financial conditions which prevent these farmers from realizing the improvement of water and sanitation facilities, and (2) awareness which leads them to give higher priority to other matters.”

For example, the Ministry of Agriculture and Rural Development (MARD) developed a Gender Action Plan (GAP) in 2003. This is an ambitious and comprehensive plan. Its objectives include social awareness, increasing rural women’s access to resources, improved women’s participation in decision-making, integrating gender targets and indicators into relevant M&E practice and gender-sensitive and appropriate training in the agricultural and rural development sectors. There have however been few resources dedicated to implementation of the GAP and awareness of it seems patchy across MARD. In the forestry sector, attention to gender issues has focused on the relatively limited issue of non-timber forestry products – an area traditionally regarded as a women’s domain. Little attention has been paid to gender in the Rural Water and Sanitation Sector despite the significant time implications of the responsibility for household water supply that face the large majority of rural women (see Box 4.2).

Forest sector support partnership (FSSP)

In the Forestry Sector there has been an attempt by some donors to encourage a greater focus on social issues. In the first phase of partnership (2001-6), there were problems in getting the Partnership Group for the sector to operate effectively and the FSSP in its current form was reconstituted in 2006 around the development of the National Strategy on Forestry Development with a greater emphasis on achieving harmonisation (see FSSP, 2006, for details of the organisational structure of the programme).

As part of the process of developing a Forestry Development Strategy (NFDS), four bilateral donors (Finland, the Netherlands, Switzerland and Sweden) established a multi-donor trust fund
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(TFF) intended to support pro-poor and sustainable approaches to forest management at policy level and piloting at implementation level. The TFF funded a study on Gender and the Forestry Sector (FSSP&P, 2006) to feed into the FDS. However, the sector policy set out in the FDS (Government of Vietnam, 2007) pays limited attention to social issues although there is an objective of reducing by 70% the number of poor households in key forest areas. The FDS does not make any reference to gender or social exclusion and the focus is on the use of the sector for generating livelihoods and increased income along with environmental sustainability. There has been some success with an initiative to develop a Forest Sector Monitoring System in a context where there has been no national disaggregated data on the relation to gender, social exclusion or poverty (MARD, 2005). There have also been initiatives to widen the partnership arrangements that have been heavily focused on government and donors, though these have increased the role of the private sector rather than civil society organisations. The 2007 FSSP Forum included studies on the scope for community-based forest management and for widening participation in forest protection and biodiversity promotion.

Rural water supply and sanitation partnership (RWSSP)

The Rural Water Supply and Sanitation Strategy (RWSS) was promulgated in 2000 and aims to achieve 100% access to safe water and sanitation services in rural areas by 2020, with interim targets of 85% for water access and 70% or hygienic latrine access by 2010. Partnership arrangements in support of the National Target Programme (NTP) were slow to develop because of donor doubts about its modalities and implementation process. In particular donors argued for a more community-centred and demand-responsive approach to achieving the targets, which would rely more on local resources and require less centralised approach. The problems from over centralisation were highlighted in a joint sector review in 2005.

The RWSSP was established in late 2005 and is a framework for donor coordination to support implementation of the RWSS. The RWSSP Partnership Reference Document (RWSSP, 2006, p.1) notes that “three key social and poverty reduction targets in the CPRGS are directly related to water supply, sanitation and health services in the rural areas: (i) ensuring the provision of essential infrastructure for poor people, poor communities and poor communes; (ii) reducing child mortality and child malnutrition; and (iii) achieving gender equality through empowering women.” The new Partnership arrangements for the sector seek to provide approaches to address the shortcomings of the initial implementation of the RWSS. However, Rydder et al. note (2007, p. 45) that there has been difficulty in securing the funding envisaged as required to support the partnership arrangements proposed. The prospects for a more effective partnership in relation to the attention paid to gender and other social issues therefore remain unclear.

Overall assessment

The lack of progress in making rural sector policies and programmes more responsive to social issues reflects the following factors. First, sectoral policies have not paid significant attention to the Government’s own mainstreaming objectives. There has been strong government ownership of these policies, but the development of policies has not involved any significant voices from civil society. In the case of forestry, government has not regarded gender issues as effectively addressed through forest sector policies. In rural water supply, government has until recently been committed to a highly centralised process of deliver of water supply though weaknesses in this model are now recognised and gender equality has more prominence in the RWSSP. Donors have been relatively harmonised around the objective of encouraging less centralised policy processes and programmes. They have not attached such significance to, for example, gender equality (for instance through more effective support to the GAP) and initiatives by sub-groups of donors like the TTF have had only a limited effect.
5 Key Findings

Vietnam provides an example of a country whose government has provided leadership in taking forward the aid effectiveness agenda, and has also articulated commitment to many social goals which have in some cases been backed by effective action. Several findings point to the positive effect that this strong leadership has in providing a structure to the aid relationship that has the potential to further progress on social issues:

- **Progress in integrating poverty reduction strategy into the SEDP provides a clear basis for alignment of donors providing budget support around government priorities, including social goals.** As a result of this progress, specific targets for action have been articulated and agreed as part of the PRSC process. These targets form the basis for mutually agreed accountability and ownership of them is increasing as a result of moves towards widening participation in the policy process and a greater openness to evidence-based policy making. The extent of commitment by the government of Vietnam and its development partners to social objectives can therefore be directly measured by the social content of the PRSC results matrix and progress in achieving these targets. In 2007, the PRSC matrix included action to ensure the effective implementation of the Gender Equality Law (leading to MOLISA’s enhanced role in this area). In general, however, social issues while prominent in the SEDP have not been a focus of attention in the priorities agreed as PRSC triggers.

- **Government adoption of commitments to more participatory and decentralised approaches to policy making creates opportunities for furthering social objectives.** The Vietnamese government’s commitment to the Grassroots Democracy Decree and to processes of decentralisation provides space for donors to further social goals through encouraging more participatory approaches to policymaking particularly through processes of joint review and evaluation. Both P135 and the Rural Water Supply Sector provide examples although in each case success in implementing such approaches is still to be achieved.

- **The Vietnamese government’s commitment to managing for results has focused attention on the need for better and disaggregated data on social issues as well as an integrated approach to M&E systems that pays increased attention to social issues.** MPI has provided leadership of efforts to strengthen the framework for managing ODA as part of the aid effectiveness agenda, with a particular emphasis on M&E systems. This has opened space for developing systematic M&E approaches across donor and government programmes that should ensure greater attention is paid to social impacts and for example ensuring that more gender disaggregated data is collected and used. The example of rural electrification discussed in section 4.2 shows the potential for using enhancement of M&E systems to highlight social impacts and ways in which these impacts can be identified and assessed.

- **Ensuring that social safeguards based on international standards and national systems of social impact assessment applied across donor-supported activities may have potential for furthering social goals.** This requirement has been built into the Hanoi Core Statement (and hence has been incorporated into the aid effectiveness agenda), but government capacity as yet to apply social impact assessment effectively is limited. In addition, international safeguards standards tend to focus on some specific issues (notably involuntary resettlement) rather than providing a comprehensive approach to addressing social objectives.

- **The P135 Programme shows the potential of joint approaches to review and the development of results frameworks to build consensus on social issues, but also the challenges in addressing problems identified.** The problems of insufficient attention to targeting on the poorest and of insufficiently decentralised and participatory approaches emerged from joint reviews of Phase 1 of the Programme. Dialogue around establishing a common results framework as the basis for aligning increased donor support to the second
phase of the programme provided an opportunity for reaching consensus. The second phase is seeking to address these problems through strengthening the monitoring and evaluation system and through greater attention to local level capacity building. There have however been difficulties in harmonising approaches to TA, and the more ambitious objectives in relation to local ownership and management of infrastructure have in the short-term at least delayed disbursement and infrastructure construction.

However, progress with implementation of some important policies in the social area has been mixed. The Rural Sector examples show that there has been little progress in taking forward the policy of gender equality mainstreaming, despite the existence of a Gender Action Plan for the sector, and awareness of the significance of gender and other social issues through sectoral and sub-sectoral analysis. This reflects the fact that these issues have not in fact been given high priority by policy makers at sectoral and sub-sectoral level, while the capacity of the implementation machinery for the government’s overall gender equality mainstreaming is weak. Civil society voices that might potentially advocate for more attention to these issues have not been permitted a substantial role in the policy process, while donor action has not been effectively harmonised to counter these sectoral pressures. Key findings are:

- **The Vietnamese government has not given sufficient priority to the forms of capacity development that are most relevant for achieving social goals.** Capacity constraints emerge in each of the case study examples as an important factor in determining the degree of implementation of the government’s commitments to social goals. Specific types of capacity are required for gender and other forms of social analysis, and for the implementation of more participatory approaches to policy making, as well as within the legal system to encourage protection of rights. This appears to reflect a general problem that government has not been effective in providing an overall strategy and leadership for capacity building (as noted in section 2.2). But more specifically, it also reflects the relatively low priority that has to date been given to the specific forms of capacity, including the implementation machinery for mainstreaming gender equality objectives, that is most important for progress on social goals.

- **The limited role of civil society in policy making restricts the range of interests and perspectives represented within policy dialogue to the detriment of attention to social goals.** In this sense, in the absence of effective counterbalancing voices, strong government leadership can militate against productive dialogue. This is illustrated by the example of rural water supply where donors have had significant reservations about the approaches used by government in the sector which have been seen as over-centralised. In the absence of effective contributions to policy from civil society, progress in reaching consensus has required willingness from government and donors to learn from and reflect on experience (as in P135 and the RWSSP), rather than responding directly to concerns voiced by civil society.

While the scope for donor influence in Vietnam is circumscribed, donor action has been less effective than it might have been in support for greater attention to social issues:

- **Donors have not in general been effective in implementing harmonised approaches on social issues (including gender and human rights).** The examples reviewed show that donors have not generally been successful in implementing harmonised approaches on social issues. In relation to gender, the Theme Group has not been successful in taking forward a common donor view on how to support government commitments on gender equality. The Vietnamese government’s refusal to recognise rights of political association has been a significant source of tension with some donors. This challenges the PD Principle of Ownership. It is difficult to judge the long-term effectiveness of strategies of high profile “voice” from donors on the issue, but it seems at least that a multi-track approach is required which continues dialogue and engagement on areas of the rights agenda where there is consensus, as well as
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attempting to build rights commitments into the mutual accountability for aid. In the case of P135, donors did not provide as clear messages on the need for an improved approach to gender issues as they did in relation to decentralisation, and donors have not effectively promoted gender equality mainstreaming in the rural sector. Recent initiatives around the One UN process do appear however to reflect a higher priority being accorded to gender and more effective harmonisation, provided that the UN system is able to fulfil its role in this area.

- **Donors have not focused sufficiently on encouraging progress in improving the legal framework for NGOs, nor have they developed an effective strategy for supporting CSOs.** As discussed in section 3.2, one aspect of the lack of an effective donor approach in relation to CSOs has been the limited priority accorded to implementation of the proposed legislation on NGOs that would clarify their legal status, for instance in proposing passing of this legislation as an element of the PRSC matrix. There has been no overall donor strategy for building the role and capacity of CSOs.

- **Donor support to the building of capacity in the social affairs committee of the National Assembly shows the potential for donor support that seeks to widen and open the policy process including strengthening other branches of government than the executive.** This support has to date been the result of long-running engagement by a small number of donors, and has taken place largely outside the wider framework of donor harmonisation. A more harmonised approach could increase impact further.
6 Conclusions

The following conclusions arise from overall reflection on the context and specific examples analysed in Vietnam. Conclusions are presented as pointers from experience, rather than in the form of recommendations, given that the evidence base is restricted to only one country. Conclusions are grouped according to categories of the Paris Declaration principles. Inevitably, some reflections touch upon a number of these principles and the categorisation below is intended to be indicative, rather than definitive.

Country ownership and mutual accountability

- Vietnam shows both the opportunities and risks resulting from strong government leadership of both the aid effectiveness and social agendas, in a context where the executive branch of government is dominant and civil society voices weak. The Hanoi Core Statement (HCS) and the Socio-Economic Development Plan (SEDP) have provided a clearly articulated and government-owned framework that has built on the principles and accountability framework provided by the Paris Declaration. The process of agreeing a common results framework for the SEDP (through the budget support instruments linked to the PRSC) provides an accountability structure for addressing social issues. The potential of this framework has not yet been fully exploited because neither government nor donors have accorded social issues a consistently high priority and civil society has had little effective voice to act as a check. As a result, implementation of important commitments such as gender equality mainstreaming has been limited.

- The pattern of Vietnamese policy making over the last decade has been one of a gradual opening of the policy process to become more inclusive (though remaining within strict boundaries defined by the Party’s leadership). This has been reflected in the greater role of the National Assembly in shaping legislation, willingness to have substantive dialogue with donors, and some indications of the acceptance of a wider role for civil society organisations in policy discussions. Donors therefore need long-term engagement, joint analysis and evaluation and seeking to build consensus is required. Donors also need to maintain an effective process of dialogue in areas that remain contentious given that there is little evidence that more confrontational approaches are effective.

- The main challenge for both donors and government is to find effective ways of building capacity within (and outside) government to realise shared commitments to social objectives. Progress in developing a more strategic and effectively government-led approach to capacity development focused on issues such as gender analysis and participatory approaches will be an important test of government commitment. The recent passing of gender legislation, the high level of engagement of the National Assembly with these issues and the tasking of MOLISA with responsibility for implementation provides an opportunity for more effective donor support to gender mainstreaming, with a main challenge being to ensure sector programmes take much more effective account of gender issues.

- The weakness of civil society has meant that policy dialogue on social issues (for instance in the Forestry Sector as well as on human rights issues) has been largely conducted between government and donors. Donors have not taken a strategic approach (in terms of harmonising around an agreed strategy for supporting the CSO sector) either to supporting the development of the capacity of CSOs to engage more effectively in policy processes, or to encouraging a continuing opening of the “policy space” for CSO engagement. Support to strengthening the legislative arm of government (including the National Assembly) and the judiciary are also important to as part of process of widening accountability beyond the narrow form that is emphasised in the Hanoi Core Statement.
Harmonisation and alignment

- Donor harmonisation has been weak on social issues, notably around human rights, and the operations of the Theme Group on Gender. There are though signs that gender is now receiving more attention, including through the One UN process. It is critically important that this momentum (particularly in relation to gender) is built on. Effective harmonisation is important in presenting a strong donor message about the need for more attention to social issues, as for instance in the P135 Programme. Lack of progress on harmonisation appears to reflect the low priority accorded to social issues by some donors.

- Both aid effectiveness and an improved focus on social goals are enhanced by improved harmonisation. However, this has to some extent been undermined by an approach to dialogue on harmonisation and alignment from both donors and government that has become over-focused on managerial detail. Effective programme-based approaches are likely to be the route both to improving aid effectiveness in general and to increasing attention to social issues but a long term perspective is required in building such partnership arrangements.

Managing for development results

- The Managing for Development Results agenda has been enthusiastically adopted by the Vietnamese government and the process of establishing common results frameworks has an important role in improving the prospects of achieving social goals. There are two ways in which it does this. First, by encouraging a more systematic definition and monitoring of performance in achieving those goals (such as those related to gender equality) where government has made explicit policy commitments. Second, by encouraging a generally more disaggregated approach to data collection which introduces a stronger gender and social lens to programmes that have generally been conceived by government in narrower economic terms (such as in Forestry and P135).

- The monitoring and evaluation examples also shows that leadership and effective donor support are required, and the major capacity development challenges that this process faces. Good data (especially disaggregated data to highlight gender particular social groups) are centrally important to giving substance to government policy commitments in the social arena which it has not been possible to monitor effectively in the past.
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## List of people met

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**Non Governmental Organisations**

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</table>
Annex A   Terms of reference

Strengthening the poverty impact of the Paris Declaration:
Aid effectiveness evidence gathering project on gender equality, human rights and social exclusion:

Terms of reference for Phase Two, July 2007

Background and rationale

1. In March 2005 over one hundred official agency donors and developing countries established global commitments to support more effective aid in the context of significant scaling up of aid. The result, the *Paris Declaration on Aid Effectiveness (PD)*, marks an unprecedented level of consensus and resolve to reform aid. These reforms are intended ‘to increase the impact of aid….in reducing poverty and inequality, increasing growth, building capacity and accelerating the achievement of the MDGs’ (Paris Declaration para 2).

2. The PD framework agreed five overarching principles or partnership commitments – ownership, alignment, harmonization, managing for development results and mutual accountability. It goes beyond previous agreements and lays down a practical, action-oriented roadmap to improve the quality of aid and its impact on development. Donor and partner countries agreed a set of indicators, targets, timetables and processes to monitor the implementation of the PD up to 2010. This includes the Third High Level Forum to take place in Ghana in September 2008.

3. To date attention by donors and partner governments has primarily focused on aid and agency effectiveness, in particular improvements in aid delivery to increase the efficiency of financial and administrative arrangements; harmonisation of donor procedures and activities, and strengthening partner government leadership and ownership with alignment behind national development plans. The Paris Declaration itself and the indicators for monitoring focus on mechanisms and processes, and does not monitor substantive issues such as the development of content and outcomes. The focus on aid delivery mechanisms is much needed. However, on their own, they will not lead to the envisaged development effectiveness or sustainable benefits for poor women and men unless issues of substance such as gender equality, rights and inclusion are addressed in parallel.

4. However, a more complete reading of the PD locates the commitments more clearly within the ultimate goal of reducing poverty and inequality and requires an assessment of wider outcomes and impacts on poor and excluded women and men. The partnership commitments are major reference points for strengthening broad based ownership, guiding policy dialogue, shaping the contents of development co-operation programmes and bringing about institutional and budgetary changes required to improve poverty outcomes and empower poor and excluded groups. More attention needs to be paid to ends as well as means of channelling aid, and to processes necessary for poverty reduction, particularly those concerned with human rights, social exclusion and gender if the aims of the PD and the MDGs are to be realised. These reforms provide an opportunity to improve current practice of donor agencies, recipient governments and civil society in pursuit of gender, rights and inclusion to the betterment of women, men, girls and boys (Gaynor 2007).

5. In September 2008 the Third High Level Forum on AE, in Accra Ghana, will review progress in implementing the PD and set a pathway to 2010 and beyond. This is likely to be a high profile event, attracting far greater scrutiny from the media, civil society and partner governments than in Paris 2005. It is an opportunity to reaffirm, accelerate and deepen the Paris Agenda and to mark
its transformation into a country-led framework for aid relationships and aid effectiveness. It also is an opportunity to strengthen the focus on poverty outcomes in the implementation of the PD, including through greater integration of cross cutting issues.

6. To ensure the HLF recognises the relevance of cross cutting issues in operationalising the Aid Effectiveness agenda, more systematic evidence is required on how, and to what extent, cross-cutting issues of gender equality, human rights and social exclusion are analysed, captured and monitored in the evolving new approaches to aid delivery and partnerships. In discussion with the Gendernet, Govnet, the Working Party on Aid Effectiveness (WP-EFF) and Nordic + colleagues, DFID proposed an evidence gathering exercise on aid effectiveness and gender, rights and exclusion to fill this identified gap.

7. In the spirit of the Paris principles, this work is jointly funded by a number of Nordic + partners including the Irish, DFID and the possibly the Dutch. It builds on the momentum created by the Dublin Workshop in April 2007 which brought together the WP-EFF, Gendernet, Govnet and Environet. It seeks to complement on ongoing cross-cutting work to strengthen the evidence base such as the Unifem project on Building Capacity and Improving Accountability for Gender Equality in Development, Peace and Security, and also Irish Aid’s desk study on Gender and Joint Assistance Strategies. It should also complement other efforts in monitoring progress such as the Baseline Survey and the DAC joint evaluation on Aid Effectiveness. Overall this work should contribute to the development of shared messages and agreed outcomes for the HLF3 for a strengthened focus on social outcomes especially gender outcomes beyond Ghana.

8. A scoping study (phase 1) funded by DFID was undertaken as a first step towards developing this evidence base. This produced a synthesis of relevant literature on aid effectiveness and cross cutting approaches; a synthesis of civil society perspectives; an initial analytical framework and approach for evidence gathering; and a partnership and influencing strategy which maps key opportunities, partners and processes leading up to Ghana 2008. Building partnerships and influencing is an important component of the work.

9. The initial analytical framework is described in the main body of the Phase 1 report. It builds on the synergies between the cross-cutting issues of gender equality, human rights and social exclusion, and that of the PD. It maps change processes in both onto key areas of the policy cycle and enables a matching of opportunities and risks as well as good practice in both the aid effectiveness and cross-cutting agendas.

10. The partnership and influencing strategy is set out in the main body of the Phase 1 report. It is integral to the selection and implementation of the case studies and the dissemination of findings. The aim is for the project to be carried out in such a way as to maximise opportunities for joint work among a range of partners, and to influence key stakeholders in the lead-up to the Ghana HLF and beyond.

Goal

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10 The Dublin workshop looked at environmental issues. We recognise that HIV/AIDS is seen as a cross cutting issue. This work will however, focus on gender, rights and exclusion only.


12 Ibid
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11. Cross-cutting issues of gender equality, rights and exclusion firmly on the Ghana HLF agenda and analysed and captured in the implementation and review of the Paris Declaration on Aid Effectiveness, in order to strengthen the focus and impact on poor women and men.

Purpose

12. To generate an evidence base, build support among Paris Declaration stakeholders and provide practical recommendations for strengthening the focus on the cross-cutting issues of human rights, social exclusion and gender equality, and poverty outcomes, for the Third High Level Forum in Ghana (2008) and beyond.

13. Specifically the research should be able to answer how effectively the policy areas of gender, rights and social exclusion are addressed in:-

- Budget support processes, structures and mechanisms; Sector Wide Approaches

- New aid effectiveness mechanisms for operationalising the Paris Declaration at country level e.g. Performance Assessment frameworks, Joint Assistance Strategies, Aid Policy frameworks; national planning processes and plans, PRS monitoring frameworks

- The country level dialogue, relationships and decision making related to the new aid environment. Including the relationships and dialogue between donors, partner governments and civil society, and the spaces and processes for dialogue and decision making e.g. harmonisation groups, results and resources groups/ consultative groups, mutual accountability mechanisms.

Outputs and timing

14. The outputs for the project will include:

i) An inception report detailing methodology, locations and partners, with rationale; a work plan with timetable; and a partnership and influencing plan: by end of month 1, to be discussed and agreed and updated as required

ii) A series of approximately 6 in-depth case studies of 10-15 pages each: finalised by December 2007

iii) A document summarising the other, approximately, 18 relevant examples and experience from the literature and other on-going research (36-50 pages): finalised by December 2007

iv) A synthesis report (maximum 50 pages including annexes) which presents the main lessons from the case studies, rapid assessments, and additional contemporary research and literature: finalised by January 2008. The synthesis report will include:

(a) Evidence on how cross-cutting social issues have been integrated into and benefit current approaches to aid effectiveness; as well as where they have been omitted
(b) How the PD applies to donor and partner country efforts to promote cross-cutting social issues;
(c) Recommendations for integrating cross cutting issues into PD implementation, monitoring and evaluation.
(d) Recommendation for 2 – 3 high level strategic key messages and concrete outcomes for the HLF
v) An influencing strategy with identification of alliances and influencing opportunities supported by a short presentation paper (4-6 pages) to present the results of the study and its principal recommendations to senior policy makers and other stakeholders at the Accra HLF: finalised by March 2008

vi) A series of briefs and/or presentations on emerging findings. These outputs should be tailored to specific events and audiences outlined in the partnership and influencing strategy: on-going and responsive

vii) Series of workshops and presentation materials for final events in the in-depth case study countries and for the project as a whole: on-going and responsive

viii) Quarterly progress reports

Tasks

15. The tasks are outlined below:

i) Finalise a work plan and a partnership and influencing plan, detailing roles of collaborating donors and country government, civil society and research partners. Outline types and timetable of products for DAC, donor, country government and civil society audiences, including proposals for feedback at country level, and final presentation and discussion. Some flexibility will be needed to respond to changing priorities and opportunities for building partnerships and exercising influence as they arise. Guidance for the plan is in the method section of these TORs.

ii) Develop a methodology to assess how gender, rights and exclusion in relation to the Paris Declaration are addressed in budget support processes, structures and mechanisms; new aid effectiveness mechanisms for operationalising the Paris Declaration and country level dialogue, relationships and decision making in the new aid environment. A suggested list of study questions and an overall conceptual framework for these studies are included in the phase 1 scoping report as a guide

iii) Carry out approximately 6 in-depth country case studies and 18 rapid assessments. Criteria for choice of case studies are in the method section of these TORs.

iii) Monitor and brief joint donor steering group on key processes, events and developments in preparation for Accra, amongst the DAC WP-EFF, the donor community and key civil society actors.

iv) Organise feed back of results in the case study countries, and a series of workshops to present the findings and recommendations to a diverse group of key stakeholders e.g. donors, civil society, WP-EFF, North and South.

Method and principles

16. Study principles and design:

- The PD principles and commitments and their relationship with the cross-cutting issues of gender, human rights and social exclusion, are the central focus of the study;

13 Ibid
Vietnam Case Study

- Aid instruments (e.g. Poverty Reduction Budget Support, Sector Wide Approaches), modalities (e.g. gender and participatory budget / monitoring and evaluation initiatives, PRS processes) and management frameworks (e.g. Joint Assistance Strategies, Performance Assessment Frameworks, harmonisation groups, national planning cycles) and systems for dialogue and decision making (donor working groups etc.) should provide concrete examples of the PD commitments and issues;

- The case studies will focus on practical lessons and experience, particularly of emerging good practice, that could act as a guide for policy makers and practitioners (both aid effectiveness generalists as well as cross cutting specialists);

- The study design and implementation should adhere as far as possible to the spirit of the PD principles of i) broad-based country ownership (the issue could be of importance to either sector ministries, regional and local government, parliaments and assemblies, or civil society organisations), ii) alignment with research strategies of in-country actors (through consultation and possible direct participation with southern researchers), iii) harmonisation with other donor efforts on cross-cutting issues, iv) consultation with both government and civil society in country-specific design, open and transparent with study results, ensuring accessibility, enabling feedback to the range of in-country partners;

- The two levels of research are a) in-depth studies, using secondary data, individual and focus group interviews with stakeholders and where appropriate use of the relevant research in the area and b) rapid assessments using secondary data, telephone interviews as needed, as well as findings from other research and studies;

- Involve government and civil society in the preparation of individual case studies, work with southern researchers and/or research institutions, and in-country partners, as far as possible.

17. Suggested criteria for selection of case study countries and rapid assessment examples. These are to be chosen to provide a range of different country contexts:

- regional spread across e.g. Asia, Africa, Middle East and South America
- country capacity/ context (good performer, fragile and non-fragile, post conflict)
- degree of dependency (HIPC/MICS/LICS)
- Mixture of budget support and non-budget support countries
- presence of best practice examples and/or risks and opportunities (across the principles)
- where implementation of the Paris principles is making a clear difference (for the better or otherwise)
- relevant issue, owned by partner country governments (central and local) and/or civil society
- preferably non duplication with Unifem country case studies but possible complementarity with some country case studies from the AE evaluation
- Countries where DFID offices are keen to engage and can provide a strong country case study e.g. Cambodia

18. Partnership and influencing strategy

14 Unifem country case studies include Ghana, Ethiopia, Honduras, Cameroon, Ukraine, Kyrgyzstan, Papua New Guinea – possibly Nepal and DRC; AE evaluation include Bangladesh, Bolivia, Mali, Philippines, Senegal, South Africa, Sri Lanka, Uganda, Vietnam, and Zambia.
• The project will be carried out in such a way so as to maximise opportunities for joint work among a range of partners, and to influence key stakeholders in the lead-up to the Accra HLF.
• Briefing and dissemination may need to tailor different messages to different audiences, described in the partnership and influencing strategy.
• Briefing and dissemination of evidence will be carried out throughout the life of the project, in order to build awareness of and receptivity to project evidence and recommendations.
• The project will use a range of events and processes as opportunities for disseminating its findings, including international fora and Northern and Southern civil society networks, in the lead up to Ghana.

Reporting

19. The project will be led by the CLEAR and Equity and Rights teams in DFID with reporting to Katja Jobes (CLEAR team) and Clare Castillejo (Equity and Rights Team), who will chair a joint donor management group with Irish aid. The exact composition and roles will be determined at the time of awarding contracts. The consultants will submit quarterly progress reports.

Competencies

20. The team will have skills and experience in the following areas:

• Multidisciplinary team covering the technical areas of mainstreaming cross cutting approaches – gender, human rights, social exclusion and aid effectiveness; current knowledge and experience of both areas
• Policy aptitude and experience in multi-donor fora, and with policy engagement on cross cutting issues and aid effectiveness
• Understanding and experience of the Paris Agenda, the process and the OECD/DAC machinery for effective influencing
• Research/communication skills and experience, experience of managing different research sites, working in partnership with a range of government, civil society and southern research partners
• Qualitative and participatory research skills
• Wide geographic experience, with country coverage in the team across Asia, Africa, Middle East and Latin America

Department for International Development
Annex B  The Hanoi Core Statement
Hanoi Core Statement on Aid Effectiveness
Ownership, Harmonisation, Alignment, Results

Background Statement

We, the Government of Vietnam and development partners, agree to take far-reaching and monitorable actions to make aid more effective as we look ahead to the achievement of Vietnam’s Development Goals (VDGs) by 2010, and the Millennium Development Goals (MDGs) by 201515. We recognise that while volumes of aid and other development resources are increasing to achieve the VDGs, aid effectiveness must also increase significantly to support Vietnam’s efforts to strengthen governance, to improve development performance, and to enhance development outcomes. We agree at this workshop to localise the conclusions of the High Level Forum on Aid effectiveness held in Paris in March 2005 ("The Paris Declaration") to reflect circumstances in Vietnam. We resolve to increase the impact of aid in reducing poverty and inequality, increasing growth, building the capacity of human resources and institutions, and accelerating achievement of the VDGs.

Partnership Commitments

Developed in a spirit of mutual accountability, these Partnership Commitments reflect the ambitions and structure of the Paris Declaration and build on the on-going efforts and experiences of development in Vietnam.

1. Ownership

Vietnam defines operational development policies
1. The Government of Vietnam exercises leadership in developing and implementing its 5 Year Socio Economic Development Plan (SEDP) through a broad consultative processes which integrates overseas development aid into mainstream planning (Indicator 1).

2. The Government of Vietnam further strengthens its leadership role in co-ordinating aid at all levels.

2. Alignment

Donors align with Vietnam’s strategies and commit to use strengthened country systems
3. Donors base their support on the Government of Vietnam’s SEDP and related national, regional and provincial, and sectoral plans (Indicator 2).

4. Donors base dialogue on the poverty reduction and growth agenda articulated in the SEDP.

5. The Government of Vietnam and donors establish mutually agreed frameworks that provide reliable assessments of country systems, procedures and their performance.

6. Donors use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, donors establish additional safeguards and measures in ways that strengthen country systems and procedures (Indicator 5, 6 and 8).

7. Donors avoid creating parallel structures (PMUs) for day-to-day management and implementation of aid-financed projects and programmes (Indicator 3).

8. Donors phase out paid incentives for government officials administering aid financed activities and do not establish incentives in future activities.

Vietnam strengthens institutional capacity with support from donors; donors increasingly use government systems
9. The Government of Vietnam integrates capacity building objectives in the SEDP and related national, regional and provincial, and sectoral plans and leads a comprehensive capacity building programme with co-ordinated donor support (Indicator 4).

15 Vietnam’s progress in meeting the MDGs will be presented to the UNGA Summit in New York, September 2005.
10. The Government of Vietnam undertakes reforms, such as public administration reforms (PAR), that promote long-term capacity development.

11. The Government of Vietnam undertakes reforms to ensure that the legal framework, national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.

12. The Government of Vietnam and donors commit sufficient resources to support and sustain reform and capacity building in public procurement and public financial management.

13. Donors progressively rely on the Government of Vietnam’s procurement system once mutually agreed standards have been attained (Indicator 5).

14. Donors progressively rely on the Government of Vietnam’s public financial management system once mutually agreed standards have been attained (Indicator 6).

15. The Government of Vietnam publishes timely, transparent and reliable reports on budget planning and execution (Indicator 6).

16. Donors enhance the predictability of future aid through transparent decision making processes, provide reliable indicative commitments of aid over a multi-year framework (including aid commitments covering multi-year expenditures of projects) and release aid in a timely and predictable fashion in relation to the Government of Vietnam’s budget cycle (Indicator 7).

17. The Government of Vietnam, supported by donors, develop specialised technical and policy capacity for social and environmental analysis (SIA and EIA) and enforcement of legislation (Indicator 8).

3. Harmonisation and Simplification

Donors implement common arrangements and simplify procedures

18. The Government of Vietnam and donors jointly conduct and use core diagnostic reviews such as Country Financial Accountability Assessment (CFAA), Public Expenditure Review (PER), Country Procurement Assessment Report (CPAR), etc, and the Government of Vietnam and donors work together to share other reviews and carry out more joint reviews (Indicator 9).

19. Donors rationalise their systems and procedures by implementing common arrangements for planning, design, implementation, M&E and reporting to Government of Vietnam on donor activities and aid flows (Indicator 10).


21. Decentralisation and delegation of authority to the country level is maximised for each donor (Indicator 12).

Complementarity: more effective division of labour

22. The Government of Vietnam provides clear views on donors’ comparative advantage, different aid modalities and on how to achieve donor complementarity at country or sector level.

23. Donors make full use of respective comparative advantage at sector level by aligning support and agreeing, where appropriate, lead donors for co-ordinating programmes, activities and tasks, including delegated co-operation.

Incentives for collaborative behaviour

24. Government and donors devise practical means to encourage harmonisation, alignment, and results based management.

16 In this definition programme-based approaches share the following features irrespective of aid modalities: i) Leadership by the host country; ii) Single Comprehensive programme and budget framework; iii) Formalised process for donor co-ordination and harmonisation of procedures; and iv) Efforts to increase use of local systems for the whole project cycle.
4. Managing for results

Managing resources and improving decision-making for results

25. The Government of Vietnam and donors jointly use results-oriented performance assessment frameworks to maximise aid effectiveness and manage implementation of the SEDP and related national, regional, provincial and sectoral plans (Indicator 13).

26. Donors link country programmes and resources to achieve results that contribute to, and are assessed by, Government of Vietnam performance assessment frameworks, using agreed indicators.

5. Mutual Accountability

Government of Vietnam and donors are accountable for development results

27. The Government of Vietnam and donors jointly assess, and carry out annual independent reviews, on progress in implementing agreed commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms (Indicator 14).

28. Donors provide timely, transparent and comprehensive information on aid flows and programme intentions to enable Government of Vietnam to present comprehensive budget reports to legislatures and citizens, and co-ordinate aid more effectively.

HANOI CORE STATEMENT INDICATORS AND TARGETS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicative Targets to 2010(^{17})</th>
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<tbody>
<tr>
<td>Ownership</td>
<td></td>
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<tr>
<td>1 5 Year Socio-Economic Development Plan (SEDP) is finalised, CPRGS principles are integrated; SEDP is effectively implemented.</td>
<td>5 Year SEDP targets are achieved</td>
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<tr>
<td>Alignment</td>
<td></td>
</tr>
<tr>
<td>2 Donor assistance strategies are aligned to the SEDP and related national, regional, provincial and sector strategies</td>
<td>All donor assistance strategies</td>
</tr>
<tr>
<td>3 Donors strengthen GoV capacity by avoiding parallel PMUs</td>
<td>No parallel PMUs</td>
</tr>
<tr>
<td>4 Capacity building objectives are clearly set out in the SEDP and related national, regional, provincial and sector strategies, and PAR, GOV and partner agencies lead comprehensive capacity building programmes with co-ordinated donor support – Percent of aid for capacity building per se delivered through partner-led and coordinated programmes</td>
<td>100% partner-led and coordinated programmes</td>
</tr>
<tr>
<td>5 Public procurement systems are strengthened to mutually agreed standards taking into account such recommendations as CPAR, PAR – Percent of aid flow and percent of donors using GoV procurement systems.</td>
<td>At least 50% of aid flows and at least 50% of donors channelling at least 50% of their funds through country systems</td>
</tr>
</tbody>
</table>
| 6 a) Public financial management systems strengthened and PER / CFAA recommendations are implemented  
   b) GoV publishes timely, transparent and reliable reporting on budget execution, audited by State Audit of Vietnam in accordance with INTOSAI\(^{18}\)  
   Percent of aid flows and percent of donors that use the national budgeting, financial reporting, and auditing system. | At least 50% of aid flows and at least 50% of donors channelling at least 50% of their funds through country systems |
| 7 More predictable aid – Percent of aid disbursed according to agreed schedules in annual or multi-year frameworks | 75% of aid disbursed on schedule |
| 8 GoV and donors improve environmental and social safeguards – Percent of EIAs and SIAs implemented to international standards and using | At least 100% of EIAs and SIAs under donor funded projects |

\(^{17}\) Targets may be modified following finalisation of the Indicators of Progress (Part III of the Paris Declaration). Interim targets to be established in the V-HAP.

\(^{18}\) International Organisation of Supreme Audit Institutions (INTOSAI).
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| Harmonisation and Simplification |  
|---------------------------------|-----------------------------------------------|
| 9. Fewer, better, core diagnostic and country analytical reviews of Vietnam’s development needs. – *Percent of country/sector diagnostic reviews and studies used by 2 or more donors.* | Core diagnostic reviews used by all donors; at least 75% of country analytical reviews used by 2 or more donors. |
| 10. Common project cycle management tools agreed and used throughout the project/programme cycle (planning, design, implementation, management reporting etc.) – *Percent of donors using common project/programme cycle tools* | At least 50% of donors |
| 11. Donor interventions are co-ordinated within GoV-led policy and sector frameworks, including general / sector budget support and project modalities. The % use of different aid modalities (by volume) will be monitored each year | At least 75% of aid is national or sector programme based |
| 12. Donors enhance capacity of country offices and delegate authority to them – *Percent of donors and aid interventions that are managed at the country level* | At least 75% of aid interventions |

| Managing for Results |  
|---------------------|-----------------------------------------------|
| 13. Results framework developed and used to assess the performance of the SEDP and sector programmes – Composite score based on 4 characteristics of a results-oriented framework (objectives, availability of indicators, M&E capacity and information use in decision making) | Score of 3 based on DAC criteria¹⁹ and continuous monitoring |

| Mutual Accountability |  
|-----------------------|-----------------------------------------------|
| 14. Periodic mutual assessment of progress in implementing agreed commitments on aid effectiveness | Annual assessment |

¹⁹ This is based on the OECD DAC scoring system detailed in their questionnaire “Baseline Survey Paris Declaration on Aid Effectiveness, 2005”.

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June 2008
# Annex C  P135 Phase 2 Results Framework

## RESULTS FRAMEWORK

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Lead agency</th>
<th>Prior Actions (DPC1)</th>
<th>Current status of PA</th>
<th>Indicative Future Triggers</th>
<th>Indicator</th>
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<tr>
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<tr>
<td><strong>Policy Area I: Poverty Targeting</strong></td>
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<tr>
<td><strong>I.A. Commune, Village and Household Selection</strong></td>
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<tr>
<td>Commune, village and household selection criteria under P135-2 are pro-poor and effectively applied</td>
<td>CEM</td>
<td>Decision 393/2005/QD-UBDT incorporates revised, verifiable, poverty-based criteria for selection of communes and villages included in P135-2</td>
<td>Completed</td>
<td>Decision issued on list of communes to graduate from P135 in 2008</td>
<td>Efficacy of actual poverty-targeting in commune, village and household selection evaluated at end of P135-2</td>
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<td></td>
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<td>Actual P135-2 commune, village, and household selection reviewed at MTR, and commitment made to revise selection criteria in light of evidence</td>
<td>Selection criteria verified ex-post using small-area estimation techniques to generate poverty maps based on data from VHLSS 2004 and 2006 Agricultural Census</td>
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<tr>
<td><strong>I.B. Program Resource Allocation</strong></td>
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<tr>
<td>Program resource allocation favors poorer participating communes and villages</td>
<td>CEM (PPC)</td>
<td>Inter-ministerial circular 676/2006 requires that provinces allocate resources to participating communes and villages on a 'non-egalitarian', pro-poor basis</td>
<td>Completed</td>
<td>Provinces use explicit and objectively-verifiable criteria including poverty measures for allocating resources to participating communes &amp; villages</td>
<td>Poverty-targeting of actual P135-2 resource allocation reviewed at end of program</td>
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<td></td>
<td>Actual allocation of P135-2 resources from provinces to participating communes and villages reviewed at MTR, and allocation criteria revised in light of evidence</td>
<td>Resource allocation verified ex-post using disaggregated actual program expenditure data in comparison with poverty maps or other reliable sources of poverty data</td>
</tr>
<tr>
<td><strong>I.C. Enhancing Sustainability of Program Investment</strong></td>
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<tr>
<td>Program infrastructure outputs are well maintained</td>
<td>CEM (MOF, PPC)</td>
<td></td>
<td>n/a</td>
<td>O&amp;M groups with recognized legal status formed in participating communes and villages, and clear plan with monitorable actions formulated on measures to build their capacity. Assessment of O&amp;M quality and adequacy of O&amp;M funding from different sources as input to MTR</td>
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<td>Provision of financing for O&amp;M of public infrastructure in mountainous areas reviewed in light of MTR findings, and commitment made to increase as needed</td>
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<td></td>
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<td>Additional resources allocated as required from state budget (central, provincial or district level) to support periodic maintenance of basic infrastructure in P135-2 communes</td>
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<tr>
<td><strong>I.D. Pro-Poor Orientation of Production/ Livelihoods Support</strong></td>
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| Poor upland households increase incomes and diversify livelihoods in a sustainable, market-responsive manner | MARD | Circular issued on strategy for providing support services in upland communes based on former demand and market orientation | Completed | Operational guidelines prepared for delivery of market-oriented, pro-poor production/livelihood support under P135-2, including the planned phase-out of input subsidies | MTR indicates which pro-poor, market-oriented production/livelihood support activities should be implemented more widely in participating provinces | End-of-program evaluation considers adoption of new practices by poor households and diffusion to poor households outside P135-2 | MIS data, citizen report-card surveys and other PM&E results including reports of horizontal learning events |

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Lead agency</th>
<th>Prior Actions (DPC1)</th>
<th>Curren t status of PA</th>
<th>Indicative Future Triggers</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy Area II: Decentralization, Participation and Empowerment</strong></td>
<td><strong>II.A. Informed Public Participation in Program Planning and Management</strong></td>
<td><strong>Socially inclusive, active and informed participation in program planning, implementation and monitoring achieved, and NTPs and other forms of public action at commune level effectively coordinated</strong></td>
<td>CEM</td>
<td>Communication Strategy formulated to guide the planning and implementation of communication activities under P135-2 by CEM and by implementing agencies at the province, district, and commune levels</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>II.B. Devolution of Investment Ownership</strong></td>
<td>All P135-2 communes act as investment owners for a significant share of all infrastructure investments; and communities apply acquired skills in activities beyond P135-2 alone</td>
<td>CEM (PPC)</td>
<td>Guidance drafted and circulated to relevant ministries, agencies and provinces on transparent criteria to be used to determine commune readiness to assume investment ownership responsibility</td>
<td>Complete</td>
<td>All P135-2 communes with prior experience in investment management under State or ODA-supported projects (&gt;35% of total) are granted investment ownership responsibility for 2007; adoption by PPC of necessary legal framework covering administrative and financial procedures to ensure commune-level investment ownership</td>
</tr>
</tbody>
</table>

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### II.C. Local Institutional Capacity Building Support

| Communities apply learned behaviors in grassroots democracy (e.g. supervision of investment) in activities beyond the scope of P135-2 | CEM | ≥ 7% total program cost allocated for capacity-building of all kinds at central, provincial, district and local levels | Complete | Institutional capacity-building plan adopted, tailored according to assessed levels of initial capacity, and initiated both at commune/village and higher levels in order to provide enabling environment for exercise of investment ownership and grassroots democracy | >60% of program communes and villages supported in preparation of participatory investment planning, coordinating investments from various sources; widespread evidence of community supervision of infrastructure investments in line with Decision 80 | >90% of program communes and villages implement participatory investment plans; widespread evidence of community supervision of infrastructure investments in line with Decision 80 | PM&E findings suggest widespread use of learned behaviors beyond P135-2 alone | Citizen report-card surveys and other PM&E results including reports of horizontal learning events |

### Indicative Future Triggers

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Lead agency</th>
<th>Prior Actions (DPC1)</th>
<th>Current status of PA</th>
<th>2007</th>
<th>2008 (DPC2)</th>
<th>2009</th>
<th>2010 (DPC3)</th>
<th>Indicator</th>
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<tbody>
<tr>
<td><strong>Policy Area III: Fiduciary Transparency and Accountability</strong></td>
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<tr>
<td>III.A. Procurement for Small-Scale Infrastructure</td>
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<tr>
<td>Improved cost-effectiveness and quality of, and citizen satisfaction with, built infrastructure</td>
<td>CEM (MPI)</td>
<td>n/a</td>
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<tr>
<td>Supplementary regulation issued amending procurement requirements under P135-2 so as to: (i) require open competitive bidding to be the principal method for civil works under P135-2; (ii) provide guidance on Community Contracting; (iii) limit the use of Direct Contracting method to exceptional circumstances (which shall be clearly specified); and (iv) remove the value-based thresholds for use of Direct Contracting in Sub-Clause 2.8.1(a) of Circular 676/2006</td>
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<tr>
<td>≥ 50% of contracts under P135-2 awarded through open and competitive bidding, community contracting and/or other non-Direct Contracting methods, and verified by SAV’s performance audit reports</td>
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<tr>
<td>≥ 80% of contracts under P135-2 awarded through open and competitive bidding and/or other non-Direct Contracting methods, and verified by SAV’s performance audit reports. 100% of program communes and villages follow community contracting for 100% of commune/village-level works</td>
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<tr>
<td>All program provinces require use of open competitive bidding and/or other non-Direct Contracting methods; Direct Contracting allowed only under exceptional circumstances subject to detailed justification; outcome verified by SAV’s performance audit reports</td>
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<tr>
<td>EOP evaluation report including collated MIS and expenditure data, independent audit findings, findings of citizen report-card survey; interim assessments of results from provinces using and not using competitive procurement methods; SAV’s performance audits</td>
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</table>

### III.B. Public Financial Management

June 2008
<table>
<thead>
<tr>
<th>Transparency and efficiency in public resource use achieved</th>
<th>MOF, CEM</th>
<th>MOF Guidance No. 2849 issued, governing public financial management for P135-2, and giving instructions for MOF to prepare processes and procedures for fund-flow reflecting the provision of funds from the state budget to each spending agency at central, provincial, district and commune levels; and quarterly financial reports and reconciliation of expenditures under P135-2 between spending units &amp; State Treasury (STV)</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Quarterly financial reports and reconciliation of expenditures between spending agencies and STV produced program-wide; (ii) Quarterly statements of actual fund-flow down to investment-owner level prepared; (iii) Six-monthly reports on allocation, transfer and usage of P135 funds to provincial level publicly disclosed via MoF website</td>
<td>[Implementation of agreed actions (i)-(iii) continued and monitored]</td>
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</tr>
<tr>
<td>(i) More reliable and timely information on provincial and commune financial reporting and fund-flow maps; (ii) Budget document published for P135-2</td>
<td>[Implementation of agreed actions (i)-(iii) continued and monitored]</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>III.B. Public Financial Management (cont.)</th>
<th>SAV</th>
<th>Multi-year audit plan for Program 135-2 issued and shared with donors that provides for: (i) scope of annual audits, acceptable to donors, with a view to increasing the number of sample provinces by ≥ 20% each year; (ii) annual P135-2 audit reports submitted within 6 months of each year-end starting 2007; (iii) the engagement of independent external auditors as may be necessary</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Annual audit plan acceptable to donors prepared by the start of the financial year; (ii) Annual audit conducted with sample coverage of ≥ 8 provinces; (iii) FY2006 Audit Report issued by June 30, 2007; (iv) Implementation of prior year's audit recommendations reviewed; (iv) Audit reports publicly disclosed through the media and SAV website in accordance with the State Audit Law</td>
<td>[Implementation of agreed actions (i)-(iv) continued and monitored]</td>
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<tr>
<td>(i) Annual audit plan acceptable to donors prepared by the start of the financial year; (ii) Annual audit conducted with sample coverage of ≥ 10 provinces; (iii) FY2007 Audit Report issued by June 30, 2008; (iv) Implementation of prior year’s audit recommendations reviewed; (v) Audit reports publicly disclosed through the media and SAV website in accordance with the State Audit Law</td>
<td>[Implementation of agreed actions (i)-(v) continued and monitored]</td>
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<tr>
<td>(i) Annual audit plan acceptable to donors prepared by the start of the financial year; (ii) Annual audit conducted with sample coverage of ≥ 14 provinces; (iii) FY2008 Audit Report issued by June 30, 2009; (iv) Implementation of prior years' audit recommendations reviewed; (v) Audit reports publicly disclosed through the media and website in accordance with the State Audit Law</td>
<td>[Implementation of agreed actions (i)-(v) continued and monitored]</td>
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<tr>
<td>(i) Multi-year audit plan produced and updated annually; (ii) Annual audit plans produced; (iii) Audits conducted with adequate and expanding audit coverage; (iv) Audit reports publicly disclosed through the media and on the SAV website</td>
<td>[Implementation of agreed actions (i)-(iv) continued and monitored]</td>
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</tbody>
</table>

| III.C. Community Contributions | | | |
|---|---|---|

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| Local contributions are equitable; wage-earning opportunities in public works fully exploited for generation of local multiplier effects, especially for the poorest households | CEM (MOF) | Completed | >50% of infrastructure investments include local paid labor; value of unpaid labor contributions captured in MIS and commune accounts | >75% of large investments include paid local labor; 100% of small investments include paid local labor; pro-poor rules applied for unpaid contributions and priority given to poor households in access to wage-earning opportunities | 90% of all infrastructure investments include paid local labor; value of unpaid labor contributions captured in MIS & commune accounts | EOP evaluation reports on extent of paid labor created and value of unpaid labor contributions, and reports evidence of pro-poor rules applied in either case | MIS data, citizen report-card surveys |

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Local contributions are equitable; wage-earning opportunities in public works fully exploited for generation of local multiplier effects, especially for the poorest households. Inter-ministerial circular 676/2006 stipulates that compulsory local contributions are affordable, the poorest households are exempted from compulsory cash contributions, and mechanisms are developed to promote paid local labor in civil works, with priority given to poor households in wage-earning opportunities. Completed: >50% of infrastructure investments include local paid labor; value of unpaid labor contributions captured in MIS and commune accounts. >75% of large investments include paid local labor; 100% of small investments include paid local labor; pro-poor rules applied for unpaid contributions and priority given to poor households in access to wage-earning opportunities. 90% of all infrastructure investments include paid local labor; value of unpaid labor contributions captured in MIS & commune accounts. EOP evaluation reports on extent of paid labor created and value of unpaid labor contributions, and reports evidence of pro-poor rules applied in either case. MIS data, citizen report-card surveys.
### Policy Area IV: Monitoring and Evaluation

#### IV.A. Impact Evaluation

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Lead agency</th>
<th>Prior Actions (DPC1)</th>
<th>Current status of PA</th>
<th>Indicative Future Triggers</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation of program outcomes performed to high methodological standard including use of appropriate comparator data</td>
<td>CEM, GSO with TA support</td>
<td>Outcome indicators and overall M&amp;E framework agreed and adopted; baseline survey designed including matched control group</td>
<td>Completed</td>
<td>Baseline survey completed including matched control group</td>
<td>Mid-term review of P135-2 includes mid-term impact evaluation against baseline and national goals</td>
</tr>
</tbody>
</table>

#### IV.B. Process Monitoring

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Lead agency</th>
<th>Prior Actions (DPC1)</th>
<th>Current status of PA</th>
<th>Indicative Future Triggers</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective and reliable MIS is used to track progress towards agreed outcomes and identify/resolve program management issues</td>
<td>CEM (MPI) with TA support</td>
<td>Action Plan adopted to adapt Government’s ODA portfolio monitoring tool to create an MIS for tracking and reporting on P135-2 inputs, outputs, and intermediate outcomes</td>
<td>Completed</td>
<td>MIS in place, used to track and report on inputs, outputs, and intermediate outcomes; participatory M&amp;E approaches designed and mechanisms for cross-learning between participating localities introduced</td>
<td>Citizen report-card survey and regional ‘lessons-learned assessments’ conducted to support program mid-term review</td>
</tr>
<tr>
<td>Sector</td>
<td>Trigger</td>
<td>Assessment</td>
<td>Comments</td>
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<tr>
<td>Global integration</td>
<td>Establish early warning mechanisms to address the social and environmental impacts of WTO accession</td>
<td>Off track</td>
<td>The action plan for the implementation of WTO commitments will include practical steps to collect quick feedback from affected stakeholders and identify possible mitigation measures. The action plan was expected to be completed by December 2008. However, coordination issues within government have resulted in possibly substantial delays. Cross-sectoral studies to inform the action plan, especially on social impacts and social policies, are still to be completed.</td>
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<tr>
<td>State sector reform</td>
<td>Assess transparency and scope of related lending and affiliated party transactions of Economic Groups</td>
<td>Off track</td>
<td>Several encouraging steps have been undertaken to limit related party transactions. SCIC was prevented from entering a new bank with MobiFone and FPT. Holdings by economic groups in banks were capped. But these measures are being taken on a case-by-case basis and no general study to inform policy in this area is underway.</td>
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<tr>
<td>Financial sector reform</td>
<td>Complete equitization of two SOCBs, with participation of strategic investors</td>
<td>On track</td>
<td>Delays in the selection of strategic investors for Vietcombank may result in its IPO taking place slightly later than expected. The equitization of Mekong Housing Bank (MHB) is also lagging behind. But that of the Bank for Investment and Development of Vietnam (BIDV) has been accelerated and could take place even before that of MHB. The prospect of the trigger being attained by negotiation date is high.</td>
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<tr>
<td>Infrastructure</td>
<td>Adopt market based pricing systems for cost estimates related to state-funded civil engineering investments</td>
<td>On track</td>
<td>The decree 99/2007 stipulating that construction costs need to be based on market prices was issued in June. But further steps in the implementation of the roadmap for fully dismantling the cost norm system are still pending.</td>
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</table>
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### Pillar II: Social inclusion

<table>
<thead>
<tr>
<th>Sector</th>
<th>Trigger</th>
<th>Assessment</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Education</td>
<td>Revise tuition fees at secondary and tertiary levels, better reflecting market conditions while protecting the poor</td>
<td>On track</td>
<td>A proposal to revise tuition fees was prepared and submitted to the Prime Minister. The proposal was met with criticism in relation to its justification and its possible impact on the poor. To address this criticism, two important actions were undertaken. First, there was a revision of the scholarship program for the poor. In the past, such program aimed merit students only; now it is scaled up as a social scholarship to be paid for by the budget. Second, a sizeable loan program for tertiary education was created. It will be administered by the Vietnam Bank for Social Policies. With these two actions in place, the proposal to revise tuition fees will now be submitted to the National Assembly.</td>
</tr>
<tr>
<td>Health</td>
<td>Establish affordable health insurance premiums based on user-group demand and address adverse selection problem</td>
<td>On track</td>
<td>The draft health insurance law will be submitted to government at the end of the calendar year and then to the National Assembly in the spring. It is anticipated that the law will contain the pressure to increase contribution rates on the compulsory program. Co-payments and spending caps were already introduced for the voluntary program.</td>
</tr>
<tr>
<td>Social protection</td>
<td>Introduce voluntary pension program for farmers and informal sector, with support for the poor</td>
<td>On track</td>
<td>It is expected that the decree establishing the voluntary pension program will be issued soon. However, no specific mechanisms have been identified yet to subsidize participation by the poor.</td>
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<tr>
<td>Gender</td>
<td>Adopt guidelines for Gender Equality Law identifying responsibilities, resources and monitoring mechanisms</td>
<td>On track</td>
<td>Three decrees will be issued to guide the implementation of the Gender Equality Law. Two of them have already been submitted to government for approval and the third one is being drafted. MOLISA has been appointed as the agency in charge of implementation.</td>
</tr>
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</table>
### Pillar III: Natural resources

<table>
<thead>
<tr>
<th>Sector</th>
<th>Trigger</th>
<th>Assessment</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and forests</td>
<td>Issue guidelines for forest development based on participatory land-use planning and independent monitoring</td>
<td>On track</td>
<td>The Production Forest Policy was issued in September. A team involving MARD, MPI and MOF is working on the implementation circular. It is expected that the circular will include a participatory approach to forest protection and development planning at all levels. Provincial pilots show that the approach is being institutionalized.</td>
</tr>
<tr>
<td>Water</td>
<td>Enact legal and institutional framework for integrated river basin management</td>
<td>On track</td>
<td>The decree on River Basin Management is expected to be approved by government but there is a history of revisions and delays. However, progress will be needed on the implementation of the corresponding institutional arrangements.</td>
</tr>
<tr>
<td></td>
<td>Develop unified national sanitation strategy and encourage greater commune and private participation in sanitation</td>
<td>Off track</td>
<td>A draft Unified Sanitation Strategy and Action Plan proposal, based on inputs from four line Ministries, was submitted to government earlier by a professional association (VWSA) but returned in mid 2007 for revision. A revised version will be submitted by MOC (now more likely MPI) and its chances of approval are higher.</td>
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</table>
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<table>
<thead>
<tr>
<th>Sector</th>
<th>Trigger</th>
<th>Assessment</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Planning process</td>
<td>Establish clear criteria for selecting public investment projects and mechanisms for their financing and monitoring</td>
<td>On track</td>
<td>Decree 112 is to be amended to include the use of more rational and economically based feasibility studies. While this action is carried over from PRSC 5, two Prime Minister instructions dated July and September 2007 make the issuance of the revised decree.</td>
</tr>
<tr>
<td>Public financial management</td>
<td>Issue disclosure regulations on content and timing of SAV report including audits of individual entities</td>
<td>Completed</td>
<td>Decision 03/2007/QD-KTNN of July 26, 2007 issuing disclosure regulations on audit results and reports on the implementation of SAV’s audit conclusions and recommendations. This regulation adequately defines responsibilities for publicity, reports to be disclosed, timing and means of disclosure. Means of disclosure is comprehensive. Timing is appropriate. Responsibilities is appropriate i.e. State Auditor General to publish. Reports to be disclosed cover the 3 main audit reports that the state audit currently produces. Implementation is occurring with the State Auditor General publishing the 2004 and 2005 Audit reports. Publications of individual audit reports and follow-up reports are yet to occur.</td>
</tr>
<tr>
<td>Fighting corruption</td>
<td>Implement asset declaration by senior officials and their immediate families with penalties for non-compliance</td>
<td>Off track</td>
<td>Decree 37 on asset declaration was issued in March 2007. It was applied to candidates to the National Assembly in May 2007. For other civil servants, there is no implementation plan yet. Key challenges with the implementation include: a) large number of officials and institutions that are obliged to declare; b) potential conflicts of interest due to the assignment of institutional responsibilities in the management of declarations and verifications; c) undefined criteria for the acceptance or rejection of a verification request; d) missing collaboration between local community and agencies in charge of verifying declarers; and e) disconnection between declarations which are proved to be untruthful and investigations on the existence of corruption)</td>
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