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# Findings From Ten Country Level Evaluations on Vietnam

## A Synthesis Report

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## Introduction

This report summarizes the findings of ten country-level evaluations of development aid to Vietnam. Of the reviewed evaluations, bilateral donors conducted seven and multilateral donors conducted the other three (see *Table 1* for details).

The main objective of this report is to provide GAC's Development Evaluation Division with a summary of lessons on development assistance to Vietnam. These lessons may be useful for the ongoing evaluation of Canada's current portfolio in Vietnam, as well as for future programming.

Based on the results of a number of working meetings that took place in fall 2016 and on an analysis of GAC's current portfolio in Vietnam, four areas were identified that are of special interest. These are: regulatory policies for economic development; sustainable economic growth and food security; environment and climate change; and women in rural areas. Consequently, this report summarizes what other donors have observed with regard to these four topics. In addition, we also briefly report on an area that is, according to the reviewed evaluations, an important but often neglected field for development assistance to Vietnam, namely the science, technology, and innovation (STI) industry as a key driver of economic and social development.

The report is structured as follows. We begin with a brief description of Vietnam's rapid economic transition since the 1980's, which has led to a shift from traditional development assistance towards more aid for promoting trade and investment. We then summarize the main findings for the aforementioned areas of focus. Each section concludes by synthesizing the results in that given area and highlighting important points for consideration. In our concluding section, we outline four broad lessons that emerge from our analysis.

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## Evaluations

This report summarizes ten country-level evaluations conducted by seven bilateral donors—Australia, Finland, Ireland, Korea, Norway, Switzerland, and the United Kingdom (UK)—and three multilateral donors—Asian Development Bank (ADB), the International Fund for Agricultural Development (IFAD), and the United Nations Development Programme (UNDP).

These ten evaluations were chosen based on three criteria:

- A strong and clearly described methodology. This meant excluding the Japanese evaluation, despite their importance as a contribution, because it was of lower quality.
- A focus on some or all of the priority areas of engagement identified by GAC (gender equality, food security, economic sustainability, and climate change).
- A publication date within the last 10 years to ensure that the findings reflected the evolving context in which development interventions in Vietnam take place.

We included the following evaluations on our analysis:

Evaluation Title	Donor	Publication Date
<u>Evaluation of the Australia-Vietnam Country Strategy 2010-2015</u>	Australia	May 2015
<u>Viet Nam-Country Partnership Strategy Final Review Validation</u>	ADB	May 2016
<u>Evaluation of Finland’s Development Cooperation Country Strategies and Country Strategy Modality</u>	Finland	September 2016
<u>Socialist Republic of Vietnam Country Programme Evaluation</u>	IFAD	May 2012
<u>Evaluation of the Irish Aid Country Strategy. Vietnam</u>	Ireland	September 2010
<u>Evaluation of KOICA’s Country Assistance Programme for Vietnam</u>	Korea	2009
<u>Final Evaluation: NPA Vietnam Development Program</u>	Norway	January 2016
<u>Evaluation Policy: Swiss Agency for Development and Cooperation</u>	Switzerland	July 2013
<u>Final Report: Evaluation of the Long-term Development Cooperation Between the UK and Vietnam</u>	UK	June 2015
<u>Assessment of Development Results: Vietnam</u>	UNDP	June 2016

**Table 1** The evaluations synthesized in this report.

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## Methodology and Threats to Validity

The evaluations dedicate varying amounts of time to a discussion of the methodologies employed. Generally, they were carried out using a mixture of desk studies and stakeholder interviews, with very few relying on high quality quantitative data or using robust baseline studies to draw more definitive conclusions about program effectiveness. This is due to the difficulties associated with collecting robust statistical data on food security, economic development, and poverty rates as noted by many of the papers. Nevertheless, some of the evaluation teams did conduct baseline surveys, interviews, and field observations.

Not all evaluations included were rigorous *ex post* evaluations, making an assessment of impact even more difficult. An analysis of the counterfactual—what would have occurred in the absence of an intervention—is also notably and consistently absent. Nevertheless, for the most part, the evaluations discussed abide by the OECD DAC evaluation criteria, with a particular emphasis on relevance, effectiveness, efficiency, and sustainability.

There are certain aspects of the Vietnamese case that are worth noting: the recent and rapid economic development, a communist past and the current socialist system, and the unusually large amount of aid that has been allocated by donors. These all indicate that findings from Vietnam may not be easily transferable to other contexts, and vice-versa.

Finally, in all reviewed evaluations, gender equality and empowerment of women in rural Vietnam were cited as desirable outcomes—much like GAC’s qualification of gender as a crosscutting issue—yet no program dedicated their efforts exclusively towards these objectives. Furthermore, none of the reviewed evaluations demonstrate a methodologically sound attempt to actually measure the effectiveness of such interventions. This means we must treat findings about the effectiveness of development interventions in improving female empowerment with some caution.

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## Context

Vietnam has been a country in transition since the 1980s. After the establishment of the Socialist Republic of Vietnam in 1976, Vietnam became largely isolated from the West and became dependent on the USSR and its satellite states.<sup>1</sup> By the mid-1980s, Vietnam was characterized by widespread poverty exacerbated by growing food shortages, low economic growth, and hyperinflation reaching 400% annually.<sup>2</sup> The economic collapse of the USSR, whose trade and development assistance had propped up Vietnam's regime, forced the communist party to rethink its commitment to a centrally planned economy. Doi Moi (Renovation) was launched in 1986, beginning a series of economic reforms to transition the country towards a socialist-oriented market economy.<sup>3</sup> The shift towards market liberalization was entrenched in Vietnam's 1992 revision to its constitution.

In 1993, as relations with the United States and other Western countries began to be normalized, Vietnam experienced a rapid increase in official development assistance (ODA),<sup>4</sup> Major lenders such as the World Bank (WB) and the Asian Development Bank (ADB) reengaged with Vietnam. The Doi Moi reforms and revised constitution signalled an improving business environment and led to a surge in foreign direct investment (FDI). The following year, the United States lifted its trade embargo, accelerating Vietnam's international economic reintegration. Regional economic integration was improved by Vietnam joining the Association of Southeast Asian Nations (ASEAN) in 1995.<sup>5</sup> The opening of the economy launched the country into a period of sustained economic growth. From 1993 to 2013, Vietnam's gross national income (GNI) increased from \$10 billion to \$155 billion.<sup>6</sup>

In 2009, Vietnam reached a new milestone when it achieved lower-middle-income country status. By 2008, only 16.9% of Vietnam's population was living on less than \$1.25/day, a significant drop from the 63.7% in 1993.<sup>7</sup> The reduction in poverty was primarily caused by growth in manufacturing, with manufacturing exports increasing on average by 21% annually between 2000 and 2010.<sup>8</sup>

The Vietnamese government laid out its plan for continued reform to stimulate growth in its most recent 10-year socio-economic development strategy (SEDS). The SEDS aims to make Vietnam a modern industrialized country by 2020 with GDP per capita at \$3000.<sup>9</sup> New structural reforms to facilitate private-sector innovation and growth continue the process of

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<sup>1</sup> Irish Aid, *Country Strategy Paper 2011-2015: Vietnam* (Limerick: Department of Foreign Affairs and Trade, 2011), 7.

<sup>2</sup> Office of Development Effectiveness, *Evaluation of the Australia-Vietnam country strategy 2010-2015* (Canberra: Department of Foreign Affairs and Trade, 2015), 9.

<sup>3</sup> Korean International Cooperation Agency, *Evaluation of KOICA's Country Assistance Programme for Vietnam* (Seongnam: Korean International Cooperation Agency, 2009), 39.

<sup>4</sup> Office of Development Effectiveness, *Evaluation of the Australia-Vietnam country strategy*, 12.

<sup>5</sup> Marko Katila et al., *Evaluation on Finland's Development Cooperation Country Strategies and Country Strategy Modality: Vietnam Country Report* (Helsinki: Ministry for Foreign Affairs of Finland, 2016), 18.

<sup>6</sup> Office of Development Effectiveness, *Evaluation of the Australia-Vietnam country strategy*, 9.

<sup>7</sup> Asian Development Bank, *Viet Nam: Financial sector assessment, strategy, and road map* (Mandaluyong City, Philippines: Asian Development Bank, 2014), 2.

<sup>8</sup> Asian Development Bank, *Viet Nam: Country Partnership Strategy Final Review Validation, 2012-2015* (Mandaluyong City, Philippines: Asian Development Bank, 2016), 4.

<sup>9</sup> *Ibid.*, 3.

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market liberalization begun by Doi Moi. The strategy also commits to a more active involvement in trade agreements to catch up to regional economies. Vietnam recently concluded a free trade agreement with the European Union, and remains active in Trans-Pacific Partnership negotiations.

The success to date of private-sector growth in lifting Vietnamese out of poverty has caused many former donor countries to shift from aid to a focus on trade and investment. With this shift, ODA is declining as a share of Vietnam's GDP, while domestic tax revenue and public borrowing are becoming more important.<sup>10</sup> In 2017 Vietnam will graduate from the WB's soft loan program, and in 2020 from ADB's similar program. Vietnam's changing relationship with many countries, from an aid recipient to a trade partner, promises further gains to human development but also raises concerns. At the forefront is the risk to macroeconomic stability caused by structural weaknesses that are a holdover from Vietnam's pre-Doi Moi centrally planned economy.

Since 2011, reform efforts under the SEDS have turned many state-owned enterprises (SOEs) into joint stock limited liability companies. However, opposition from vested political interests has made this "equitization" process difficult, and SOEs continue to play a large role in the economy, owning one third of all business assets, and representing one quarter of all output.<sup>11</sup> These SOEs have a poor record for innovation, and have proven especially slow in recovering from the 2008 global financial crisis, since weak corporate governance causing poor capital allocation, and a lack of financial transparency often characterizes them.

Poor capital allocation is further worsened at the macro level by state-owned commercial banks. These state-owned banks provide credit, often subsidized at predetermined rates, to inefficient SOEs, crowding out the credit needs of more dynamic parts of the private sector.<sup>12</sup> Since the 2008 financial crises, many loans extended to SOEs have become non-performing.

State-owned banks have had approximately 50% of the market share since 2007. In the remaining commercial banking sector, poor government oversight and lack of formal investor protection has enabled corruption. The underdeveloped commercial banking sector has thus also contributed to Vietnam's very slow credit growth as compared to other Southeast Asian countries. Poor finance relative to other economies in the region has had an impact on Vietnam's lack of competitiveness. In the global competitiveness index, Vietnam fell from 59th in 2011-2012 to 70th in 2013-2014.<sup>13</sup>

Vietnam is equally suffering from a weak financial sector. In 2013, the country's local currency bond market represented only 16.9% GDP compared to the 56.5% average for emerging East Asian countries. A stunted money market is inhibiting effective monetary policy, as Vietnam's monetary authority has fewer reserves with which to manipulate interest rates. Additionally, Vietnam maintains a decentralized monetary authority rather than a modern central bank. This creates accounting difficulties and logistical problems that prevent government reserves from going to higher interest and more productive places, worsening

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<sup>10</sup> Office of Development Effectiveness, Evaluation of the Australia-Vietnam country strategy, 22.

<sup>11</sup> Asian Development Bank, Viet Nam: Country Partnership Strategy, 10.

<sup>12</sup> Asian Development Bank, Viet Nam: Financial sector assessment, 4.

<sup>13</sup> Asian Development Bank, Viet Nam: Country Partnership Strategy, 3.

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the public debt burden. Vietnam's public service debt obligation increased from 22% in 2010 to 26% in 2014.<sup>14</sup>

Recognizing the threat to continued development progress if these difficulties in Vietnam's market liberalization process persist, donor countries have shifted their focus towards assisting the transition to a market economy. New objectives include building strong regulatory institutions for the emerging private sector, fostering business innovation, and addressing the skills and knowledge gap in the labour force. However, as attention moves to the private sector, inequality is worsening. There is a growing divide between urban manufacturing bases and remote regions unaffected by industrialization.

Since 1992, the agriculture sector, including forestry and fishing, has declined as a percentage of GDP from 33.94% to 17.7% in 2014.<sup>15</sup> Much of this decline has been a result of the growth of the manufacturing sector and accompanying urbanization. With less excess rural labour, rural poverty according to international poverty lines decreased from over 65% in 1993 to just over 21% in 2008.<sup>16</sup> Urban poverty remains much lower. Though manufacturing and services play an increasingly important role in its economy, Vietnam remains a major exporter of rice, rubber, and coffee, and also relies on domestically produced rice for food security. In the short term, Vietnam's food security is threatened by loss of agricultural land to urban growth, and environmental degradation caused by industrial pollution.<sup>17</sup> More serious is the long-term threat of climate change.

Vietnam is especially vulnerable to climate change, as an estimated 80% of its population could be affected by flooding, and climate change could reduce the country's GDP by 2.3% annually. The Red River and Mekong deltas are Vietnam's agricultural heartlands, ideally suited for rice growing. They are also the low-lying regions most in danger from rising sea levels. Mountainous areas are not immune to the effects of climate change, as changing weather patterns have led to an increase in landslides.<sup>18</sup> Recognizing these risks, the Food and Agriculture Organization of the United Nations (FAO) has engaged in projects to promote "climate smart" agriculture in Vietnam.<sup>19</sup> As Vietnam restructures its economy towards a more free market system, it must also strengthen environmental protection and plan to adapt to the effects of climate change.

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<sup>14</sup> Asian Development Bank, Viet Nam: Country Partnership Strategy, 9.

<sup>15</sup> Independent Evaluation Office, Assessment of Development Results: Viet Nam (UNDP, 2016), 6.

<sup>16</sup> Independent Office of Evaluation, Socialist Republic of Viet Nam: Country Programme Evaluation (International Fund for Agricultural Development, 2012), 7.

<sup>17</sup> Independent Evaluation Office, Assessment of Development Results: Viet Nam, 10.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid., 43.

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# Regulatory Policies for Economic Development

## Objectives

Most program objectives in this area were focused on improving the policy environment, strengthening the institutional capacity of the Vietnamese government to implement reforms, laying the foundations needed to support economic growth, and facilitating the transition from a closed planned economy to an internationally-integrated market economy. Some programs were also looking to improve competitiveness and build long-term capacity for innovation. For instance, Finland aimed to foster the development of an ecosystem for start-ups with their Innovation Partnership Program (IPP).

The overarching goals of all interventions were to reduce poverty and support small businesses. Several donors also focused on developing regulatory policies that would establish guidelines for capital requirements as a way to favour venture capital funding. To that effect, Australia's program was focused on supporting domestic integration policy, as well as regulatory and institutional reform to prepare Vietnam for integration in the international market.

## Approaches to Regulatory Policies

To achieve the proposed objectives, donors introduced a variety of projects that concentrated on investments in the private sector, agricultural/rural development, and connecting key stakeholders with entrepreneurs. For example, the UK's program involved projects with titles such as the Rural Poverty Reduction Program and the Private Sector Development Facility.

A few programs emphasized the importance of research for policy development and strengthening regulation, although almost all reports emphasized the importance of the state as a partner. Finland stands out as the only donor whose program included developing technology as a means to increase competitiveness. Further, establishing connections with high-level government officials allowed Finland to raise the profile of its project. Australia—who chose to collaborate with the World Trade Organization (WTO) and the Australian Bank—did so in recognition of the important role played by key stakeholders in the success of interventions.

## Findings

The economic growth portfolio in private sector and agricultural reform achieved good results, while investments working at the national level in the enabling environment, such as banking regulation, have had much more limited success.

The evaluation of the Australian program highlights that the results of their intervention were successful as they addressed some of the regulatory constraints and key markets that required improvements through policy work. Finland was unable to assess the performance

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of its program because the innovation projects only recently started, but were able to confirm that the shift towards an innovative ecosystem would contribute to their success. They measured their success through the evidence they accumulated for policymaking and the capacity to manage adverse social and environmental impacts.

Most reports discussed the sustainability of their projects by evaluating the financial and institutional capacity of Vietnam to maintain results following the conclusion of interventions. Given the rapid economic growth in Vietnam, the financial aspect of this issue is less important but there are still major gaps in institutional capacity.

The main constraints on sustainability of results are uncertainty about the commitment of the Vietnamese government to certain types of reforms, such as privatization of SOEs, and its limited capacity to implement reforms due to its tendency to assume an issue is resolved once relevant legislation is passed. As a result, it was found that funding tied to specific and pre-established policy objectives or provided directly to ministries has been shown to effectively produce results in terms of pro-poor reforms in microfinance. That said, privatization in Vietnam was not a thoroughly explored theme by any of the evaluations consulted. The present lack of government support and regulatory structure do not create a favourable environment to expand programs targeting this issue, explaining the gaps in country-level evaluations.

There are a few considerations regarding regulatory policies:

- The importance of creating a robust economic framework that can sustain the implementation of new financial regulatory policies and the intent to increase international trade.
- An unintended but favourable outcome of the interventions was a creation of a favourable environment for other donors to support government activities.
- Most programs need to be complemented by investments in technical assistance and infrastructure in order to have an impact on competitiveness.
- General and specialized training regarding regulatory frameworks is required throughout the implementation process in order to increase the sustainability of the interventions, especially in a context where many donors are slowly phasing out and organizational knowledge has to be maintained.
- Funding tied to specific and pre-established policy objectives or provided directly to ministries has been shown to effectively produce results in terms of pro-poor reforms in microfinance.

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# Sustainable Economic Growth and Food Security

## Objectives

One common theme across most recent interventions is the emphasis on improved market access, awareness, and integration for agricultural goods and the positive effects this has had on food security and economic development in the poorer northern regions of the country. IFAD in particular attributed the increase in food security throughout Vietnam over the past twenty years to an increase in agriculture production. Yet increased productivity in agriculture has presented its own challenges to policymakers, including: higher levels of redundant rural labour; few formal business connections between farmers and suppliers; inadequately equipped, low-capacity government institutions; and insufficient infrastructure, especially in northern Vietnam.

## Approaches to Food Security and Sustainable Economic Development

Food security has likely witnessed the most progress out of any of the objectives set by development agencies and institutions. IFAD notes that since 1986-1987, when the first Land Laws were legislated, food insecurity and poverty rates began to drop significantly. This policy shift was accompanied by an influx of foreign aid in 1993 from development banks and donor countries, like the ADB and Australia, into rural and urban infrastructure projects throughout the country. Specifically, projects like IFAD's construction of rural access roads to remote communes and villages are highly correlated with increasing food production and farmers' incomes in poor regions due to improved market access for both farmers and villagers. Like most economic developments in Vietnam, it remains difficult to distinguish the exact percentage of the decline in food insecurity that is attributable to improved infrastructure versus the market-friendly policy transition Vietnam made in the mid-1980s, which is still underway.

Poverty targeting in Vietnam is nearly synonymous with focusing on the geographical regions where ethnic minorities are present but isolated from mainstream markets and culture. These areas are typically where the greatest gains can be made in terms of food security and poverty reduction, but also where the greatest challenges remain in terms of generating incomes from market-based solutions like micro-enterprises and agribusiness.

## Findings

Fostering sustainable economic growth in rural areas has also been sought through developing human capital (IFAD, ADB, Australia, Finland), constructing more robust value chains (IFAD), through improving local governance capacity and practices (ADB, IFAD, Australia), and through investing in public infrastructure. With regards to human capital, both IFAD and the ADB have seen successes in the area of vocational training—particularly for youth—in terms of higher rates of off-farm employment and higher income levels in rural areas following interventions. IFAD found that some of the most successful training programs were those that enabled people to specialize in areas that contribute to the agribusiness

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value chain, such as becoming farm machinery technicians, animal health specialists, and forest conservationists. All development actors made note of the lack of support for vocational training institutes and funding for private sector involvement in these learning centres.

Value chain improvement—that is, focusing on a select few export commodities for production—is an area of intervention where there is lingering uncertainty surrounding its impacts on sustainable growth. Notably, donors found that farmers tend to not have many formal connections with the suppliers and large and medium sized enterprises with whom they must work to bring their product to market.

Funding for value chain improvement tends to be too focused on business infrastructure spending, with fewer resources spent on fostering the business relationships and capacities required for farmers to maintain stable supply contracts and networks with producers and traders. Similarly, the ADB found that micro-enterprise projects in rural regions do not have a strong impact on income generation owing to limited state capacity and experience in supporting private enterprise. According to IFAD, ethnic minorities in remote regions have a particularly difficult time participating in these market-based initiatives because of the geographical and cultural hurdles to mainstream markets.

Microfinance for rural populations has had mixed levels of success, which has been largely dependent upon where and how it is implemented. The ADB has found that policy-based funding, contingent upon progress on finance sector reforms, has been effective in ensuring financial reforms benefit SME's because policy funding goes directly to ministries and bypasses the state treasury. IFAD notes that limited access to microfinance remains a significant constraint to small-scale farmers and ethnic minorities. There is also a gap between the two state-owned banks that provide agricultural credit: the VBSP only provides financing for those at or just above subsistence levels and the other, VBARD, is a commercial bank that has no explicit lending strategy for small-scale farmers.

As was mentioned in the section regarding Vietnam's regulatory environment, most donors found it difficult to realize the full potential of their interventions targeting rural SMEs in regions where government capacity and experience in the area of market-based policies was lacking. Efforts like policy-based funding, which better ensures that money is going to where it is needed to influence reforms, in addition to institutionalizing market-friendly technical expertise at all levels of governments, are essential to fostering a stable business environment and bolstering growth.

In some rural villages, projects aim to support small savings and credit groups (SCGs), which have on average around 10 to 20 mostly poor members who contribute monthly payments of approximately US\$1 and may borrow US\$100 at an interest rate of 1 cent per month (IFAD, 38). These institutions are mostly run by women and are led by a member who has received basic accounting and business plan training. Evidence that these credit arrangements have had sustainable impacts on incomes and growth is limited, but there is some data showing that members are able to purchase livestock and other capital more easily than if there were no lending programs available.

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As Australia and IFAD discovered, rural infrastructure development—including both transport and irrigation systems—is an essential aspect of increased food security and rural income levels. Local studies by IFAD on improved commune and village access roads and irrigation systems have shown that these investments both provide short-term employment opportunities and increase incomes for farmers and SMEs in the long-run. However, more effort needs to be made to support provincial and local governments in the sustained operation and maintenance of infrastructure. Moreover, donors need to work with governments to determine if capital-intensive projects, like bridge building, are an efficient and effective use of resources when compared with targeted interventions such as the construction of rural access roads in regions with higher levels of isolated ethnic minorities.

Similarly, Australia’s investment in the Mekong Delta transport corridor demonstrates that there is also uncertainty surrounding precisely how sustainable rural infrastructure projects are in the absence of programs to improve the provincial, district, and communal-level governments’ capacity to maintain and improve upon existing road and irrigation systems. Moreover there is concern that large capital-intensive projects done at the provincial level may be less impactful or economically catalytic than directing those resources towards sustaining or upgrading transport (and other) infrastructure in rural areas.

There are a few considerations regarding sustainable economic growth and food security:

- Poverty reduction should be concentrated on specific geographical regions, particularly in the north, where many live in isolation.
- Limited access to microfinance is a major constraint for small-scale farmers, while the two major agriculture credit banks still leave out those farmers and cooperatives that operate just above subsistence levels and just below middle and large enterprise status.
- Focusing on targeted rural infrastructure projects (access roads and irrigation systems) has been shown to improve market access and increase farmers’ incomes and supply networks, however, donors need to assess the cost-benefit of supporting large-scale infrastructure projects (large bridges) versus more widespread small-scale projects that benefit small communities (rural access roads).
- Vocational training, especially for youth, in areas that bolster the agricultural value chain (machine technicians, animal health specialists, and forest conservationists) supports off-farm employment, reinforces agricultural value chains, and generates incomes in rural regions.
- The effectiveness of SME and micro-enterprise projects would be enhanced through increased support for local and provincial governments in building administrative capacity and expertise in the areas of business development.

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## Environment and Climate Change

### Objectives

Climate change and environmental sustainability are central themes in the majority of the evaluations. Both themes usually appear in tandem, except in the case of the Korean report, since that country strategy only sought to implement environmental development projects.

A particular vulnerability is that the Vietnamese government lacks the capacity to effectively respond to the challenges and consequences of climate change, which could have significant economic and environmental costs. It is under these assumptions that the international partners, in line with Vietnamese government development goals and socioeconomic strategy, determined their objectives and developed projects in this area.

Development objectives of donor countries were, in some cases, either consistent with country partnership strategies, Vietnam's specific environmental policies or Vietnam's development goals and cover two important aspects of the fight against climate change: mitigation initiatives and adaptation strategies. Whereas mitigation projects involve reducing greenhouse gas emissions to limit the increase of average global temperatures, adaptation focuses on building resilience to ensure that populations, infrastructures, and economic sectors can cope and adapt to the consequences of climate change. Other aid objectives relate to the improvement of the environment, as well as forestry and water conservation and management.

### Approaches to Environment and Climate Change

A particular focus is placed on adaptation since Vietnam already suffers from the impacts of climate change. Adaptation initiatives are articulated through funding to support community-based disaster risk management and studies on adaptation, diversification of crops and investments to improve coastal infrastructure.

As for mitigation projects, the focus has been placed on the development of clean energy infrastructure such as hydropower generation in the case of the ADB. None of the impact evaluations analyzed suggest that donors implemented interventions aimed at reducing emissions from the coal power sector. As mentioned previously, environment-only projects focused on the management and the improvement of forestry industry regulations, an area in which Finland is particularly interested. Moreover, Australia helped Vietnam increase rural access to clean water and hygienic sanitation and ADB funded irrigation systems development and rehabilitation projects. Whereas certain projects have been developed and implemented through diverse government departments, other have directly supported the work of local NGOs and communities. Moreover, some initiatives have been conducted in partnership with other donors. For example, Australia has collaborated with both the UNDP and the ADB on different projects.

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## Findings

The projects experienced limited success. In fact, it is difficult to determine specific results and impacts of mitigation and adaptation interventions since projects rarely stated clearly their objectives and their achievements. Due to the absence of well-defined indicators, evaluations demonstrate only broad project achievements such as the distribution of good practices related to disaster management, the support of hydropower generation, or the increase of awareness related to climate change. The only exception is the case of Australia which has set targets and demonstrated progress in regards to rural access to clean water. In other cases, climate change-oriented projects were not realized due to changes in government priorities. Moreover, the Australian evaluation states that it was too early to assess the achievement of its objectives with regards to climate change.

The evaluations present specific challenges encountered during the development and implementation of projects related to climate change and environmental sustainability. Although most of the findings concern unique development schemes, it is possible to generalize some recommendations that pertain to the improvement of project elaboration and collaboration with relevant stakeholders.

There are a considerations regarding environment and climate change:

- Increase coordination between donor country program team and other donor country government departments that are involved in the implementation of climate change adaptation projects.
- Since climate change programs take considerable time to develop and implement, a longer-term approach that emphasizes a strong partnership between the donor country, the recipient government, and local NGOs is needed.
- Environmental issues should always be discussed in planning and implementing phases and it might be beneficial to reviewing environmental issues throughout the entire project cycle mandatory.
- Interventions should include supporting farmers' adaptation through appropriate extension and research by provincial and national networks, scaling up autonomous adaptation undertaken by small-scale farmers, and strengthening climate change technology transfer.

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## Women in Rural Areas

### Objectives

While Vietnam ranks highest within its region for indicators of gender equality and female empowerment, the status of women within rural communities is still exceptionally low. When this issue arises in the impact evaluations, the desired outcome of these interventions is to assist in balancing female participation in municipal governance, increase the status of women both within the home and community, reduce the income gap, and provide increased economic opportunity for women in rural environments.

While commonly cited within the country level evaluations, these objectives are primarily listed as desired outcomes from development projects and as such, there is little evidence that shows whether they have been successful in the long run. While full gender equality can only fully come about through balancing the roles and responsibilities of both genders, given the current gender dynamics at play in Vietnam and keeping in-line with GAC priorities, this review chose to focus exclusively on specifically women targeted interventions.

### Approaches to Women in Rural Areas

Female empowerment and gender equality is not the foremost objective or concern in any of the evaluations. In general, the theme is brought into focus primarily around the joint objectives of increasing status of women through economic empowerment and increasing female representation in municipal governance.

For the majority, this is discussed in varying degrees of detail as a desired side effect of more general poverty reduction initiatives. Multiple evaluations address this lack of gender focus, citing a distinct lack of a coherent equality strategy in most programs. The degree to which empowerment of women is granted attention relies heavily on individual initiatives, as the strategies as a whole do not place it in high priority or as a primary objective.

The concept of gender mainstreaming remained an active objective within the evaluations, particularly in agricultural projects aimed at assisting poor rural women. Awareness campaigns were brought into effect in some cases, the most prominent being foreign based training programs focused on women empowerment, in hopes that these ideas will be brought back to rural communities and put into effect.

### Findings

For the most part, the increased status of rural women was intended to come about through targeted poverty reduction strategies aimed at communities without specifically focusing on women. However, the Social and Women's Initiative Fund (SWIF) sponsored by Finland selected their funding targets based on input and suggestions provided by woman initiative groups in the communities themselves. While this strategy was the most direct example focusing on woman-based initiatives, other projects still brought the views of women and

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other vulnerable classes directly into the planning process in an effort to direct funding most effectively.

A select few evaluations bring up the issue of gender oversight and make a point that projects must re-evaluate the degree of consideration women empowerment is specifically given if there are to be concrete results. Further, the Irish evaluation highlights as one of its general conclusions that the projects suffered from an inability to deliver on gender mainstreaming objectives.

The ADB evaluation mentions a higher proportion of professional female workers in rural Vietnam following their investments, but provides no concrete data to support the claim. Female empowerment itself is a difficult aspect to quantify and as the majority of these programs are relatively recent, there are few indicators that show they have truly generated an impact in this area. It is difficult to determine if the majority of these initiatives could be effectively applied going forward, with the possible exception of the gender awareness training program put forward by the Korean evaluation.

There are a few considerations regarding women in rural areas:

- There is not enough data to conclude whether efforts toward women empowerment have produced concrete results in rural Vietnam.
- Small savings credit groups have been shown to benefit women, who tend to make up the majority of SCG membership, by allowing them to pool resources to purchase agricultural capital (e.g. livestock).
- Future initiatives should focus on the Vietnam context specifically, employing direct ideas and strategies toward how women specifically can gain the most benefit from the project's investments.
- This idea of providing specific training on an issue for community members before sending them back to spearhead local initiatives is not new, but could provide an effective template for future development projects if it is found to produce a positive impact within the framework of Vietnam.

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## Additional Areas

Many of the reports cite infrastructure deficiencies, weak governance, and low productivity—stemming from a lack of proper technologies and a skilled labour force—as the main challenges to growth in Vietnam. A long-term increase in productivity is associated with technological advancements and increased quality of human capital. Indeed, the United Nations Conference on Trade and Development (UNCTAD) highlights the science, technology, and innovation (STI) industry as a key driver of economic and social development. Successful developing countries have shown that STI policies that are well-integrated into national development strategies coupled with institutional and organizational reforms can help increase productivity, improve competitiveness, support faster growth, and create jobs.

Helping to grow STI in Vietnam provides a long-term solution for development and could guarantee the sustainability of projects in other domains as well. This trend of not including STI interventions in development portfolios also demonstrates a lack of harmonization with domestic Vietnamese policy, as the 2011–2020 SEDS identifies innovation as one of the key priority areas for government investment. However, this sector was identified as being consistently underfunded and overlooked throughout the evaluations.

As noted previously, Finland was the only donor to explicitly introduce any kind of interventions in this sector, and only did so on a relatively small scale. Korea also had one project at the Ho Chi Minh National Political Academy that is somewhat related. It was designed to provide technologies and training programs related to electronic library infrastructure and to supply information technology equipment as a way to facilitate and improve research.

Being a lower-middle income country and emerging economy, Vietnam is well positioned to take advantage of aid in its STI sector. In fact, according to the World Economic Forum's Global Competitiveness Index of 2016-2017, Vietnam ranks 79 out of 138 countries in terms of innovation capacity and is trending upwards. Given this lack of funding and attention given to STI by donors and indications that interventions in this area would have a clear positive impact on development in Vietnam, GAC should explore it as a potential area for engagement in the future.

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## Summary of Findings

Four broad conclusions can be drawn from the information outlined in this synthesis report.

First is the importance of participatory work and collaboration with the national government and local NGOs. As highlighted by many evaluations, the Vietnamese government is lacking capacity due to inexperience in policymaking and its inability to effectively respond to the challenges it is currently facing. Strong partnerships between the donor countries and the recipient governments should be developed to ensure not only the success of results and ease of implementation, but also that the government possesses the capacities necessary to sustain results achieved once the aid flows stop.

Second, projects targeting specific objectives, such as poverty reduction and rural development, should focus on the geographical regions in which these issues are acute. Rural development projects targeting infrastructure should take place in the northern regions where infrastructure is considerably less developed. As well, SME and microenterprise efforts should identify the various cultural and geographical hurdles that ethnic minorities face when trying to gain access to markets.

Third, many evaluations cited issues with measuring, monitoring, and documenting results, making it difficult to effectively learn from past projects and to determine the most efficient allocation of funds. This, coupled with the lack of baseline evidence to compare results, does pose a significant threat to both the internal and external validity of the findings. As much as possible, future interventions should have a strong data collection and evaluation process built into the framework and budget in order to accurately measure throughout the project cycle.

Finally, every donor highlighted the importance of long-term engagement in Vietnam as a precondition for success, especially in areas that seek to grow the institutional capacity of and create a favourable policy environment for governments to support the development and implementation of programs. Such fundamental changes of process and policy necessarily take time, and it would be wise for donors to remain in order to ensure that such reforms take root.

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