



# EVALUATION

Finland's Development Cooperation Country  
Strategies and Country Strategy Modality



Evaluation on Finland's Development Policy and Cooperation

**2016/3f**



---

# EVALUATION

## EVALUATION OF FINLAND'S DEVELOPMENT COOPERATION COUNTRY STRATEGIES AND COUNTRY STRATEGY MODALITY

### Vietnam Country Report

Marko Katila (country team coordinator)

Muriel Visser

Ngo Dung Tri

**Mokoro Ltd in collaboration with Indufor Oy**



**Indufor**

**2016/3f**

This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to Mokoro Ltd in collaboration with Indufor Oy. This report is the product of the authors, and responsibility for the accuracy of the data included in this report rests with the authors. The findings, interpretations, and conclusions presented in this report do not necessarily reflect the views of the Ministry for Foreign Affairs of Finland.

---

© Ministry for Foreign Affairs of Finland 2016

This report can be downloaded through the home page of the Ministry for Foreign Affairs  
<http://formin.finland.fi/developmentpolicy/evaluations>

Contact: EVA-11@formin.fi

ISBN 978-952-281-483-8 (pdf)

ISSN 2342-8341

Cover design and layout: Innocorp Oy/Milla Toro

---

# CONTENTS

<b>ACRONYMS AND ABBREVIATIONS</b> .....	<b>VIII</b>
<b>ABSTRACT</b> .....	<b>1</b>
<b>SUMMARY</b> .....	<b>2</b>
<b>1 INTRODUCTION</b> .....	<b>9</b>
1.1 Origin and context of the evaluation.....	9
1.2 Purpose and objectives of the country evaluation.....	9
1.3 Approach and Methodology .....	11
1.3.1 Evaluation instruments.....	11
1.3.2 Data collection and validation.....	13
1.4 Evaluation process.....	14
1.5 Limitations to the country evaluation .....	15
1.5.1 Risks to the country evaluation .....	17
<b>2 COUNTRY CONTEXT</b> .....	<b>18</b>
2.1 Overview of the country and development performance.....	18
2.2 Main development challenges.....	19
2.3 National development strategies, plans and programmes.....	20
2.4 Donor policies and community in Vietnam .....	21
<b>3 EVOLUTION OF FINLAND'S DEVELOPMENT COOPERATION IN VIETNAM</b> .....	<b>24</b>
3.1 Historical overview of Finnish development cooperation in Vietnam.....	24
3.2 Country Engagement Plan (CEP) 2008–2012 .....	26
3.3 Transition from the CEP to the Country Strategy (CS) 2013–2016 .....	27
3.4 Summary of key earlier evaluation findings for 2008–2015 .....	27
<b>4 COUNTRY STRATEGY FOR DEVELOPMENT COOPERATION WITH VIETNAM</b> .....	<b>30</b>
4.1 Overview of the Vietnam Country Strategy .....	30
4.2 Description of the main interventions under the CS.....	31
4.3 CS theory of change .....	35
<b>5 EVALUATION FINDINGS</b> .....	<b>38</b>
5.1 Relevance.....	38
5.1.1 Overall CS relevance .....	38
5.1.2 Relevance of the CS portfolio.....	39
5.1.3 Contribution of the CSM to CS portfolio relevance .....	42
5.2 Effectiveness.....	43
5.2.1 Effectiveness of CS interventions.....	43
5.2.2 Contribution of interventions results to the CS objectives.....	47
5.2.3 Assessing the impact of policy influencing .....	50
5.2.4 Contribution of the CSM to the effectiveness of the CS portfolio .....	51

---

<b>5.3 Impact</b>	<b>52</b>
5.3.1 Overall CS impacts	52
5.3.2 Contribution of the CSM to CS portfolio impacts	53
<b>5.4 Efficiency</b>	<b>54</b>
5.4.1 Efficiency of the CS portfolio	54
5.4.2 Contribution of the CSM to CS portfolio efficiency	56
<b>5.5 Sustainability</b>	<b>56</b>
5.5.1 Sustainability of the CS portfolio	56
5.5.2 Contribution of the CSM to CS portfolio sustainability	58
<b>5.6 Complementarity, coordination and coherence</b>	<b>59</b>
5.6.1 Contribution of the CSM to coordination, complementarity and coherence	61
<b>5.7 HRBA and cross-cutting objectives across evaluation criteria</b>	<b>61</b>
5.7.1 HRBA and cross-cutting objectives in the CS portfolio	61
5.7.2 Contribution of the CSM to cross-cutting objectives in the CS portfolio	63
<b>5.8 Assessment of the validity of the TOC based on the evaluation findings</b>	<b>63</b>
<b>5.9 Country-Specific Issues</b>	<b>66</b>
<b>6 COUNTRY STRATEGY MODALITY EVALUATION FINDINGS</b>	<b>70</b>
<b>7 CONCLUSIONS</b>	<b>72</b>
<b>8 RECOMMENDATIONS</b>	<b>77</b>
8.1 Country Strategy	77
8.2 Country Strategy Modality	79
<b>REFERENCES</b>	<b>80</b>
<b>DOCUMENTS CONSULTED</b>	<b>82</b>
<b>THE EVALUATION TEAM</b>	<b>84</b>
<b>Annex 1 Terms of Reference</b>	<b>85</b>
<b>Annex 2 Additional Methodology Discussion</b>	<b>99</b>
<b>Annex 3 People Interviewed</b>	<b>110</b>
<b>Annex 4 Chronology of Key Events and Finnish Development Cooperation with Vietnam</b>	<b>113</b>

---

## FIGURES

<b>Figure 1</b>	ODA flows to Vietnam in 2008–2014.....	22
<b>Figure 2</b>	Timeline of Finland’s bilateral interventions 2008–2018 .....	32
<b>Figure 3</b>	Vietnam Country Strategy theory of change .....	37
<b>Figure 4</b>	Total expenditures budgeted and disbursed 2010–2015 .....	54
<b>Figure 5</b>	Expenditures against budget by project in 2011–2014 .....	55

## TABLES

<b>Table 1</b>	Evaluation challenges and their mitigation.....	15
<b>Table 2</b>	Country Engagement Plan, planned resource allocation 2008–2012.....	26
<b>Table 3</b>	Vietnam CS objectives .....	30
<b>Table 4</b>	Final CS GoF budget 2013–2018 by sector .....	35
<b>Table 5</b>	Progress in intervention contribution to Strategic Results Areas .....	48
<b>Table 6</b>	Main evaluation questions and sub-questions.....	100
<b>Table 7</b>	Vietnam: specific evaluation questions .....	107
<b>Table 8</b>	Evaluation criteria .....	108
<b>Table 9</b>	Terms associated with approaches to development cooperation.....	109

---

# ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AfT	Aid for Trade
AFTA	ASEAN Free Trade Area
ASA	(MFA) Department for the Americas and Asia
ASEAN	Association of Southeast Asian Nations
BEAM	TEKES Business with Impact Programme
CC	Concessional Credit
CCO	Cross-Cutting Objective
CEP	Country Engagement Plan
CG	Consultative Group
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CS	Country Strategy
CSM	Country Strategy Modality
CSO	Civil Society Organisation
CTC	Country Team Coordinator
DAC	Development Assistance Committee (of OECD)
Danida	Danish international development agency
DC	Development Cooperation
DFID	Department for International Development (UK)
DPG	Development Partnership Group
DPP	Development Policy Programme
DS	Drainage and sanitation
EEP	Energy and Environment Partnership Programme
EQ	Evaluation Question
EU	European Union
EUR	Euro
FCG	Finnish Consulting Group
FDI	Foreign Direct Investment
FIRST	Fostering Innovation through Research, Science and Technology
FLC	Fund for Local Cooperation
FLEGT	Forestry Law Enforcement, Governance and Trade
FORMIS	Development of Management Information System for Forestry Sector project
FPD	Forest Protection Department
FRMS	Forest Resource Monitoring System
FSDP	Forest Sector Development Project
FSSP	Forestry Sector Support Programme



---

GDP	Gross Domestic Product
GoF	Government of Finland
GoV	Government of Vietnam
HAWASME	Hanoi Women Association of Small and Medium Enterprises
HCMC	Ho Chi Minh City
HCS	Hanoi Core Statements
HDI	Human Development Index
HEI-ICI	Higher Education Institutional Cooperation
HQ	Headquarters
HRBA	Human Rights Based Approach
ICI	Institutional Cooperation Instrument
ICT	Information and Communications Technology
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IPP	Innovation Partnership Programme
IT	Information Technology
JICA	Japan International Cooperation Agency
MARD	Ministry of Agriculture and Rural Development
MDG	Millennium Development Goal
MEUR	Million Euro
MFA	Ministry for Foreign Affairs (Finland)
MIC	Middle Income Country
MOU	Memorandum of Understanding
MOST	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
MTE	Mid-term Evaluation
MTR	Mid-Term Review
NATEC	National Agency for Technology Entrepreneurship and Commercialisation Development
NATIF	National Technology Innovation Fund
NFIS	National Forestry Information and Statistics
NGO	Non-Governmental Organisation
NHMS	National Hydro-Meteorological Service
NIS	National Innovation System
O&M	Operation and Maintenance
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development

---

OECD-DAC	OECD Development Assistance Committee
PFES	Payment for Forest Environmental Services
PFG	People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam
PPC	Provincial People's Committee
PPP	Public Private Partnership
PSD	Private Sector Development
RBM	Results-based management
REDD	Reducing Emissions from Deforestation and Forest Degradation
S&T	Science and technology
SC	Steering Committee
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
Sida	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
TA	Technical Assistance
TEKES	Finnish Funding for Technology and Innovation
TFF	Trust Fund for Forests
TOC	Theory of Change
TOR	Terms of Reference
TPP	Trans Pacific Partnership Agreement
UN	United Nations
UNDP	United Nations Development Programme
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradations
USD	United States dollar
VDB	Vietnam Development Bank
VDPF	Vietnam Development Partnership Forum
VFDS	Vietnam Forestry Development Strategy
VNFF	Vietnam Forest Protection and Development Fund
VNFOREST	Vietnam Administration of Forestry
VPA	Voluntary Partnership Agreement
WB	World Bank
WRI	World Resources Institute
WSPST	Water and Sanitation Programme for Small Towns
WTO	World Trade Organisation

# ABSTRACT

This Vietnam country evaluation is part of an overall evaluation by the Ministry for Foreign Affairs (MFA) of its country strategy (CS) modality (CSM). The evaluation period was 2008-2015, with more focus on the CS period from 2013 onwards. The Vietnam CS was found to be relevant in view of Vietnam's development policies and Finland's development policy priorities. The selected sectors and key interventions are well aligned to the country contexts and development needs; Finland enjoys a high profile in the forestry, water and sanitation and innovation policy sectors. Finland has succeeded in identifying specific sectors where it has a comparative advantage and can provide added value. The relevance of the CS is constrained by having an incomplete coverage of MFA aid interventions and not explicitly addressing transition issues. CS implementation is providing valuable outcomes and contributing to the development results areas. However, there is no visible evidence that the CS as a whole has brought about more results and impacts than the sum of the individual elements of the portfolio. CS portfolio resources have not been used as efficiently as they could have been to deliver planned outputs and intermediate outcomes. The introduction of the CS has not had visible impacts on improving complementarity, coherence and coordination of Finnish development cooperation in Vietnam. Cross-cutting objectives and human rights based approach (HRBA) have not been consistently addressed. The key projects face challenges concerning sustainability. CSM is an important, relevant tool for managing development cooperation in Vietnam. However, there is a need for a more flexible approach that would make it possible to address transition issues strategically.

*Keywords: Vietnam, Country Strategy, Development cooperation, evaluation, results-based management*

# SUMMARY

## Background

The Ministry for Foreign Affairs of Finland (MFA) introduced the country strategy modality (CSM), a results-oriented country strategy (CS) planning and management framework, in 2012 in the context of the 2012 Development Policy Programme (DPP). From 2013 onwards the CSM has been implemented in the seven long-term partner countries of Finland, including Vietnam,

This Vietnam country evaluation is part of an overall evaluation by the Ministry for Foreign Affairs (MFA) of its CS modality and accompanies similar country-level evaluations in six of Finland's other key bilateral cooperation partners. Before 2013 (during 2008–2012) country programmes were set out as Country Engagement Plans (CEPs). This evaluation covers the period 2008–2015, with more focus on the CS period from 2013 onwards.

## Purpose of the evaluation

It is intended to provide evidence-based information and practical guidance for the next update of the CSM on how to improve the results-based management (RBM) approach in country programming and to improve the quality of implementation of Finnish development policy at the partner country level. The objective is to provide evidence on the successes and challenges of the CS.

The evaluation covers the following processes and structures:

- a country-specific context from 2008 to 2015, consisting of an analysis of the overall country development context, the Finnish bilateral assistance and its contribution to Vietnam's development strategies and plans, Finland's development funding portfolio as a whole in Vietnam, and Finland's role as part of the donor community;
- the CS 2013–2016: achievement of objectives to date taking into account the historical context of the strategies and changes in the objectives from 2013 onwards; and
- the CSM, as applied in Vietnam, answering the question what changes resulted from the introduction of the CS compared to the “without CS” baseline.

Importantly, this evaluation focuses on the overall CS which entails assessing the performance of individual programmes and projects and other interventions anchored by the CS objectives and results areas. This is not an evaluation of its individual projects and aid instruments.

## Approach and methodology

The evaluation uses a Theory of Change (TOC) approach to assess the contribution of CS portfolios to country observed results, CS to CS portfolios, CSM to CSs, and CSM to MFA RBM overall. The critical assumptions underlying the

TOC are tested as part of this process. The study answers a series of evaluation questions on the CS and the CSM that were agreed with the MFA during an inception phase, including Vietnam-specific questions.

Various sources of information and evaluation tools were used to enable triangulation of research findings including: document review, analysis of financial and other statistics, semi-structured interviews based on the evaluation questions (covering individual interviews, group interviews and focus group discussions), and site visits to observe results on the ground and elicit beneficiary and local stakeholder feedback. In addition, a simple benchmarking exercise was carried out to assess the CS approach to transition against good practices. The evaluation took place from September 2015 to June 2016, with a visit to Vietnam in December 2015 that was preceded by interviews in Helsinki.

## Findings, conclusions and recommendations

### Country Strategy

**Relevance.** The Vietnam CS was found to be relevant in view of Vietnam's development policies and needs and Finland's development policy priorities. The selected sectors and key interventions are well aligned to the country contexts and development needs. This relevance has been enhanced through Finland's identifying specific sectors where it has a comparative advantage and can provide added value. However, CS ownership is largely with the MFA; the Government of Vietnam (GoV) and donor partners do not really know it well. The relevance of the CS is constrained by an incomplete coverage of MFA aid interventions and not explicitly addressing transition issues.

**Effectiveness.** CS implementation is providing valuable outcomes and contributing to the development results areas, but there is no visible evidence that the CS as a whole would have brought about more results and impacts than the sum of the individual elements of the portfolio. At a sectoral level, important intermediate outcomes and results have been delivered under both the CS and the CEP. CS implementation has made important contributions to the development of the innovation policy and the science and technology sector to create a stronger foundation for a knowledge-based society, improved access and quality of information in forest sector to enhance sustainability of forest management, and improved access to quality water supply and sanitation services. Implementation of the CS has contributed positively to the wellbeing of the poor and also of marginalized groups through support to water and sanitation and through some of the local cooperation fund projects, but otherwise it is difficult to demonstrate effectiveness in poverty reduction. Policy influencing has not contributed much to the CS objectives.

There is not yet any visible evidence that the CS has contributed effectively to transitioning or to preparing ground for new types of partnerships based on institutional cooperation and economic and trade cooperation beyond what had already been done before the CS.

**Efficiency.** CS portfolio resources have not been used fully efficiently to deliver planned outputs and intermediate outcomes. There have been problems with overall budget planning (unused funds) and also with disbursements especially

**The Vietnam CS was found to be relevant.**

**CS implementation is providing valuable outcomes and contributing to the development results.**

**The CS has not contributed effectively to transitioning.**

**CS portfolio resources have not been used fully efficiently.**

**Long-term cooperation in the forestry, water and sanitation, and innovation and science and technology (S&T) sectors has had positive development impacts.**

**Strategic focusing of long-term support to selected sectors where others have not been working has enabled the delivery of added value.**

**Phasing out bilateral project cooperation without adequate phasing in of new types of cooperation poses significant sustainability risks.**

in the water and sanitation sector and in water and sanitation related concessional credit projects. The introduction of the CS has not influenced overall efficiency; management still takes place primarily on a project basis.

**Impacts.** Finland's long-term cooperation in the forestry, water and sanitation, and innovation and science and technology (S&T) sectors has had positive development impacts. The Innovation Partnership Programme IPP (I and II) have raised awareness of the importance of innovation development, and improved policy and the legal basis for innovation and S&T development. The Development of Management Information System for Forestry Sector project (FORMIS) has had a positive impact on attitudes and awareness by the forestry administration concerning data sharing and open access, and has created a platform that will enable openness. FORMIS is also having an impact on standardisation of data management and reporting, which is expected to make forestry data management more efficient and improve its quality and usability. The support to the Trust Fund for Forests (TFF) had the important (originally unplanned) impact of creating a foundation for a national sustainable forestry fund (VNFF), and demonstrated how payments for ecosystem services could be developed and used to make the VNFF sustainable. The project Water and Sanitation Programme for Small Towns (WSPST) has had a substantial contribution to the quality of life through improving access to water and sanitation services, and improving the quality of these services.

Finland's continuing long-term engagement in forestry, water and sanitation, and innovation policy, and its focusing on areas where others have not been working, have enabled the delivery of added value, and the visible influencing of the development of the sectors. The Finnish support in these sectors was highly valued by the government stakeholders interviewed at all levels and by beneficiaries. This finding was supported by related evaluation reports, including for example the report by Reinikka (2015).

**Complementarity, coherence and coordination.** The introduction of the CS has not had visible impacts on improving complementarity, coherence and coordination of Finnish development cooperation in Vietnam. Cooperation in forestry, water and sanitation, and innovation policy sectors has been well coordinated with other donors.

**Cross-cutting objectives and human rights-based approach (HRBA)** have not been consistently addressed with targets and resources in the CS and in project planning and implementation, and hence it is difficult to report contribution. Introduction of the CS itself has not had an impact on addressing cross-cutting objectives.

**Sustainability.** All the key projects face challenges concerning sustainability. Phasing out bilateral project cooperation without adequate phasing in of new types of cooperation based on partnerships poses significant risks concerning the sustainability of Finnish-Vietnamese cooperation and partnerships. Not much progress has been made in terms of pushing the transition agenda forwards. There are good reasons to predict that the existing project portfolio will not have major impacts on facilitating the transition by 2018.

### **Recommendations concerning the Vietnam country strategy:**

1. Develop a transition plan with clear and realistic objectives, a sufficiently long timeframe, and a monitoring framework with progress indicators.
2. Increase funding and appropriate human resources to enable effective transitioning towards more commercial partnerships through instruments such as TEKES Business with Impact Programme (BEAM), Institutional Cooperation Instrument (ICI) and the Fund for Local Cooperation (FLC), and the new instrument replacing concessional credits to accelerate the transitioning.
3. Study the possibility of introducing a broad, high-level partnership agreement between Finland and Vietnam following the Danish model.
4. Improve the coverage of FORMIS to include information relevant for the private sector and make FORMIS accessible also to the private sector, CSOs and academia.
5. Further strengthen attention to sustainability of existing key projects and ensure their successful completion and hand-over.
6. In the case of IPP II, pay special attention to capturing and reporting the achievements and results which have been or will be catalysed by IPP II beyond the direct project interventions.
7. Strengthen capacity building and human resources of Embassy and regional department staff for results-based implementation of Finland's updated partnership-based strategy in Vietnam.
8. Update the CS and results framework based on new guidelines to simplify the CS framework objective setting, and bring indicators closer to the Finnish-supported interventions.

Findings	Conclusions	Recommendations
<b>Vietnam Country Strategy</b>		
<p>Most of the CS portfolio was inherited and, apart from IPP, was not meant to support transitioning. When the CS was being planned it was used more to justify the existing portfolio, which was itself relevant but did not leave room to allocate significant funding for instruments and interventions to facilitate transitioning. According to the interviews with the MFA staff involved with the CS planning, they did not have much freedom to influence the portfolio during the CS formulation towards more private sector-related cooperation.</p> <p>The CS does not have any concrete objectives, targets or indicators for guiding the work to facilitate transitioning.</p> <p>There has been no major change in the scope and volume of support for transition-related activities under the CS.</p> <p>The CS planned only for bilateral development cooperation, in other words setting the objectives that rationalised the ongoing interventions rather than strategically planning for transitioning.</p>	<p>The relevance of the CS is constrained by having an incomplete coverage of MFA aid interventions and not explicitly addressing transition issues.</p> <p>There is not yet visible evidence that the CS has contributed effectively to transitioning, or preparing ground for new types of partnerships based on institutional cooperation and economic and trade cooperation beyond what was done already before the CS.</p>	<p>1. Develop a transition plan with clear and realistic objectives, a sufficiently long timeframe, and a monitoring framework with progress indicators.</p>
	<p>There are good reasons to predict that the existing project portfolio will not have major impacts on facilitating the transition by 2018,</p> <p>Not enough resources have been allocated to support transitioning.</p> <p>Phasing out bilateral project cooperation without adequate phasing in of new types of cooperation based on partnerships poses significant risks concerning sustainability of Finnish-Vietnamese cooperation and partnerships.</p>	<p>2. Increase funding and appropriate human resources to enable effective transitioning towards more commercial partnerships through instruments such as BEAM, ICI and FLC and the new instrument replacing concessional credits to accelerate the transitioning.</p> <p>3. Study the possibility of introducing a broad, high-level partnership agreement between Finland and Vietnam following the Danish model.</p>
<p>The private sector has not been involved with FORMIS design and does not see much use for the current services provided by FORMIS.</p> <p>FORMIS has been developed mainly to be an instrument for the government forestry administration at different levels.</p> <p>Representatives of academia and (I) NGOs interviewed stated that they could not easily access FORMIS.</p>	<p>The CS is very relevant in view of Vietnam's development policies and needs and Finland's policy priorities. All projects are relevant but FORMIS is currently not fully relevant from the private sector perspective. FORMIS II is not yet a truly open, shared system.</p>	<p>4. Improve the coverage of FORMIS to include information relevant for the private sector and make FORMIS accessible also to the private sector, CSOs and academia.</p>



Findings	Conclusions	Recommendations
<p>FORMIS II is being rapidly expanded nationwide to new areas with limited capacity. The major sustainability issue is linked to capacity constraints at the level of the central IT unit, and in the provinces and districts. This issue was raised by the GoV representatives and project staff interviewed, the recent MTE and the project performance audit.</p> <p>There are concerns around the sustainability of the WSPST sanitation component being voiced by all stakeholders and which are evident from the field work. Currently half of the water systems that are completed can fully cover the depreciation and operation and maintenance costs from the revenues generated.</p> <p>Sustainability of IPP is positively influenced by its policy and legal development work, capacity building and creating models/ideas for replication and adoption. However, it is difficult to demonstrate at this stage how these results will be realised in the future.</p>	<p>Sustainability prospects of the key CS interventions are fair. All the key projects face challenges concerning sustainability. Interventions facing serious sustainability challenges are sanitation work under WSPST III and the entire PFG project.</p> <p>FORMIS II has very good national ownership but sustainability requires major attention to capacity building during the remaining three years.</p> <p>IPP II is a complex and ambitious project but a promising and innovative initiative which may require more time to deliver lasting results and also more diverse and innovative ways of monitoring results delivery.</p>	<p>5. Further strengthen attention to sustainability of existing key projects and ensure their successful completion and hand-over.</p> <p>6. In the case of IPP II, pay special attention to capturing and reporting the achievements and results which have been or will be catalysed by IPP II beyond the direct project interventions.</p>
<p>There have been enough staff to manage the CS work both in Helsinki and in the Embassy, but staff turnover has been a major problem and has caused inefficiencies. For example, the work on transitioning was slowed down in 2010–2013 because of staff changes both in the Embassy and in the regional department.</p> <p>During the CS period the effectiveness of policy influencing has been reduced partly by rapid staff turnover, especially in the early 2010s.</p> <p>In interviews, references were made to the need for having different types of skills and experience, with more focus on private sector.</p>	<p>Human resource development needs more attention. Staff turnover reduces the sustainability of work and causes problems related to CSM human resource capacity.</p>	<p>7. Strengthen capacity building and human resources of Embassy and regional department staff for results-based implementation of Finland's partnership-based strategy in Vietnam.</p>

Findings	Conclusions	Recommendations
<p>Despite improvements in both 2014 and 2015 results frameworks, it is not always easy to establish a systematic link between country development results, Finland's objectives and instruments/ projects/interventions and the level of inputs/resources.</p> <p>For example, it is difficult to identify what really is the concrete impact pathway to an increase in partnerships for a green economy and green employment.</p>	<p>There are major challenges in creating an overall view of CS performance as regards achievement of the CS development results and aggregating indicators. There are some indicators which are difficult to understand in terms of Finnish contribution and for which it is difficult to obtain data. The focus should be more on those indicators to which Finland can truly contribute.</p>	<p>8. Update the CS and results framework based on new guidelines to simplify the CS framework objective setting, and bring indicators closer to the Finnish-supported interventions.</p>

# 1 INTRODUCTION

## 1.1 Origin and context of the evaluation

The Ministry for Foreign Affairs of Finland (MFA) introduced the country strategy modality (CSM), a country strategy planning and management framework, in 2012 within the context of the 2012 Development Policy Programme (DPP), and also driven by the 2011 results-based management (RBM) evaluation of Finnish development cooperation. From 2013 onwards the CSM has been implemented in the seven long-term partner countries of Finland, namely Ethiopia, Kenya, Mozambique, Nepal, Tanzania, Vietnam and Zambia.

The CSM is a key instrument to introduce RBM in country programming and to enhance Finnish aid effectiveness and accountability. Before 2013 (in 2008–2012) country programmes were set out as Country Engagement Plans (CEPs), which were not results-based. From 2013 the country strategies (CSs) that resulted from the CSM were required to set out goals and objectives with appropriate measures to track achievements against these.

In mid-2015 the MFA contracted Mokoro Limited and Indufor Oy to undertake an evaluation of the CSM and CSs (Ethiopia, Mozambique, Nepal, Tanzania, Vietnam and Zambia). The results from the evaluation will inform adjustments to the CSM and the new CSs as well as contribute to improve upwards results reporting within the MFA and beyond. The full terms of reference (TOR) for the evaluation are at Annex 1. These TOR apply also to the Vietnam country evaluation.

## 1.2 Purpose and objectives of the country evaluation

This country evaluation has a double purpose:

- to evaluate, for both accountability and learning purposes, Finland's bilateral cooperation with Vietnam since 2008, with a specific focus on 2013 to 2015. As such, this is a free-standing report, to be published separately, and it will elicit a separate management response from the country team;<sup>1</sup>
- to contribute towards the evaluation of the CSM, as part of a multi-country study (Ethiopia, Mozambique, Nepal, Tanzania, Vietnam and Zambia).

<sup>1</sup> TOR: "The country reports will be discussed with partner countries and the management response drawn up on this basis. The follow up and implementation of the response will be integrated in the planning process of the next phase of the country strategy."

The **objective** of the country evaluation is

- to provide evidence on the successes and challenges of the CS portfolio of interventions<sup>2</sup> by assessing the relevance of the Finland's interventions and of the strategic choices made in the CS, as well as the performance of the CS portfolio against these choices;
- to provide evidence on the feasibility of the Country Strategy Modality for the purposes of the results-based management of the MFA.

The principal features of the evaluation are set out below.

- The **temporal scope** of the evaluation is the period 2008 to 2015. Although there is particular interest in the country strategy modality which was introduced only in 2012, it is necessary to consider a longer period (a) because many of the interventions taking place during the post-2012 period were designed and commenced earlier, and (b) as stated in the TOR, "in order to understand the strategies as they are now and to evaluate the change and possible results of current country strategies, it is essential to capture the previous period as a historical context".
- The **content scope** of the evaluation considers Finnish bilateral funding to Vietnam in the context of Finland's development funding portfolio as a whole and Finland's role as part of the donor community. However, it focuses directly only on the instruments that come within the scope of the Country Strategy as set out in Chapter 4 below. The evaluation, however, is not an evaluation of individual components separately, but of the programme as a whole.
- **Summative and formative dimensions.** The evaluation aims to explain the strengths and weaknesses of past performance and to make forward-looking recommendations at country level, as well as providing inputs to formative CSM recommendations.
- **Users.** The MFA country team and desk officers will be primary users of the country evaluation findings, conclusions and recommendations. Country teams comprise responsible persons both in the regional department unit in Helsinki and in the Embassies. The main audience for - in other words, the direct users of - the evaluation are the MFA Department for Development Policy, the regional departments and their units (for the Americas and Asia, and for Africa and the Middle East) overseeing the CSs in the long-term partner countries, and Finland's embassies in long-term partner countries.

The evaluation therefore looks separately at (i) whether the CS portfolio is performing given the target country strategy objectives and development results;

<sup>2</sup> The term **country strategy portfolio of interventions** (or more concisely "CS portfolio") is used as shorthand for the actually implemented / ongoing set of interventions and activities as framed by the CS, notwithstanding the instrument through which they are funded or whether they originated from the CEP. Evaluating the country strategy means in significant part evaluating this CS portfolio against the evaluation criteria, to test the validity of the CS logical model and assumptions, and by extension the bulk effects of Finland's CS-directed interventions in Vietnam.

and (ii) the contribution that the CS/CSM made to this performance. The second focus on the country strategy modality is in turn at two levels: the difference the introduction of the CS (country strategy) approach made to the content and implementation of the Vietnam programme; and the relevance, effectiveness, efficiency and sustainability of the CSM as a RBM methodology to manage the Vietnam CS portfolio.

The evaluation findings on the CS portfolio follow this approach by first assessing the CS portfolio as such, and then considering the difference that the country strategy approach has made.

## 1.3 Approach and Methodology

The Vietnam country strategy evaluation approach and methodology follow the overall approach and the evaluation plan and criteria set out in the TOR and the Inception Report (November 2015). The IR methodology elaborated the key country evaluation instruments, data collection and validation methods, and processes. We discuss evaluation instruments and data collection and validation methods used for the Vietnam report in summary below. Annex 2 provides more detail.

### 1.3.1 Evaluation instruments

The country evaluation uses a set of inter-related evaluation instruments. These are:

#### The CS level theory of change (TOC)

The Vietnam TOC is elaborated in Section 4.3. The TOC sets out the intervention logic of the CS portfolio, as a result chain with explicit (in the CS) and implicit assumptions, which operates within the Vietnam context. The evaluation team drew on the assumptions in the logic frameworks, interviews with the country team, and a review of the context to adapt the generic assumptions for the country TOCs provided in the Inception Report, for Vietnam.

The TOC allowed the country evaluation team to track whether the theory of how Finland will affect country development results, as expressed in the CS logic model, was valid given the degree to which it was realised in practice, given the CS portfolio. Assessing CS portfolios against the TOC involved five dimensions:

- i. Assessing whether the CS objectives and the interventions to implement them in the CS portfolio represent the right choices, or were relevant given Vietnam's context and Finland's development policy objectives. This is assessed in the relevance section (5.1);
- ii. Assessing whether the CS interventions took place (inputs and outputs materialised), and whether they delivered their planned results (the intermediate outcomes of the TOC). This is assessed in the effectiveness section (5.2).

- iii. Assessing whether these results can be argued to have contributed to Finland's specific objectives (the TOC outcomes). The evaluation examined Vietnam-specific pathways for the contribution, which included both what the interventions were and how they were implemented; as well as how they were leveraged through policy dialogue and uptake of models. The findings against this dimension are also presented in the effectiveness section (5.2)
- iv. Assessing whether there is evidence to support the CS logic framework hypothesis that the specific objectives as realised through the interventions, would contribute to the CS objectives (the second TOC outcome result) and target development results (the TOC Impact result). This is assessed in the impact section (5.3)
- v. Assessing how well the CS portfolio achieved the results:
  - was it efficient in translating Finnish resources to results (assessed in 5.4)?
  - is it sustainable (5.5)?
  - is effectiveness and impact supported through complementarity with other Finnish aid instruments, internal and external coherence, and coordination with partners at country level (5.6)?
  - how well did it achieve Finnish cross-cutting development policy objectives (5.7)?

The country TOC furthermore made a distinction between the performance of the CS portfolio (expressed by the CS level TOC in Figure 3) and the performance of the CSM as a RBM methodology influencing that programme. This performance is assessed in Chapter 6.

## Evaluation and judgement criteria

The Vietnam evaluation uses the same criteria as the other five country strategy evaluations to make findings. These operate at two levels. Firstly, as set out above against the TOC result chain, the evaluation uses an adjusted set of Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) evaluation criteria to systematise the dimensions in which the performance of the CS portfolio is evaluated. These criteria and their definitions are provided in Annex 2. Secondly, within each dimension the methodology set out judgement criteria, which guided the teams in collecting and analysing evidence against the evaluation criteria. These are set out as part of the evaluation matrix, also provided in Annex 2.

## The evaluation matrix and evaluation questions

The evaluation was framed by the evaluation questions provided in the evaluation matrix. The evaluation matrix acknowledged the inter-related nature of the CS portfolio evaluation and the CSM evaluation, and thus made explicit in an integrated matrix which questions were to be examined to assess the performance of the CS portfolio against the evaluation criteria, and which related to the performance of the CSM. The judgement criteria provided guidance on how

to interpret the questions, and what would count as evidence. Vietnam-specific evaluation questions are also presented in the Annex, and were incorporated in the country evaluation matrix.

It should be noted that the evaluation matrix frames the assessment of CSM influencing performance on the CS portfolio, against whether it was a relevant methodology; whether it contributed to CS portfolio performance against the evaluation criteria (CSM effectiveness); whether it is efficient; and whether it is sustainable.

## **Analytical devices**

Finally, the evaluation utilised contribution analysis, process analysis, logical reasoning, and causal mechanism validation by expert and stakeholder feedback, as analytical methods to assess both the performance of the CS portfolios against the TOC and evaluation questions, and assess the CSM. Contribution analysis was applied where the distance between CS portfolio results and the CS objective analysed allowed it to occur. Where the team identified a contribution gap, it used logical reasoning to identify plausible causal mechanisms, which was validated by expert and stakeholder feedback.

For the evaluation, a contribution gap refers to the recurring circumstance in all the CSs when the size of the Finnish intervention; the results chain length to the target development result; data availability; and/or the time needed for the result to occur following an intervention, would affect whether the results from comprehensive contribution analysis would yield useful and valid information for the MFA. The use of different analytical instruments to evaluate the chain was aimed at usefully evaluating the performance of the CS portfolio interventions to the level of their direct outcomes. Higher up the results chain, the task was to check that the Finnish interventions are sensibly aligned with Finnish and country general objectives, and that the assumptions about their contribution to country-level results remain valid.

The team used process analysis and causal mechanism validation through the stakeholders involved to assess the influence of the CSM on the content and delivery of the CS portfolio.

In addition, a simple benchmarking exercise was carried out to assess the CS approach to transition against good practices.

### **1.3.2 Data collection and validation**

The Vietnam country evaluation team was able to use mixed information sources to generate and triangulate the evaluation findings. These are references throughout the report. These included:

- **Document sources:** country CSM documentation and reports; existing intervention reviews and evaluations; and relevant secondary literature from non-MFA sources including government documents and evaluations or reviews undertaken by other partners. The exact document sources are referenced throughout the report.

- **Statistical information sources:** the report uses analysis of financial and other statistics collected from the MFA and other sources. References are provided throughout the report.
- **Semi-structured interviews based on the evaluation questions:** this included individual interviews, group interviews and focus group discussions. In view of the confidentiality assurances provided to respondents, respondents are not identified linked to each reported observation. Annex 3 provides a full list of people interviewed.
- **Site visits** to observe results on the ground and elicit beneficiary and local stakeholder feedback, in alignment with the TOR requirement for participatory evaluation.

Triangulation was done between sources, where possible, but also within a source-type. The data and findings were validated through a country-based and a Helsinki-based country evaluation validation workshop. For Vietnam this workshop was attended by government representatives, donor partners and Finnish Embassy staff.

## 1.4 Evaluation process

The evaluation took place from September 2015 to June 2016. The Team comprised Marko Katila (Country Team Coordinator (CTC), Team Leader), Muriel Visser and Dung Tri Ngo (team members), and Lilli Loveday (support person for part of the mission).

The first desk study phase was undertaken after the kick-off meeting on September 10<sup>th</sup>, 2015. The context analysis, TOC and emerging hypotheses as well as the detailed work plan for the evaluation were presented in the Inception Report submitted to MFA in November, 2015.

The country mission took place during December 1-18, 2015. It covered all the five key Finnish-supported bilateral projects and all the aid instruments under the CS. The Fund for Local Cooperation (FLC), civil society organisation (CSO) and Institutional Cooperation Instrument (ICI) projects were analysed based on selective sampling of ongoing projects and making use of recent performance audit reports.

Field sites were selected so that all the key CS interventions could be covered. The mission included field visits to Bac Kan province to observe the Water and Sanitation Project for Small Towns (WSPST III), and to the Ho Chi Minh City (HCMC) area to observe innovation and knowledge society work carried out under the Innovative Partnership Programme (IPP II) project and related networks, forestry (Development of Management Information System for Forestry Sector project (FORMIS II), and Team Finland activities linked to Finpro and its networks. At the end of the field mission an internal debriefing of Embassy of Finland staff was undertaken on December 18<sup>th</sup>, 2015, and a validation workshop was organised for external stakeholders in Hanoi on December 19<sup>th</sup>, 2015. After the country mission there were follow-up interviews in the MFA headquarters and a briefing by the Vietnam team on the initial mission findings, and a validation workshop in Helsinki on March 15-16, 2016.



The evaluation process was participatory and consultative to ensure that key Finnish and Vietnamese stakeholders at various levels could contribute to it, including by providing information for evaluation and commenting on the various outputs including the draft Inception Report, interview plan, mission findings, and draft final evaluation report.

The team interviewed 64 people in Vietnam representing government staff in the Ministry of Planning and Investment (MPI), relevant partner ministries, Steering Committee (SC) members of key projects, non-governmental organisations (NGOs), project staff, universities, private companies, associations, and various institutes. In addition, seven key MFA staff involved both with the CEP and with the current CS were interviewed, including people who were directly associated with the transitioning from CEP to CS and drafting the CS in 2012.

## 1.5 Limitations to the country evaluation

The evaluation faced a number of challenges, both in evaluating the CS portfolio against CS objectives, and evaluating the CSM influencing of the programme and the CSM process. Several challenges were common to all the country evaluations; others were more specific to Vietnam. Table 1 summarises the main challenges and how the country evaluation team sought to mitigate them.

**Table 1:** Evaluation challenges and their mitigation

Challenge	Mitigation
<b>CS PORTFOLIO EVALUATION CHALLENGES</b>	
<p><b>The contribution gap:</b> Assessing the effectiveness and impact of a small donor's country programming against high level country strategy development result targets presented challenges. These were highlighted in the inception report. Comprehensive contribution analysis is not useful in these circumstances.</p> <p>Finland's contribution to ODA in Vietnam is very small, which has posed difficulties in observing contributions to CS development results areas except in the case of water and sanitation projects.</p> <p><b>Portfolio assessment challenge:</b> Throughout the evaluation the team was challenged by summing the performance of individual interventions towards an assessment of the CS portfolio result chain. This was also difficult to assess because of the small relative contribution of Finland.</p>	<p>The 'contribution gap' in the Vietnam country strategy occurs particularly between the country CS objectives and the target development results. In some cases, the team also identified a gap between the project immediate results and the specific objectives.</p> <p>Otherwise, the relatively close links between the interventions and specific objectives made it more possible to deploy contribution analysis.</p> <p>To deal with the contribution gap and portfolio assessment challenges the team:</p> <ul style="list-style-type: none"> <li>– investigated how policy dialogue and the provision of successful models were able to leverage specific interventions by influencing other partners, including government, to direct their resources to similar objectives.</li> <li>– used logical reasoning to identify the plausible mechanism for contribution, and then validated these through expert and stakeholder feedback, to check on the feasibility of the result chain.</li> <li>– used available evaluations and reviews of individual interventions, but focused on the extent to which performance was achieved across the portfolio. This was eased by the methodology which assessed the CS portfolio against the CS objectives, as well as the application of the complementarity, coherence and coordination criteria.</li> </ul>

Challenge	Mitigation
<b>CS PORTFOLIO EVALUATION CHALLENGES</b>	
<p><b>Availability of validated information and statistical data related to interventions.</b> The inception report envisaged that the CS portfolio evaluation would be able to draw on existing documentation and the CSM reports. This however was not always the case. There is a shortage of final evaluations in recent years, and only one recent Mid-Term Evaluation (MTE) report is available: FORMIS Mid-Term Evaluation from late 2015.</p> <p>As a result, there was not always sufficient information available to make assessments of all the programmes.</p> <p>The CS annual reports were only of limited value, given issues with whether the result matrix adequately measures performance and the stability of the indicators. For example, policy dialogue measures and outcomes are not adequately reported. In Vietnam result information on other Finnish instruments listed in the CS was not available.</p> <p>Annual results reporting provided information on results but the information was not always valid because of inadequate quality of the selected indicator, or challenges in obtaining reliable data for the indicator concerned.</p> <p>In addition, there was little data available to assess value for money of the programme, as this was not adequately addressed in most evaluation reports.</p>	<p>The field work aimed to address these challenges, as much as reviewing the findings of existing reviews and evaluations. Selection of site visits, selection of respondents and interview content therefore paid attention to filling these gaps.</p> <p>In Vietnam, the team did a sampling of non-bilateral instrument projects to get a base understanding of how effective these are in producing their planned results.</p> <p>The team used the deskwork and fieldwork phase to supplement CSM report data as much as possible from other sources to form views on results at the outcome and impact level. Where gaps still remain is reflected against the specific criteria in Chapter 5.</p>
<p><b>Inheritance of the CS portfolio and short time lapse since the introduction of the CS (for the CS portfolio evaluation).</b> The degree to which the CS portfolio can be assessed against CS objectives can be challenged, given that there has been little time for the country teams to adjust CS portfolios towards higher CS result performance.</p>	<p>The evaluation treated this challenge as a CSM assessment rather than a CS portfolio evaluation challenge. It assumed that even if the CS portfolio was put together without the CS objectives, there would still be value for the country teams to receive findings, conclusions and recommendations on the contribution of the CS portfolio interventions as they stand, to the CS objectives, particularly if such an evaluation signals the need to make significant changes in the CS portfolio.</p> <p>In undertaking this evaluation, the time frame from 2008 onwards made it more possible to chart changes in the country portfolio and to assess effectiveness of the portfolio and its components. Secondly, the theory of change approach facilitated assessment of the relevance of selected objectives and measures in the CS, and of the plausibility that Finnish-supported activities will lead to long-term impact against these.</p>

Challenge	Mitigation
<b>CSM EVALUATION CHALLENGES</b>	
<p><b>Short time lapse since the introduction of the CS, and the inheritance of the CS portfolios from the CEP period (for the CSM evaluation).</b> Given that the CS inherited the Vietnam CS portfolio to a significant degree, and that intervention commitments made prior to the CS determined the interventions undertaken during the CS period, there was limited data for the team to assess whether the CSM has been able to influence the CS portfolio for better performance.</p>	<p>The team applied process analysis to track when changes were introduced in the CS portfolio, however small, and consistently enquired why these changes were made and whether they could be attributed to the CSM. This allowed it to discern first signals of CSM effectiveness, or lack of them.</p> <p>The team looked not only at whether the content of the CS portfolio changed but also at how better management of existing interventions may improve their performance and contribution.</p> <p>This analysis was supplemented by discussing respondents' views on the likely impact of the CSM on future intervention design, given how CSM processes have been experienced so far.</p>

### 1.5.1 Risks to the country evaluation

The evaluation faced a number of risks, as discussed below:

**Factual and analytical gaps, misinterpretation and weaknesses in evaluation outputs due to the scope of the evaluation:** The evaluation process included two Vietnam validation workshops to correct factual errors and address misinterpretation. A full set of comments from MFA stakeholders on the draft report has also been taken into account. In addition, an internal quality and external peer review took place, and has been taken into account in this final report.

**Inconsistency across country studies:** This risk is mostly at the synthesis level. In the Vietnam evaluation the risk was addressed by using the country evaluation guidance, common templates for collecting data, common approaches to analysis, common criteria and common reporting templates. The Vietnam team leader also attended two team workshops, and made adjustments to the methodology and assessment provided in this report, based on common understandings reached at the workshops.

## 2 COUNTRY CONTEXT

### 2.1 Overview of the country and development performance

Vietnam is a diverse and resource-rich country with a current population of 90.7 million and a rapidly growing economy. Its economy is currently widely integrated into the regional and world economy. Vietnam is a politically stable country governed by the Communist Party. The political situation in Vietnam remains characterised by a low commitment to civil and political rights under one-party rule, but in recent years the National Assembly has become more active in economic development, public administration and governance issues.

Since Finland started development cooperation in Vietnam in the 1980s, the country context has changed considerably. Up to the 1980s, and even the 1990s, Vietnam was a very poor country suffering widely from food shortages; agriculture dominated the economy and the industrial base was weak. From the adoption of the political and economic renewal process called “Doi Moi” (Renovation) in 1986 to the present day Vietnam has gone through tremendous economic development.

**Economic integration.** The new Law on Foreign Investment in 1987 and the amended constitution in 1992 expanded the role of foreign investment and the private sector in the economy, and started the integration into the global economy. The integration into the regional economy was accelerated when Vietnam joined the Association of Southeast Asian Nations (ASEAN) in 1995. Integration into the global economy was speeded up with Vietnam joining the World Trade Organisation (WTO) in 2007. More recently, Vietnam signed a free trade agreement with European Union (EU) in December 2015 as well as the Trans Pacific Partnership Agreement (TPP).

**Rapid economic and social development.** By the mid-2000s, Vietnam attracted significant external funding flows in the form of both foreign direct investment (FDI) and ODA, enabling the expansion of agricultural and industrial production. In 1998–2005 FDI grew on average 28 percent annually. Vietnam has become the world’s leading exporter of rice, coffee, rubber, and wood chips, and the third biggest exporter of wooden furniture, with export turnover increasing year by year.

In 1990–2009, Vietnam was one of the most dynamic economies in the developing world. It sustained average annual growth rates above 7 percent over this period, quadrupling the size of the economy, although in recent years, annual growth has declined to around 6 percent (WB 2014).

Vietnam has emerged as an example of a country that has succeeded in accelerating economic growth and simultaneously making significant progress in reducing poverty. The following indicators provide an overview of the progress achieved:

- GDP per capita was USD 2 052 in 2014 compared to USD 433 in 2000; GDP grew by 6.7 percent in 2015.
- Poverty headcount was 2.5 percent (below USD 1.25 poverty line) in 2012 compared to 31.4 percent in 2004; it was 17.2 percent in 2012 using the national USD 2.5 USD poverty line.
- Vietnam has already achieved 5 out of 10 Millennium Development Goals (MDGs), and is on track to achieve the other targets in the near future, with possibly 1-2 exceptions.
- The share of industry in GDP has increased from 23 percent in 1990 to 39 percent in 2014 while at the same time the share of agriculture has declined from 39 percent in 1990 to 18 percent in 2014.

Consistent economic growth has meant that Vietnam has avoided becoming aid-dependent, despite increases in the volume of official development assistance (ODA) flows over the evaluation period. The share of ODA in GDP has remained low at only 3-4 percent even as overall ODA increased from USD 2.6 billion in 2008 to around USD 4.7 billion in 2013.

Growth prospects are still good. Vietnam is well integrated into the regional and global economy and continues to attract significant amounts of FDI. Vietnam benefits from a growing work force and an expanding domestic market. The TPP and EU trade agreements signed in 2015 and continuing ASEAN integration are likely to stimulate investments and trade.

## 2.2 Main development challenges

The overall development outlook seems positive. For example, the International Monetary Fund (IMF) is projecting annual average GDP growth rate of 6.5 percent until 2020 (IMF 2015). However, there are also major development challenges, some of which threaten the achievement of long-term development goals. The challenges are related to maintaining high economic growth rates in the future, quality of the environment, and human rights, and to ensuring more equal economic development and provision of social services.

- **Inadequate competitiveness** is slowing down Vietnam's progress towards a modern, industrialised country. This is a result of a myriad of factors including weak infrastructure, limited human and institutional capacity, and inefficient state-owned enterprise (SOE) and financial sectors (WB 2014). Moving to the next stage of economic growth requires stronger educational institutions and changes in the way the private sector, academia and research institutions work together to foster a culture of innovation and increases in productivity based on a knowledge society. Although Vietnam performs well internationally in primary education, its higher education system is not yet sufficiently modernised to meet the needs of the private sector.

**The main development challenges are related to maintaining high economic growth rates in the future, quality of the environment, and human rights, and to ensuring more equal economic development and provision of social services.**

Vietnam will also have to address the problem of weak governance. Corruption remains endemic with Vietnam's corruption perception index ranking at 112, although the government strengthened its anti-corruption strategy in early 2009 and has ratified the United Nations (UN) Convention on Corruption.

- **Unequal economic growth and human development.** Despite rapid reduction in the poverty rate, economic growth has not benefited everyone. There is unequal economic growth between rural and urban areas; poverty rates in rural areas have been about five times higher than in urban areas. Poverty rates are high amongst the ethnic (non-Kinh) population and rural households in remote areas. Ethnic minorities and disadvantaged groups also have problems related to welfare, gaining access to adequate services, and gender equality. Vietnam was ranked 121 out of 187 in the Human Development Index (HDI) in 2013.
- **Climate change and other environmental challenges.** Vietnam is among the five countries most vulnerable to climate change, and at high risk of flooding, rising sea levels, and reductions in agricultural production. The World Resources Institute (WRI) in its latest report points out that Vietnam would bear the fourth largest impact from floods among 164 countries surveyed. The study predicts that up to 80 percent of Vietnam's population would be affected by floods caused by climate change, and that floods could reduce Vietnam's GDP by 2.3 percent annually (WRI 2015). There are also problems with increased pollution, and access to sanitation. Deforestation and degradation of natural forests and biodiversity have continued.

## 2.3 National development strategies, plans and programmes

Donors operating in Vietnam, including Finland, are providing support to the country within the framework provided by its development plans. Vietnam's key planning document is the 10-year Socio-Economic Development Strategy (SEDS) (GoV 2010b). From the perspective of the Vietnam CS, the SEDS for 2011-2020 is the key document providing the context for development cooperation. Vietnam's current overall socio-economic development goal is to become a modern, industrialised country by 2020. This country development goal is stated in the 10-year SEDS as well as in the five-year Socio-Economic Development Plan (SEDP) 2011-2015 (GoV 2011b). SEDP 2016-20 has been very recently approved but it has not yet been shared.

The SEDS outlines three areas as the main drivers for industrialisation: improving market economic institutions, infrastructure development, and development of skilled human resources.

An action plan for the SEDS is outlined in the SEDP for 2011-2015 (GoV 2011b) to improve the competitiveness of the economy and the quality and coverage of social welfare. Measures include restructuring of the economy and improving the effectiveness of the state administration. The government prioritizes education, designing an affordable social protection system and improving health

care, clean water, transportation, environmental protection and climate change mitigation, and urban development for ODA support.

There are also several sectoral or thematic national strategies and programmes of relevance to the Vietnam CS:

- Vietnam Forestry Development Strategy (2006–2020) (GoV 2007a) and Forest Protection and Development Plan 2011–2020; key frameworks for FORMIS.
- Vietnam National Strategy on Climate Change (2011–2020) (GoV 2011a) that also deals with forestry.
- Vietnam National Strategy on Environment Protection (GoV 2012a) that also deals with forestry.
- Vietnam Sustainable Development Strategy (2011–2020) (GoV 2012b) that also deals with forestry.
- Vietnam National Green Growth Strategy (2012) (GoV 2012c) that deals also with forestry.
- Vietnam Industrial Development Strategy 2025 (vision 2035) (GoV 2014) that also deals with formulation of policies on technological innovations and applications.
- Vietnam Rural Water and Sanitation Strategy (2020) (GoV 2000); key framework for the Water and Sanitation Programme for Small Towns (WSPST).
- Strategy for Science and Technology (2011–2020) (GoV 2012d); key framework for IPP II.
- National Strategy on Gender Equality (2011–2020) (GoV 2012e).
- Socio-economic Development Program for Ethnic Minorities and Mountainous Areas Phase 2 (P135-II); cornerstone of the Government of Vietnam's (GoV's) national targeted approach to poverty reduction. This second phase also supported by Finland had a broader scope - including rural livelihoods and agricultural production in addition to infrastructure development.

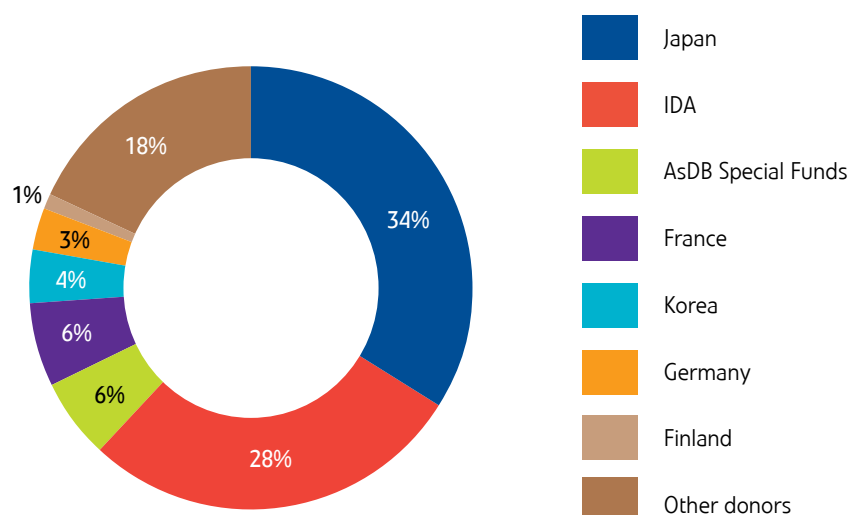
## 2.4 Donor policies and community in Vietnam

**Large donor community and volume of ODA.** Vietnam has been one of the largest recipients of ODA in the world. The total aid disbursements increased from about USD 2.6 billion in 2008 to USD 4.7 billion in 2013. The donor community supporting Vietnam is broad with around 45 donors in 2014. The key donors are Japan, World Bank Group, and Asian Development Bank (ADB), which account for 80–90 percent of annual disbursements. Other key donors include France, Germany, USA, Australia, South Korea, and also the EU. The EU allocates more than 85 percent of its funding to sustainable energy. In recent years, the share of loans has increased and now exceeds 70 percent of total ODA to Vietnam. Development banks mainly provide loans which Vietnam uses especially for capital investments.



Finland is a marginal player in terms of aid volume (see Figure 1). Whilst Finland's ODA share in Vietnam was 1% in total for the period 2008 to 2014, it declined from 1.1 percent in 2008 to 0.5 percent in 2014.

**Figure 1: ODA flows to Vietnam in 2008–2014**



Source: OECD DAC Development Finance Statistics 2016

Vietnam has played an active role in donor management and coordination. Vietnam was the first country to adopt the 2005 Paris Declaration on Aid Effectiveness through signing the Hanoi Core Statements (HCS) within a few months of the Paris High-Level Forum. Despite the HCS and the shift from project aid towards programme-based approaches, the project approach has continued to dominate in Vietnam (Cox et al 2011). The Ministry of Planning and Investment (MPI) developed a new ODA strategic framework for 2011–2015 to facilitate the effective mobilization and utilization of ODA to achieve goals and targets of the SEDP (GoV 2010a).

Vietnam is also one of the pilot countries for One-UN reform; Finland has provided modest support for this process in Vietnam. Donors have been providing funding to UN activities through a unified budget. The Embassy of Finland participated in the MFA's One-UN team.

As a result of rapid economic development, Vietnam is entering a new era in its development cooperation. In the past, Vietnam was one of the top beneficiaries from ODA in the world. However, with the share of ODA in total GDP at only around 3 percent other sources of funding such as FDI, domestic tax revenue, and public borrowing have become relatively more important. ODA may still increase in absolute terms but it will be increasingly concessional in nature. In a few years, access to soft loans will be reduced after Vietnam graduates from the World Bank (WB) Group and ADB soft loans in 2017 and 2020, respectively.

**Some donors phasing out/transitioning.** The developments described above combined with Vietnam becoming a lower middle-income country in 2010 have influenced donor operations in Vietnam. Many donors, Finland included, have started preparations for gradually phasing out bilateral aid and placing



more focus on economic cooperation and trade. The Netherlands and the Swedish International Development Cooperation Agency (Sida) had already phased out bilateral country programmes by 2014, and Denmark did so in 2015. The UK Department for International Development (DFID) plans to do so by 2016. It should be noted that many of these donors still maintain a strong presence in Vietnam. For example, in the case of the Netherlands the ODA volume levels have not changed much because of the introduction of new types of partnerships, and DFID is likely to continue bilateral cooperation through its Foreign Office. Major donors such as Japan, WB, and ADB as well as the EU will stay in Vietnam, and there are no signs that Germany, France and Switzerland will reduce their development cooperation (Cox and Hanh 2014). In the near future Vietnam will no longer benefit from WB and ADB concessional loans. IDA graduation will take place at the end of the 2017 financial year (with a possible one-year extension for transition) and ADB graduation soon after that. This will impact their ODA volumes.

**International non-governmental organisations (INGOs)** have a strong presence in Vietnam. There are more than 900 INGOs with registered activities in Vietnam. INGO activities are strictly regulated in Vietnam, particularly since the introduction of Decree No. 12/2012/ND-CP, which introduced additional requirements on the registration and operation of foreign NGOs.

**Donor coordination and policy dialogue.** The Vietnam Development Partnership Forum (VDPF) provides the main platform for high-level policy dialogue between the Government of Vietnam and development partners. It started operating in 2013, replacing the long-running Consultative Group (CG). The Forum supports substantive policy discussion between the Government of Vietnam, its development partners, the private sector, local and international civil society organisations, national research institutions and other development actors to foster broad-based and more inclusive socio-economic development and improved well-being. The Development Partnership Group (DPG) is the main forum for donor coordination.

During the CEP, the Embassy of Finland participated actively in the CG and in other key fora discussing policies and priorities to implement the SEDS/SEDP objectives and HCS. The main fora were: EU development counsellor's monthly meetings, the Partnership Group on Aid Effectiveness (GoV - Donors, reorganised later on to the Aid Effectiveness Forum), and the Like-Minded Donor Group. These fora were quite effective in the past. In the last few years, there has been a clear loss of appetite for complex coordination processes. The bilateral development partners now spend much less time together developing joint policy positions and do not attempt to engage at the level of national development policy; this field is now more in the hands of the multilateral development banks and organisations.

Finland also actively supported the Forestry Sector Support Programme (FSSP) Coordination Office, including financing technical assistance, had a leading role in the Trust Fund for Forests (TFF), and also played a strong role in the donor coordination of the National Targeted Poverty Reduction Programme (P135).

The strategy has been to remain in selected sectors for a considerable time. Finland has had a particularly long presence in the water sector and in forestry.

## 3 EVOLUTION OF FINLAND'S DEVELOPMENT COOPERATION IN VIETNAM

### 3.1 Historical overview of Finnish development cooperation in Vietnam

A comprehensive timeline of the MFA engagements in Vietnam during the evaluation period, summarising relevant key national events can be found in Annex 4. The main features of the evolution of Finnish development cooperation in Vietnam, with a focus on 2008–2015, are summarised below.

**Continuity of aid.** Vietnam is a long-term partner country for Finland. Finnish development cooperation started in 1979. The strategy has been to remain in selected sectors for a considerable time. Finland has had a particularly long presence in the water sector<sup>3</sup> and in forestry.

- **Water and sanitation.** Water sector cooperation started in 1985. This sector still forms the core of the cooperation. Finland was the leading donor in the water sector until the mid-1990s. In 2004, Finland shifted its water sector cooperation to small rural towns and added a sanitation component. The current Water and Sanitation Programme for Small Towns (WSPST III) is the third phase of the programme; it was designed to ensure sustainability of past cooperation.
- **Forestry.** Finland started cooperation in the forest sector in 1996 through the Vietnam-Finland Forestry Programme that ran until 2003. In 2003 the Forest Sector Support Programme and Partnership (later renamed the Forest Sector Support Programme – FSSP) was launched, and it ran until 2015. Finland was one of 21 donors and international organisations that signed the Memorandum of Understanding (MOU) with the Ministry of Agriculture and Rural Development (MARD). In 2004, Finland was one of the four donors signing an MOU with MARD to provide sector support through the Trust Fund for Forests (TFF). TFF ended in 2015 when Finland was the only remaining donor. Finland also supported WB's Forest Sector Development Project (FSDP) separately through the TFF.
- **Rural development and poverty reduction.** The long-running Quang Tri Rural Development (started in 1997) and Thua Thien Hue Rural Development (started in 1999) programmes both ended during the first year of CEP implementation in 2009. Finland supported the National Targeted Poverty Reduction Programme (P135) Phase 2, which focused on addressing rural poverty in remote areas and amongst ethnic groups, during 2006–2011.

<sup>3</sup> With sanitation being added in 2004.

- **Innovation policy cooperation.** Innovation policy cooperation started in 2009 and has entered a second phase of implementation running until 2018.

**Concentrating aid.** Finland's development cooperation is now concentrated largely in three sectors: water and sanitation, forestry and climate change, and knowledge society. The number of projects has been decreasing. During CS implementation, practically all of the bilateral aid has been allocated to forestry (Development of Management Information System for Forestry Sector of Vietnam (FORMIS), Trust Fund for Forests (TFF), water and sanitation sector (WSPST III), and knowledge society (IPP II). During CEP implementation, support to rural development and poverty reduction amounted on average to more than one third of the annual expenditure, but it does not feature in the CS.

**Importance of concessional credits.** Vietnam has been the largest user of the MFA concessional credits, together with China. Finland first granted concessional credits to Vietnam in 1995. The share of concessional credits in total Finnish aid has increased rapidly during the evaluation period from about 4 percent in 2008 to 28 percent (of disbursements) in 2014. During the CEP an attempt was made to steer concessional credits towards the field of environment and climate change and other sectors such as water and sanitation, where Finland can add value e.g. in terms of specific sector know-how, consistent with the directions provided by the DPP. Under the CS, concessional credits are especially used to strengthen water supply and sewage treatment capacity and energy efficiency in power-distribution networks. In addition, concessional credit projects have supported bridge building and design and procurement of fire-fighting and rescue apparatus (MFA 2015a).

The 2012 DPP stated that the Concessional Credit Scheme was to be replaced by a new instrument; no new projects were to be initiated. Despite this policy change, the concessional credit volume has been growing based on existing decisions, and will become the dominant form of support after bilateral project support is phased out.

**FLC funding** has been a consistent part of the portfolio. It first started in 2002 and then steadily increased by 2008 to an annual budget of approximately EUR 500 000 which has been maintained over the period. Changes have taken place at a number of levels, including in the application process (which is now targeted rather than open), and in the thematic focus of the FLC projects which has been revised over time to fit better with the overall priorities of the country strategy. Thus in the CEP period the priorities were in four areas: human rights, good governance, poverty reduction and cultural identity, but with the inclusion of a focus on the private sector. Under the CS the focus was revised to two main areas: environment and climate change, and private sector.

**Institutional cooperation** has been a stable factor over the evaluation period. Project budgets have mostly been around EUR 500 000, with few exceptions. The focus of the ICI collaboration in the CEP period was mostly on education-type projects including in areas such as education leadership, teacher training, and information technology training. This changed in the CS period to align with the new areas of priority including forestry, meteorology, and climate

**Finland's development cooperation is now concentrated largely in three sectors: water and sanitation, forestry and climate change, and knowledge society.**

**Vietnam has been the largest user of the MFA concessional credits, together with China.**

change. There have been a number of second phase ICIs to continue successful earlier collaborations.

### 3.2 Country Engagement Plan (CEP) 2008–2012

The CEP was anchored by the SEDP 2006–2010. Vietnam's CEP 2008–2012 continued supporting forestry, rural development and poverty reduction, and water and sanitation sectors. The CEP also introduced two new thematic priority areas: support to knowledge society through the Innovation Partnership Programme (IPP), and sustainable development and climate change.

The total initial budget for 2008–2012 was about 85 MEUR. The list of main projects and other support with original CEP budget information is in Table 2 below. In the end the actual expenditures were significantly less than the budget and funds were transferred to the next years.

**Table 2: Country Engagement Plan, planned resource allocation 2008–2012**

	EUR million 2008–2012	% of total (rounded)
Quang Tri Rural Development Programme	4.00	4.46%
Thua Thien Hue Rural Development Programme	3.72	4.14%
FSSP	0.13	0.14%
TFF support for FSDP	2.49	2.77%
TFF (FORMIS I support provided through TFF)	14.70	16.38%
Support to EU-FLEGT Facility	0.32	0.36%
P135	28.00	31.20%
WSPST II	19.40	21.62%
FLC	3.27	3.64%
IPP I	4.00	4.46%
One UN	4.60	5.13%
Transition strategy (incl. climate change)	4.00	4.46%
Concessional credits (support services)	0.40	0.45%
Project preparation support	0.72	0.80%
<b>Total</b>	<b>89.75</b>	<b>100%</b>

Source: MFA 2008. Vietnam. Osallistumissuunnitelma 2008–2012.

The CEP was designed both to build on past interventions which were found to support the objectives of the new 2007 DPP and to contribute to gradual transitioning from bilateral project support towards economic and trade cooperation and enhanced cooperation with EU and other multilateral organisations and strengthening Mekong region development cooperation, e.g. in the energy sector (the Energy and Environment Partnership, EEP).

The plan was to have – at the start of 2013 – only two main programme areas: science and technology and innovation policy, and environment and climate change. The IPP in particular was designed as a new type of project that would facilitate transitioning through more emphasis on public-private partnerships and private sector development (PSD). Instruments other than those related to bilateral projects were to be harnessed to support these new objectives. The CEP also aimed at

increasing the use of FLC, ICI and concessional credits to complement bilateral programme objectives and make use of Finnish value added.

Quang Tri Rural Development Programme and Thua Thien Hue Rural Development Programme ended in 2009, and support to the National Poverty Reduction Programme P135 ended in 2011 as planned. Rural development programmes were discontinued because they had already run for a long time, and financial space needed to be created for new type of interventions (IPP). Forestry and water and sanitation cooperation have continued beyond the CEP. During the CEP no major new initiatives related to private sector development or environment and climate change were introduced. However, FLC support included new projects in the environmental/climate field and some projects linked to the private sector.

### **3.3 Transition from the CEP to the Country Strategy (CS) 2013–2016**

The review of the CEP and CS documentation indicates that there were no major shifts between the CEP and the CS, beyond ending cooperation in rural development and targeted poverty reduction. The key sectors and thematic focus areas of the CS remained the same as in the CEP, except for rural development from which Finland had already exited. The forestry and innovation policy partnership projects were planned to have more than one phase, and the third phase of WSPST was designed to focus on sustainability after more than two decades of cooperation in the sectors, which explains why the sector focus did not change. Furthermore, there were no funds available to start any major new initiatives.

The country negotiations between Government of Finland (GoF) and GoV took place in June 2012 (MFA 2012). The consultations focused on discussing continuing cooperation in the already existing sectors. The Human Rights Based Approach (HRBA) was an important new feature, being at the core of the 2012 DPP, and cross-cutting objectives and governance issues were also highlighted in the negotiations, consistent with the new priorities of the 2012 DPP.

The 2012 DPP refers in the case of Vietnam to the gradual shift towards other forms of cooperation. Consistently, the CS refers to preparations for transition to other cooperation modalities, similar to what was already discussed in the CEP for 2008–2012. The CEP already paid increasing attention to use of FLC, ICI, Finnpartnership, and concessional credits to complement bilateral programme objectives. In the CS, these instruments are emphasised even more since they are seen as key instruments to facilitate the transition to new types of partnerships between Vietnamese and Finnish authorities, institutions, private sector players and CSOs, based e.g. on economic and commercial cooperation. Under the CS no new concessional credit projects were to be designed.

### **3.4 Summary of key earlier evaluation findings for 2008–2015**

There is an overall shortage of final evaluations in Vietnam. The last country programme evaluation took place in 2001. No final evaluations of the key CEP interventions were carried out but MTRs are available.

There are thematic MFA evaluations with Vietnam case studies which cover part of the CEP period, including the Evaluation of the Finnish Support to Forestry and Biological Resources (MFA 2010a) and the Evaluation of the Finnish Development Cooperation in the Water Sector (MFA 2010b). No thematic evaluations were undertaken during the CS period. TFF operations have been evaluated several times, however; the third and last evaluation is from 2011 (MFA 2011a)

Regarding the CS, there is one MTE covering FORMIS II. The MTE of IPP II is planned to end in June 2016 (too late for this evaluation). There are (draft) audit reports on the performance of the Finnish Development Aid to Vietnam (MFA 2015a). Additionally, there are appraisal reports of WSPST III, IPP II, and FORMIS II.

Some of the main evaluation findings, of relevance for the CS evaluation, are summarised below.

### **Knowledge society**

**Mid-Term Review of IPP I (Finnish Consulting Group, FCG 2011b).** This MTR found the alignment of the IPP with government policies and strategies related to science and technology (S&T) as excellent. The project was also supportive of Finnish development policy objectives. However, the project's objectives were seen as too ambitious and vague. The project's focus on individual projects and related grant mechanisms was found to be cumbersome and complex, creating inefficiencies and reducing effectiveness.

### **Forestry sector cooperation**

**Evaluation of Finnish Support to Forestry and Biological Resources (MFA 2010a).** This evaluation found it difficult to establish a clear link between Finnish-supported forestry cooperation in Vietnam and poverty alleviation. Finnish support to FSSP and TFF has contributed to improved donor coordination and policy dialogue, and also helped to finance strategic initiatives in the sector. Pooled funding appeared to have a positive impact on efficiency through reduced transaction costs. References to cross-cutting issues/objectives are found in the documents but only limited evidence can be found of measurable changes regarding them.

**Third Major Evaluation of the Trust Fund for Forests (MFA 2011a).** TFF was found to be relevant. It paved the way for the establishment of the Vietnam Forest Protection and Development Fund. The relevance of TFF for many donors was reduced over the years because many of them started pulling out of Vietnam in general and also from the forest sector. All TFF-supported projects have contributed to the Vietnam Forestry Development Strategy (VFDS) (GoV 2007a).

**Mid-term evaluation (MTE) of FORMIS II (MFA 2015b).** This MTE rated the relevance of the Project for Vietnam as high. The review recommended broadening the use of FORMIS to other stakeholders beyond the state. Relevance could be enhanced through full nation-wide application of the systems developed. FORMIS has created a platform that has helped data sharing through standardisation of data management and reporting, but the application of the system lags behind the original schedule. No major issues were identified regarding



implementation efficiency. There is strong ownership, which contributes positively to sustainability, but capacity must be developed at all levels to ensure sustainability of FORMIS development and use.

## **Water and sanitation sector cooperation**

**Evaluation of Finnish Development Cooperation in the Water Sector (MFA 2010b) and Mid-term Review Water and Sanitation Programme for Small Towns, Phase II, in Vietnam (MFA 2011d).** Both the 2010 Evaluation of Finland's cooperation in the water sector and the 2011 MTR of the WSPST II found that the engagement is relevant and has put an important emphasis on the neglected areas of sanitation with contributions to policy dialogue. In terms of effectiveness, the assessments have been positive regarding changes in the lives of the target population who are connected to the water supply. The most critical areas were related to efficiency where a combination of delays, poor quality of construction, and cost of construction led to reduced efficiency. Concerns were highlighted with respect to sustainability, in particular of the drainage and sanitation schemes and involvement in the national revolving water fund; no decision has yet been made on how to use the fund in the future. A positive assessment was made of cross-cutting objectives on the promotion of the rights and the status of women and children.

## **Other evaluations**

**Evaluation of Finnish Aid for Trade (MFA 2011c).** This Aid for Trade (AfT) evaluation was global but included Vietnam as a case study. It concluded that Vietnam's Finnish embassy had a track record of working on AfT-related issues and managing a bilateral portfolio with AfT elements. IPP was considered to be a good example of this type of cooperation.

**Performance Audit of the Finnish Development Aid to Vietnam by KPMG (draft reports MFA 2015a).** Moving away from bilateral cooperation towards other forms of cooperation has been slower than planned. Overall CS performance from the perspective of efficiency has been in general good or acceptable, with the exception of major delays in construction of water and sanitation facilities and implementation of concessional credit projects. The disbursement was on average 43 percent during 2013-2014 due to the large transferable allocations. The audit recommended better overall budget planning.

Concessional credits, despite their large role, have not been integrated into CS planning, implementation and reporting. There is no results-based reporting of concessional credit projects. Risk management under the CS has been operative and focused on individual projects and their procurement and financial management. The audit found systematic CS results reporting, but some objective indicators were still missing and there was no reporting on risk management.

# 4 COUNTRY STRATEGY FOR DEVELOPMENT COOPERATION WITH VIETNAM

## 4.1 Overview of the Vietnam Country Strategy

Vietnam's overall socio-economic development goal, as expressed in the SEDS (GoV 2010b) and SEDP (GoV 2011b), is to lay the foundations for a modern industrialised society by 2020. Finland supports Vietnam in achieving its development goal - expressed as Equal and Inclusive Modern Industrialised Country in the logic model and results framework - by setting four country-specific objectives under two country development results areas: see Table 3.

**Table 3:** Vietnam CS objectives

Country development results	Specific Finnish objectives	Inputs, instruments and resources
<b>1 Improved basis for a knowledge-based society</b>	A) Increased openness and access to information, knowledge and innovation for all	→ Support to the implementation of national S&T strategy and the formulation of innovation-related policies through Innovation Partnership Programme (IPP), Phase II
	→ Open access to information and knowledge in order to enhance equal opportunities, accountability, transparency and prevention of corruption	→ Support to the development of efficient information systems and accountability mechanisms in the forestry sector through FORMIS II
	→ Strengthened innovation platforms and initiatives that enable stakeholders to resolve obstacles to economic development and service delivery in the context of the National Science and Technology (S&T) Strategy (GoV 2012d)	→ Finland promotes horizontal and vertical information sharing between private and public sector institutions and individuals through different partnership modalities
	B) Enhanced green economy that creates entrepreneurial activity and decent jobs	→ Finnish cooperation instruments to be used: FLC support, Finnpartnership, ICI, HE-ICI, the Finnish Funding for Technology and Innovation (TEKES) Business with Impact (BEAM) programme, and concessional credits
	→ Improved livelihoods through joint technology learning and innovation processes in partnerships improving turnover of inclusive, green and responsible business	



Country development results	Specific Finnish objectives	Inputs, instruments and resources
<b>2 Sustainable use and management of natural resources and improved climate sustainability</b>	A) Improved sustainability, inclusiveness, equality and climate sustainability of the use and management of forest resources	→ Support to the development and improvement of national forest policies through the TFF
	→ Strengthened national forest policies and management and increased accountability, transparency and legality of the use of forest resources	→ FORMIS II to enable well-informed forestry decision-making.
	→ Increased environmentally and economically sustainable income generation and improved implementation of climate sustainability initiatives	→ People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam
	B) Sustainable and equal access to improved water supply and sanitation services	→ Finland supports Vietnam in combatting climate change at both policy and project levels.
	→ Sustainable management and provision of water supply and sanitation services in the programme areas	→ Technical assistance to the EU Forestry Law Enforcement, Governance and Trade (EU-FLEGT) Voluntary Partnership Agreement (VPA) negotiation processes
	→ Improved capacity of the Ministry of Construction and project provinces in the water and sanitation sector to replicate implementation of new schemes in small towns and densely populated rural areas	→ FLC support for initiatives that improve local communities' forest income and local NGO projects combatting climate change
		→ Water and Sanitation Sustainability Programme for Small Towns, Sustainability Phase (WSPST III) to support the water supply and sanitation targets of Vietnam
		→ Policy dialogue/influencing in for a such as Forestry Sector Support Programme (FSSP) and Urban Water and Sanitation Partnership
		→ Other Finnish cooperation instruments to be used: Finnfund, Finnpartnership, CSO support, ICI, HEI-ICI, and concessional credits

## 4.2 Description of the main interventions under the CS

The CS has two priority areas for 2013-2016: natural resource management and climate change, and knowledge society. Under these there are three major development programmes/projects which are to contribute to the CS objectives and results areas. These are highlighted because in terms of the CS they are the most important and absorb the majority of funding.

- Innovation Partnership Programme (IPP), Phase II;
- Development of a Management Information System for Forestry Sector, Phase II (FORMIS II); and
- Water and Sanitation Sustainability Programme for Small Towns, Sustainability Phase (WSPST III).

All the current key projects are direct follow-up projects to earlier ones implemented during the CEP for 2008-2012, and even before, as is the case with WSPST I which started in 2004. IPP I - the first development programme between the GoF and GoV in the knowledge society "sector" - was launched in 2009, the same year as FORMIS I (see Figure 2 below).

**Figure 2:** Timeline of Finland's bilateral interventions 2008–2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>KNOWLEDGE SOCIETY</b>											
Innovation Partnership Programme (IPP) I											
Innovation Partnership Programme (IPP) II											
<b>FORESTS AND CLIMATE CHANGE</b>											
Forest Information Management Programme (FORMIS) I											
FORMIS II											
Forest Sector Support programme (FSSP) (from 2003)											
Trust Fund for Forests (from 2004)											
FLEGT VPA (no cost extension to end 2016)											
People Participation in Improvement of Forestry Governance (PPG)											
<b>WATER AND SANITATION</b>											
Water and Sanitation for Small Towns (WSPST I) (from 2004)											
Water and Sanitation for Small Towns (WSPST II)											
Sustainability Programme for Water and Sanitation for Small Towns (WSPST III)											
<b>OTHER</b>											
Quang Tri Rural Development Programme (from 1997)											
Thua Thien Hue Rural Development Programme (from 1999)											
Support to the National Targeted poverty Reduction Programme Phase 2											
Concessional Credits (from 1995)											
Fund for Local Cooperation (from 2002, funding ended in 2015, some projects ongoing to 2017)											
Institutional Cooperation Instrument (ICI)											
One UN											

These key projects and other CS interventions are described below in terms of objectives, scope, and intended results.

**IPP II.** To contribute to GoV's overall aim by 2020 to become an industrialized, middle-income country (MIC) with a knowledge economy and a national innovation system (NIS) that actively supports socio-economic development. The IPP II has three main results areas, which are further broken down into various sub-results:

- Result 1: Institutional Development and Capacity Building leading to strengthened institutional capabilities of public sector agencies, enterprises and research institutions in innovation processes;
- Result 2: Partnership for Innovation involving Open Innovation Forums (OIFs) and innovation platforms and processes in selected regions;
- Result 3: Innovation Projects with multi-helix stakeholders to produce innovative products and services in selected sectors.

**FORMIS II.** To ensure that forest resources are managed in a sustainable way based on up-to-date information and that they contribute to the alleviation of poverty in the socioeconomic development framework of Vietnam. Structurally FORMIS II is composed of five result areas:

- Result 1: Procedures, standards and mechanisms to transfer information;
- Result 2: FORMIS platform and tools operational in all provinces;
- Result 3: Forest sector data formalized and converted into FORMIS database, performance indicators in place;
- Result 4: Strengthened capacity for information management;
- Result 5: Information Centre for forestry sector / Forestry Information and Communications Technology (ICT) unit.

**WSPST III.** The main objectives are to ensure that water supply and sanitation services in the WSPST towns fulfil the needs of the population, services and businesses, to contribute towards improved health and environmental hygiene, and to enable projected development of towns on a sustainable basis. There are three result areas:

- Result 1: Implementation of water supply and drainage/sewerage schemes through the construction of schemes;
- Result 2: Ensure well-established systems for management of water supply and waste water services in programme towns are in place to ensure sustainable, efficient and transparent service;
- Result 3: Develop an enabling environment and institutionalised support for small town water supply and waste water.

**The People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam (PFG)** being implemented by the International NGO (INGO) ActionAid. The project aims to create an open and interactive space for people from grassroots communities to participate in national forestry management information systems in order to improve forestry governance and con-

**The CS has two priority areas for 2013–2016: natural resource management and climate change, and knowledge society.**

tribute to poverty alleviation in Vietnam. The expected results of the project are:

- Result 1: Forest governance transparency is improved through community-based forestry management based on the digitalized forest management information system created in the Finnish-funded bilateral FORMIS project;
- Result 2: Knowledge and skills of the poor ethnic minority groups in project areas in knowing and using the data from FORMIS are supported to improve accountability in forest governance;
- Result 3: Relevant changes in policy and practices to facilitate good forest governance are made based on evidence of success generated from ground work.

**Support to the FLEGT VPA process.** The project aims to build the capacity of Vietnamese Small and Medium-Sized Enterprises (SMEs) to fulfil the EU FLEGT requirements.

**One UN.** The One UN Plan 2012-2016 is a strategic, coherent, efficient and results-oriented approach to promote inclusive and green growth, access to quality social services and protection, as well as stronger governance and participation. No result areas have been identified for Finnish support as Finnish resources are channelled through the overall pool of funding.

**FLC strategy.** The Embassy has had two FLC strategies over the period. The 2008-2010 Strategy prioritized human rights and governance, private sector partnerships and environmental sustainability. The 2011-2013 strategy continued to prioritize environment and the private sector, and added a focus on climate change. There are seven FLC projects with a total budget of about EUR 0.5 million, most of them dealing with climate change, CSO support and good governance. In 2013 there were nine CSO projects under implementation, and one more was approved in December 2013, though the implementation commenced in 2014.

**Team Finland.** Team Finland activities are not explicitly part of the CS but its objectives are linked to the CS in the sense of development cooperation contributing to Team Finland work to contribute to a transition from bilateral project cooperation towards economic and trade partnerships. WSPST, IPP II and FORMIS II are represented in Team Finland. Team Finland relies on instruments such as ICI, Finnpartnership, Finnfund and concessional credits which are also included in the CS, and of course on the work of Finpro (Team Finland 2015).

In addition, at present there are seven concessional credit projects. Concessional credits play a very important role in Vietnam: the ODA-eligible amount of the credit (about 35 percent of the total) of these seven projects is around EUR 23 million. Four projects deal with water, sanitation and environment; two are in the energy sector and one is in meteorological services. As of September 2015, there were three ICI projects and one Higher Education Institutional Cooperation (HEI-ICI) project.

Policy dialogue in forums such as the Forest Sector Support Partnership (FSSP) and the Urban Water and Sanitation Partnership was planned to complement project interventions; however, the FSSP was closed down in 2015. In the Vietnam Development Partnership Forum (VDPF), Finland's main agenda includes gender equality, reduction of inequality and climate sustainability. Finland also participates in the Aid Effectiveness Forum. In biennial bilateral consultations, human rights, good governance, transparency, and promotion of trade and economic cooperation have been high on the agenda.

The budget for the CS, as stated in the original CS document, was EUR 25.95 million. This excludes concessional credits, and does not separately identify thematic support (e.g. to climate change) by aid channel. The share of FORMIS II, IPP II and WSPST is 81 percent of the total initial budget. This justifies paying more attention to these interventions in this evaluation than to other interventions.

After the launch of the CS, the budgets were revised, and a new project "People Participation in Improvement of Forestry Governance" (PFG) was introduced, as set out in Table 4.

**Table 4: Final CS GoF budget 2013–2018 by sector**

Project	MEUR	Implementation period
IPP II	9.9	2014–2018
FORMIS II	9.7	2013–2018
PFG	1.04	2014–2017
Support to FLEGT VPA	0.45	2013–2015
WSPST III	2.92	2013–2016
One UN	2.0	2012–2014

Source: MFA 2014. (Updated) Country Strategy for Development Cooperation with Vietnam 2013–2016 with complementary information from ASA.

According to the CS budget and the 2014 country negotiations, bilateral programme cooperation will be phased out gradually, with more emphasis in the future on the partnership approach. The ongoing projects were initially scheduled to close by the end of 2018, and no new bilateral project interventions were to be initiated during this country strategy. In addition, a regional Energy and Environment Partnership (EEP) programme, which has many activities in Vietnam although not part of the CS, is to be continued until 2018.

### 4.3 CS theory of change

The theory of change (TOC) presented in Figure 3 below presents the CS portfolio logic. In the case of the Vietnam CS, interventions are assumed to contribute to more than one objective and results area. In addition, the CS includes all development cooperation and all the types of aid modalities and instruments, even those beyond the direct control of the Embassy of Finland and the regional department.

The CS and its logic model have identified explicit assumptions to reach the objectives. They are summarised below:

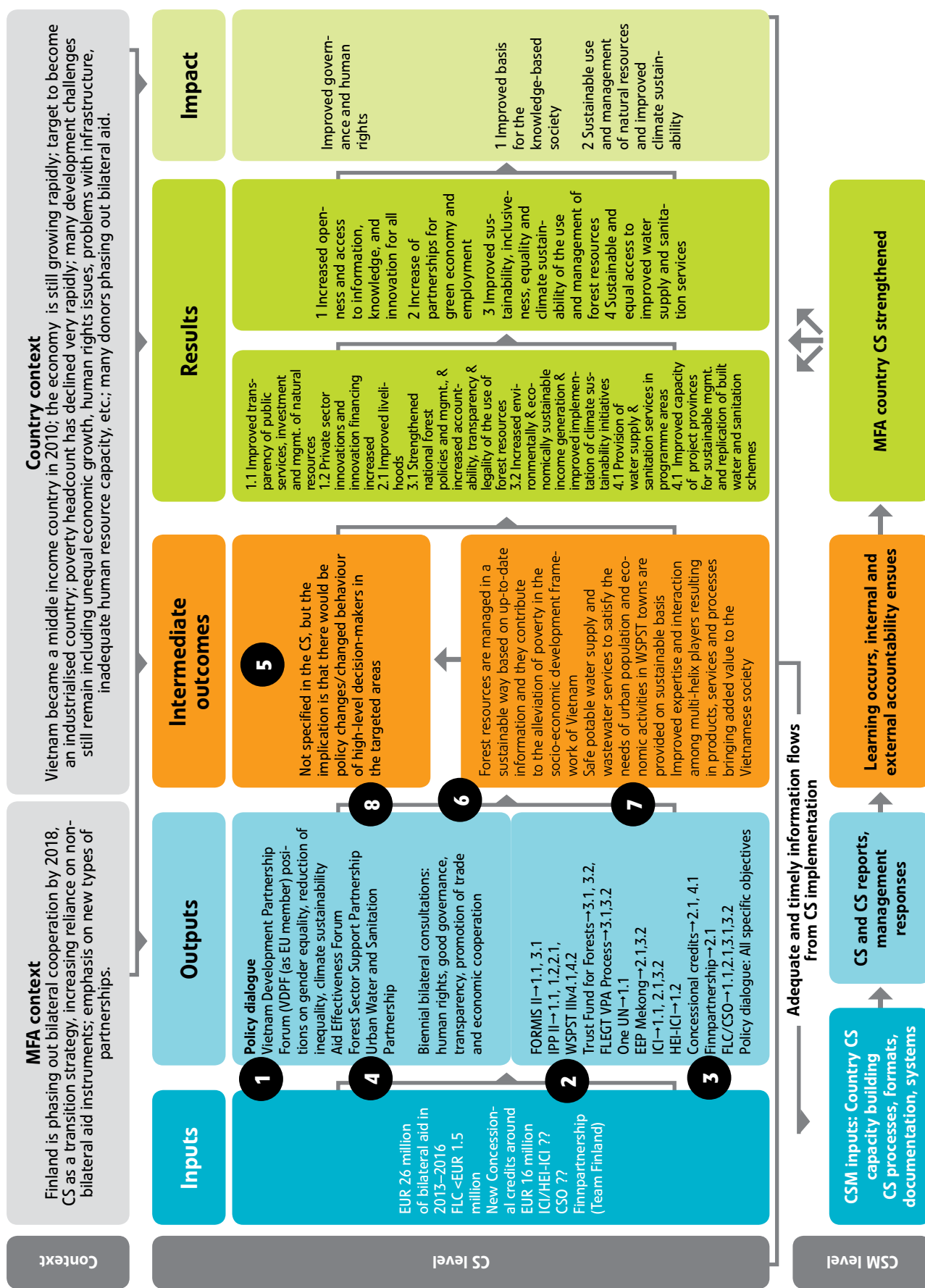
1. The GoV is committed to increasing access to information.
2. The GoV is committed to implementing sectoral policies and strategies (in those sectors where MFA is active), e.g. implementation of the water treatment policy, or Science and Technology Strategy (GoV 2012d).
3. The GoV is committed to providing support to the CS project implementation and making use of the outputs, e.g. applying FORMIS for forestry decision-making.
4. Both MFA and GoV will provide adequate human and financial resources for CS implementation in a timely manner.

The review of the TOC suggests that there are a number of crucial implicit assumptions underlying the logic model; they are needed for successful contribution to the development results areas and objectives:

5. The intervention portfolio is strategically and logically formulated; there are logical and feasible links between projects and instruments, and the CS objectives and development results areas, i.e. a feasible impact pathway implying also a good match between the scale of inputs and the level of ambition set by the objectives.
6. The various projects and instruments complement each other, building on their respective synergies and comparative advantages, and the portfolio and other interventions are coherent and make an effective contribution to the objectives.
7. There will be adequate resources, and a good portfolio and instrument mix, to support the transition process.
8. The Embassy has adequate resources to participate effectively in policy dialogue in existing effective fora, and sectoral cooperation and policy dialogue complement each other.

The validity of the TOC and its assumptions has been assessed as part of this evaluation. Related findings and conclusions are presented in section 5.8.

**Figure 3: Vietnam Country Strategy theory of change**



The arrows in the 2nd column refer to the specific objectives interventions are planned to contribute to.



The CS objectives are relevant to the Vietnam context and development challenges and priorities.

The review of the CS objectives and portfolio indicates good consistency with the MFA DPPs' (2007, 2012) objectives, priorities and principles.

All the key interventions under the CS are found to be relevant.

## 5 EVALUATION FINDINGS

### 5.1 Relevance

#### 5.1.1 Overall CS relevance

The review of the CS and key national policy/programmes indicated that **the CS is well aligned with the 10-year Socio-Economic Development Strategies (SEDS)** and the five-year Socio-Economic Development Plans (SEDP). The CS objectives are relevant to the Vietnam context and development challenges and priorities, sectoral policies and programmes, and also address the needs of rural poor and disadvantaged groups especially through the long-running support to improve water and sanitation in small towns in more remote rural areas and FLC support to CSOs.

The **review of the CS objectives and portfolio indicates good consistency with the MFA DPPs' (2007, 2012) objectives, priorities and principles**. It is also consistent with the 2016 DPP (MFA 2016). Sustainable development, green economy that promotes employment, sustainable management of natural resources, and principles including cross-cutting objectives or themes have remained stable during the last two DPPs, which explains relevance across the two sets of country programming. Furthermore, the country context has remained relatively stable in Vietnam over the last 10 years.

**All the key interventions under the CS are found to be relevant.** As discussed further in section 5.1.2, the 2011 MTR of the IPP (MFA 2011c) confirmed the relevance of the IPP concept and the 2015 MTE of FORMIS II found it highly relevant (MFA 2015b). The relevance of these two key interventions and the WSPST is greatly enhanced through GoF and GoV finding nationally very important areas for cooperation which have not been adequately addressed by government agencies and other donors. The senior government representatives interviewed stressed the high relevance of Finnish cooperation in all these sectors and valued especially the long-term commitment. The bi-annual country negotiation minutes support this finding.

**Although the CS as a whole is relevant to the context considering the development objectives it sets out, it is not fully relevant for Finnish development policy objectives, as it does not facilitate transitioning** which was implied e.g. in the Vietnam 2012 DPP statement concerning Vietnam. Most of the CS portfolio was inherited and, apart from IPP, was not meant to support transitioning. Forestry and water and sanitation projects were all follow-up phases with origins in the years even before the CEP 2008–2012. Furthermore, their relevance was also reduced because the planning of the next project phases of these projects had already taken place before the CS formulation and the portfolio included very little room for adding additional interventions. It needs to be noted that the new development policy programme (MFA 2016, p. 37) refers to Vietnam once:



“In Vietnam, traditional development cooperation will give way to other forms of support and diversified cooperation, including economic cooperation”.

As regards beneficiaries, **the CS portfolio as whole is not strong in addressing poverty reduction**. For example, in the case of interventions related to forestry and innovation policy the linkages to poverty reduction are unclear, or indirect. Thus, overall the only poverty-reduction link in FORMIS is the access to information it intends to provide to poor forest-dependent households and communities on forest resources, including boundaries. However, Finnish support to water and sanitation in rural small towns contributes to improved well-being of poor people. The CS and CS portfolio of interventions are not explicitly supporting HRBA but do so e.g. through improving access to clean water for the rural poor. It needs to be noted that with limited funding it was decided that space must be created for interventions such as IPP to help with transitioning rather than to continue funding poverty-reduction oriented projects.

## 5.1.2 Relevance of the CS portfolio

### Knowledge society

**IPP I and II are highly relevant** for Vietnam not only because IPP supports the implementation of the Strategy for Science and Technology (2011–2020) (GoV 2012d), and Vietnam Industrial Development Strategy 2025 (vision 2035) (GoV 2014), but also because it has filled an important gap in terms of innovation in the private sector, in particular for newly emerging companies. IPP and Finland were the first to introduce the innovation concept and policies in Vietnam; there was no other donor working in that field at that time. Now there are related major projects funded e.g. by the World Bank, but IPP II has found a niche in the development of start-ups and the related institutional framework. According to interviews with Vietnamese stakeholders at the Ministry of Science and Technology (MOST), National Agency for Technology Entrepreneurship and Commercialisation (NATEC) and National Technology Innovation Fund (NATIF), IPP’s policy and regulatory work are highly relevant; they respond directly to government needs concerning for example the development of venture capital financing. The profile of IPP II is high, and it is valued and recognised at the highest level in the ministry. The MTR of IPP I found the project to be highly relevant but recommended one major change to the project concept (innovations clusters/ ecosystems) which is now at the core of IPP II.

### Forestry cooperation

**FORMIS (I and II) is very relevant**, and well-aligned with Vietnam Forestry Development Strategy (GoV 2007a), and Vietnam National Strategy on Climate Change (2011–2020) (GoV 2011a). Many developments are taking place in the Vietnamese forestry sector to respond to the increasing demand for forest products and carbon and other environmental services. There are also various processes such as Reducing Emissions from Deforestation and Forest Degradation (REDD+) and FLEGT-VPA, and memberships of the WTO and the ASEAN Free Trade Area (AFTA) that influence the forestry sector. All of these create major information needs at different levels to which FORMIS is responding. FORMIS II enjoys a high profile in the Vietnamese forestry administration; it

**Finnish support to the water and sanitation sectors in rural small towns has helped to fill a major gap in service delivery.**

plays a central role in providing a platform to access and share information to improve the quality of decision-making at all levels from central government to the commune. FORMIS is relevant also because Information Technology (IT) and development of a knowledge-based society applying modern technology have a high priority in the country's overall development strategies. FORMIS II indirectly contributes to poverty reduction through providing a better basis for forest management by forest-dependent poor households and communities.

**FORMIS's relevance for the private sector and industry is currently limited.** They have not been involved with its design and do not see much use for the current services provided by FORMIS. Given the crucial importance of commercially oriented smallholders, plantation developers, and foreign and domestic investors in the development of a modern forestry sector, this gap is something that needs to be addressed.

**People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam (PFG) project is relevant but mainly in the local context.** PFG was introduced to strengthen forestry cooperation's contribution to poverty reduction in a more direct manner. It was also to bring more attention to HRBA and gender. Using forest information, through the link to FORMIS II, as the entry point for the PFG project is not fully relevant; there are much bigger issues such as security of land tenure and capacity constraints related to the development of community forestry in Vietnam. However, supporting ethnic minority communities' sustainable forest management and also making use of modern technology is important. But PFG appears rather like an add-on project with limited scaling-up potential, and it is not fully relevant either in the broader framework of the CS, or in view of transitioning needs and the phasing out of bilateral project support.

**Support to the FLEGT process in Vietnam is of strategic value.** The VPA process is very complex and time-consuming with many players; Finland alone cannot contribute much to the VPA process. However, Finnish support through funding a full-time FLEGT VPA facilitator is relevant and strategic. There was no other bilateral donor strongly linked to the FLEGT VPA process in Vietnam; Finland moved first and filled a gap. With a relatively small amount of money Finland has been able to provide important support for the process. In addition, through this support Finland obtained a position on the FLEGT facility Board, gaining influence beyond Vietnam.

### **Water and sanitation**

The **WSPST draws its objective and targets from the Comprehensive Poverty Reduction and Growth Strategy (CPRGS)** which includes a focus on water and sanitation as a key duty of the government and highlights that provision of these services can be key factor in the mitigation of poverty. **WSPST is also clearly relevant to Vietnam's socio-economic strategies** for 2001-2010 and 2011-2020, both of which prioritize the expansion of and access to water services for the Vietnamese people. Finland is the only donor working on water and sanitation schemes of this size, focusing on providing infrastructure and creating sustainable systems. The inclusion of sanitation was clearly a Finnish agenda item and was considered critical because sanitation has been a 'forgotten issue'

which has considerable impact on health indicators. However, there have been challenges to the ownership of this agenda, as will be discussed under effectiveness below.

The project also aligns well with the priorities in various sector-specific decisions and regulations<sup>4</sup> by focusing on the roles of the urban authority, consumer and service provider, and ensuring that services are provided on a commercial basis. The project has sought to work through the local structures including the People's Committees as being responsible for planning and investment in and construction of drainage and sewerage and to do so based on the principle of future recovery of expenditures on maintenance. This has allowed the model that has been put in place by the WSPST to be in line with the overall decentralization and privatization processes which are a priority for the Vietnamese Government.

The **project is also potentially relevant from the perspective of the beneficiaries.** Small town water mostly benefits rural and poor populations and has been forgotten in terms of major government investment. However, in terms of relevance to poor people the project design shows some flaws given that it was based on the assumption that there is only one main technological option for providing water and sanitation services to the inhabitants of small towns. For safe water, this means piped water supply networks with household connections and centralised waste water systems with off-site treatment. However, as was raised in earlier evaluation work (the 2011 mid-term review) some of the target population are living too far from the networks for it to be financially feasible to provide a connection to the service for them, and the really poor are not able to pay the minimum service fees (see MFA 2011d).

### Other development cooperation instruments

**PSD-related instruments are relevant for transitioning, but not sufficiently flexible.** Instruments such as Finnpartnership, Finnfund and especially TEKES Business with Impact Programme (BEAM) were seen as relevant in principle by key stakeholder groups (including Embassy and MFA Headquarters (HQ) staff, and private sector representatives), but insufficient, weakly integrated and often inflexible to meet the needs and therefore less relevant in implementation. Many of the Vietnamese and Finnish partners interviewed had in principle a positive view towards concessional credit projects; however, the 2012 DPP included a decision to discontinue the Concessional Credit Scheme as an MFA aid instrument. In particular, MPI emphasised the importance of concessional credits, and were keen to have a follow-up scheme to the old Concessional Credit Scheme because this would allow Vietnam to access Finnish technology and know-how. This issue also came up strongly in the country negotiations in 2014 (ASA-10 Memorandum 27.6.2014).

<sup>4</sup> Decision No 1929/QĐ-TTĐ: *Ratifying the Orientation for the Development of National Urban Water Supply System till the Year 2025 and Vision to 2050* and with the urban sewerage policy and strategy which has been defined by Decision No 1930/QĐ-TTĐ on November 20, 2009: *Ratifying the Orientation for the Development of Urban Sewerage in Vietnam up to Year 2025 and Vision to 2050*. The above strategies have resulted in two Decrees, approved by the Prime Minister during Phase I of WSPST: Decree No. 117/2007/ND-CP, 11/7/2007 on Production, Supply and Consumption of Clean Water; and Decree No. 88/2007/ND-CP, 28/5/2007 on Urban Sewerage and Drainage and Sewerage and Drainage in Industrial Zones.

**PSD-related instruments are relevant for transitioning, but not sufficiently flexible.**

**When the CS was being planned it was used more to justify (i.e. “retrofit”) the existing portfolio, which was itself relevant.**

**CSO cooperation supported through FLC and CSO aid channel.** Overall the FLC portfolio during the CS period is relevant to the CS development results areas and aligned to Finland’s specific objectives. During this time the portfolio consisted of a set of 11 projects, of which seven (3 on climate change, 2 on private sector, 1 on anti-corruption, 1 on inclusion of people with disabilities) were on-going at the time of the evaluation, with budgets ranging between EUR 50 000 and 300 000. The projects were selected through a process whereby the Embassy had an open call for proposals, and made the final selection made based on thematic priorities of the Embassy and a feasibility assessment, which improved the targeting and relevance of the interventions. Over half of the FLC projects have focused on the environment, and three on private sector development. These projects are entirely in line with the two main priorities of the Vietnam CS and with the priorities as outlined in the FLC strategy for 2011-2013. The support to Transparency International - with Finland joining three other donors in supporting this organization - over the CS period has contributed indirectly to governance. The remaining FLC projects with a focus on rural development address the needs of marginalized populations. This is the case for example with the support to the Centre for Rural Development which prioritizes sustainable livelihoods to respond to climate change for poor ethnic minority women. A number of projects also aligned with the emerging transition agenda. The support to the Vietnam Chamber of Commerce, for example, seeks to strengthen the capacity of Vietnamese companies to access Nordic and Finnish markets. The same applies to the support to HAWASMA which supports Capacity Building for Sustainable Development, Trade and Export Promotion.

ICI. The three ICI projects reviewed were all relevant and contributed to climate sustainability. This applies e.g. to the project “Developing and implementing climate change adaptation measures at local level in Vietnam” and “Capacity Building for the Development of Selective Breeding Programs in Vietnam”.

In some cases, the DPP objectives and principles have resulted in new projects being added on to compensate for a lack of focus on these issues in the key interventions, for example, small climate change-related projects through FLC and ICI. These are also relevant as such but because of their very small size their relevance is reduced. In some cases, they also reflect Finnish “short-term” agendas driven by political changes (e.g. the 2012 DPP introducing climate sustainability as a cross-cutting objective or HRBA).

### **5.1.3 Contribution of the CSM to CS portfolio relevance**

When the CS was being planned it was used more to justify (i.e. “retrofit”) the existing portfolio, which was itself relevant. In this sense the CSM did not significantly influence the relevance of the CS portfolio, particularly to official country priorities or to the rights and priorities of country stakeholders and beneficiaries.

More importantly however, the CSM approach did not leave room to allocate significant funding for instruments and interventions to facilitate transitioning, a Finnish development policy objective for Vietnam. In this way the CSM did not only not contribute to the relevance of the CS portfolio, but instead

arguably reduced the relevance of the programme. According to interviews with the MFA staff involved with the CS formulation, they did not have much freedom to influence the portfolio during the CS formulation towards more private sector-related cooperation. At the same time, there was pressure to address new DPP themes such as HRBA, or climate change.

## 5.2 Effectiveness

The evaluation assessed effectiveness at two levels. Firstly, it assessed whether the interventions that make up the CS portfolio achieved their planned purposes. At the second level, it assessed whether these intervention results could be argued to contribute to the CS objectives.

### 5.2.1 Effectiveness of CS interventions

#### Innovation policy and knowledge society performance

There were delays in IPP II mobilisation due to problems with IPP I implementation and related follow up. However, in 2015 the performance improved considerably, a fact also recognised by the Vietnamese partners and Embassy staff interviewed and the recent performance audit (KPMG 2015).

**Strategically important policy and regulatory developments are key intervention results.** Main examples include ecosystem development for start-ups, amendment of the Technology Transfer Law, and development of policies for the establishment of venture capital funding. IPP has created an important bridge between MOST and related government agencies and research/academic institutions and the private sector. IPP II has contributed to generating new cooperation between the two countries including drafting a new MOU on S&T cooperation between TEKES and MOST.

Under IPP II linkages between universities, research institutes and industry have been established. IPP II has introduced an open curriculum on innovations, entrepreneurship and start-up company development, and has developed capacity through training of trainers and supporting training in general. This work is highly valued by MOST and users of the curriculum including educational institutions and the training beneficiaries. IPP II has introduced a competitive, transparent and performance-based grant system to support start-up companies. According to the interviews, it is valued by the Vietnamese for its efficiency, and it has potential for replication.

Implementation of 18 innovative growth company projects and four innovative system development projects has started. It is not possible to say anything yet about performance. The shift towards an ecosystems approach, instead of individual projects, is likely to enhance the effectiveness and also the efficiency of IPP II.

#### Forest sector interventions

The TFF has supported and piloted important initiatives and models (e.g. payments for ecological services (PES)) during the CS period, and in 2004-2015 it created the basis for the development and mobilisation of the national Vietnam

Forest Protection and Development Fund (VNFF). The evaluation of the TFF (MFA 2011a) concluded that TFF projects have made a significant contribution to the development of the Vietnamese forest sector. For example, the Forest Sector Development project supported the establishment of 76 500 ha of forests by smallholders. TFF, together with the FSSP, provided the main platform for donor coordination and harmonization in the sector until 2015.

**FORMIS II** has made progress in delivering results under its four results areas.

- The FORMIS platform with four important service systems and databases is ready and information can be now shared and integrated, which can contribute to the sustainability of forest management. Effectiveness will improve the more open the platform becomes (ideally also embracing private sector/industry, CSOs and academia). Permission policies and procedures on open data sharing have been created. Regulations on FORMIS have been drafted and approved in early 2016, and there is now a central authentication system to manage user access to FORMIS systems. According to the VNFOREST staff interviewed at the ministry levels and also in the provinces and in the field, it is now possible to get data easily at central, provincial, district and commune levels, and licensed users can easily view information. These data also provide important insights into gender issues related to forestry and natural resource use which can be used by the different target audiences.
- The FORMIS platform and tools are gradually being made available in all provinces; in fact the platform is already accessible in all provinces. Three regional FORMIS centres have been established and started their operations to support the provinces and sub-regional Forest Protection Departments (FPDs). Key services are ready or are being piloted, including the Forest Resource Monitoring System (FRMS) and the FPD Quick Reporting System.
- Forest sector data have been standardized and converted into the FORMIS database and reporting of forest performance indicators is in place. For example, the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradations (UN-REDD) GeoPortal, Payment for Forest Environmental Services (PFES) application and the Seed management application have been integrated into the FORMIS platform. National Forestry Information and Statistics (NFIS) data are now integrated into FORMIS, and integration of data from Japan International Cooperation Agency (JICA)-supported REDD+ project is ongoing. FORMIS can now easily produce and deliver necessary reports to GoV organisations.
- Capacity for information collection and management has been strengthened through training at all levels, including training of trainers. There is still ongoing work to address major gaps especially at district level. An “IT Unit” under VNFOREST has been established with Project support. However, because of limited time left for project implementation, there will be challenges in simultaneously expanding the system nationwide and building the related capacity to enable effective use of FORMIS at different levels.



- FORMIS is not yet fully open; it is not yet easily accessible to stakeholders beyond the government forestry administration. The system is open for viewing but not for downloading.
- FORMIS II cannot demonstrate progress in contributing to green employment and improving sustainability of forest management although it may over time contribute to these objectives indirectly.

**People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam (PFG) project.** The mobilisation of this project has been delayed considerably, so it has not yet made concrete progress in the five provinces where it is working. The project was expected to address a weakness in the FORMIS design, which did not include sufficient engagement at community or civil society level. The PFG has not yet accessed the data generated by FORMIS.

**Support to FLEGT VPA process in Vietnam.** It is difficult to measure effectiveness because Finland's support consists of financing a FLEGT VPA facilitator who facilitates a complex process involving a large number of players in the VPA negotiations. Finland has provided support to the Vietnam and EU sides during negotiations, expert meetings and technical sessions, to ensure that the VPA process proceeds smoothly. This support has contributed to increased dialogue involving e.g. NGOs and industry together with forestry administration. The signing of the VPA has been shifted from 2015 to late 2016. Ultimately, the implementation of the VPA should result in reduced trade in illegally cut wood and contribute to sustainable forest management. However, having the signing of the VPA as an indicator of progress for the related Finnish CS objective is questionable because Finland is only one contributor to the process.

## Performance in the water and sanitation sector

Across water and sanitation, all schemes, with the exception of the drainage and sanitation scheme in one area (Thanh Nhat) have now been completed. The extension phase has been critical to ensuring that the WSPST project reached this level of completion. By the end of 2015, the number of people receiving services from the WSPST in water schemes was 37 200 against the programme target of 30 000, and from the sanitation scheme was 9 000 against the programme target of 8 700. Of the 22 water schemes, data indicate that nine meet good standards of water quality.

Various evaluation and internal reports as well as interview and field work evidence show that effectiveness overall, and of the drainage and sanitation (DS) component in particular, has been hampered by the technical complexity of the project, and by the poor capacity of the contractors. This required additional resources to be allocated, as well as the extension of the project into a third phase with much stronger attention to the management and procurement practices (an efficiency and cost-effectiveness issue). Interviewees and documentary evidence concurred that the operation and maintenance dimensions in the design and implementation have been underestimated. In some provinces the quality of the detailed design of the water schemes has not been adequate. It has been difficult to get good quality contractors.

**Private sector-related instruments, and key CS projects, including IPP II, have not (yet) contributed to transition.**

The technical complexity of the project was compounded by the challenges imposed by the selection of locations (geographically far apart) which has made supervision and support of the construction schemes a challenge. The location of the schemes and the weak capacity of the contractors have conspired to create challenges in terms of the completion and quality of the works.

There was limited interest in drainage and sanitation at the start of the project and for most of the project period (including phases I and II). More recently there has been progress in the policy dimension. The WSPST assistance in institutional development has contributed to increasing attention to small town water supply and sanitation. There has been a gradual strengthening of the legal framework through circulars and decrees such as Decree 117/2007 on Production, Supply and Consumption of Clean Water (GoV 2007b) and Decree 124/2012 Urban Sewerage and Drainage and Sewerage and Drainage in Industrial Zones (GoV 2012f), and ongoing work on the Water Supply Service Law. Recently more attention has also been paid to environmental regulation waste water treatment in Vietnam.

### **Other interventions and instruments**

**Private sector-related instruments**, and key CS projects, including IPP II, have not (yet) contributed to transition, including more business cooperation between Finland and Vietnam. There is not a single Finnfund investment in Vietnam. Since 2006 Finnpartnership has granted in total EUR 5.3 million of support to 98 projects where Vietnam is the primary or secondary target of investment. As of September 2015 the Matchmaking Service has tried to find partners in Finland for 30 Vietnamese companies. In 2013–2015, the facility organised 14 events in Hanoi, more than before. However, matchmaking has been quite ineffective in establishing business partnerships.

So far attempts to use Finnpartnership – for example by HAWASME, the association of women entrepreneurs – have not been successful. This has limited the effectiveness of support that the Embassy provided through two consecutive FLCs to HAWASME, because the women entrepreneurs are unable to enter and establish links with the Finnish market to offer their products.

The **FLC** has provided a reasonably flexible instrument to address cross-cutting issues, in particular climate sustainability but also to some degree gender and inclusiveness. The FLC funds have also been used to focus on areas that are ‘forgotten’ in design/implementation or that have been insufficiently taken into account. In some cases this has resulted in ‘add-on’ projects to address these issues, e.g. the PFG project. Some of the FLC projects have covered multiple years of implementation and have, in spite of limited funding, contributed to improving the engagement of the target group. For example, the support to the women’s business association, HAWASME, consisted of two phases of support from Finland, of which the first was from 2010–2012 and the second from 2014. There is clear evidence that this has supported business women in developing better capacity for managing their companies.

**Local CSOs** have been consistent recipients of the **FLC support** over time, reflecting the increasing size of the projects (and the reducing number of projects). CSO collaboration is considered an important part of the portfolio to ensure



involvement at local level and to offset the centralized nature of some of the other interventions.

**Support through ICI has been continuous over time but in the absence of a comprehensive evaluation of the instrument it is difficult to establish to what extent these collaborations have been effective.** A clear limitation to effectiveness is that both the general ICI and the HEI-ICI operate with procedures that limit the Embassy's influence over these instruments, and that there is no specific requirement for ensuring that this is the case. Nonetheless, the selective (paying attention to Embassy priorities, potential for complementarity, easiness of access) sampling which was done during the evaluation to examine some of these projects indicates that overall projects have been reasonably effective and are considered to have provided important technical contributions. The main areas of criticism include challenges in terms of ensuring that the timing of the ICI aligns with projects that are funded from the Embassy portfolio (or through concessional credits) so that inputs in terms of capacity development in the context of the ICI (e.g. for the Meteorological Institute) are aligned with the inputs in terms of equipment and other activities.

It is possible that these instruments have delivered more results than is known; this applies for example to CSO work. The problem is that there is no results-oriented reporting available covering them.

### 5.2.2 Contribution of interventions results to the CS objectives

The assessment of the progress towards the CS objectives is presented in Table 5 below. At a sectoral level, important results have been achieved in the country interventions which contribute to achievement of the CS objectives. As iterated by numerous Vietnamese stakeholders at different levels and e.g. the bi-annual country negotiation minutes, overall Finland has a **strong presence and visibility, and is a highly valued partner in the forestry, water and sanitation, and innovation (policy) sectors.**

While mentioned as part of the interventions of the CS portfolio, other channels for Finnish support were difficult to assess the contribution of, e.g. CSO cooperation, Finnpartnership, or concessional credits, because they do not have proper results reporting that could be linked to the CS results framework.

**Finland has a strong presence and visibility, and is a highly valued partner in the forestry, water and sanitation, and innovation (policy) sectors.**

**Table 5: Progress in intervention contribution to Strategic Results Areas**

Strategic Results Area/ Objectives	Progress
<p><b>1 Improved basis for a knowledge-based society</b></p> <p>A) Increased openness and access to information, knowledge and innovation for all</p> <p>→ Open access to information and knowledge in order to enhance equal opportunities, accountability, transparency and prevention of corruption</p> <p>→ Strengthened innovation platforms and initiatives that enable stakeholders to resolve obstacles to economic development and service delivery in the context of the National Science and Technology</p> <p>B) Enhanced green economy that creates entrepreneurial activity and decent jobs</p> <p>→ Improved livelihoods through joint technology learning and innovation processes in partnerships improving turnover of inclusive, green and responsible business</p>	<p><b>IPP:</b></p> <ul style="list-style-type: none"> <li>• IPP I and IPP II have contributed to instituting the innovation concept in Vietnam and indirectly leveraging large-scale investment by other donors such as WB (Fostering Innovation through Research, Science and Technology (FIRST) programme), and enhanced awareness among Vietnamese stakeholders about what is meant by innovations and how to develop innovation policies and capacity.</li> <li>• IPP II has created new forms of cooperation with private sector and academic and research institutions, albeit still on a small scale, but is behind in achieving the target.</li> <li>• IPP II has supported the establishment of provincial innovation clusters. There is emerging evidence of IPP II positively influencing the behaviour of groups/entities beyond the project sphere through demonstrating impact, with other entities wanting to replicate or adopt systems such as IPP training curricula on start-ups.</li> <li>• IPP II is starting to play a positive role in supporting the Finnish transition plans, as was originally planned but is behind in achieving the set targets mainly because of the challenges in stimulating private sector action. It has fostered new cooperation between Finland (TEKES) and Vietnamese partners linked to one of the first BEAM projects, and an MOU between MOST and TEKES has been signed in March 2016, including jointly funded calls for innovation projects between Vietnamese and Finnish companies. MOST is also planning to reserve funds to buy Executive Education services from Aalto University, (Annual Results Report on Development Policy and Cooperation (MFA 2016)).</li> <li>• IPP II cannot yet provide examples of new enterprises it has helped to create, or joint ventures with Finnish companies that would somehow be linked to the green economy.</li> </ul> <p><b>Forestry sector cooperation:</b></p> <ul style="list-style-type: none"> <li>• FORMIS has contributed to increased openness and access to information through a shared forest resource information systems platform supported by information services and developing an online system based on an open code. This platform is designed in such a way that it can be used by a range of stakeholders both for data sharing and for using data.</li> <li>• FORMIS is not yet fully open, and it is still to provide relevant information for the private sector. At present FORMIS is still seen largely as a tool for forestry administration, which has slowed its application by wider stakeholder groups.</li> <li>• There is not yet evidence of FORMIS information being used to improve the quality of public sector decision-making.</li> <li>• FORMIS II cannot demonstrate having an impact on green employment but it may over time contribute to this objective indirectly.</li> </ul> <p><b>Private sector instruments:</b></p> <ul style="list-style-type: none"> <li>• Limited outputs from support through these instruments have meant that they have made limited contribution to joint partnerships for inclusive, green and responsible business. The interviews highlighted that the scope and resources allocated to these instruments are likely not to be aligned with the relatively ambitious agendas that they are concerned with.</li> </ul>

Strategic Results Area/ Objectives	Progress
<p><b>2 Sustainable use and management of natural resources and improved climate sustainability</b></p> <p>C) Improved sustainability, inclusiveness, equality and climate sustainability of the use and management of forest resources</p> <p>→ Strengthened national forest policies and management and increased accountability, transparency and legality of the use of forest resources</p> <p>→ Increased environmentally and economically sustainable income generation and improved implementation of climate sustainability initiatives</p> <p>D) Sustainable and equal access to improved water supply and sanitation services</p> <p>→ Sustainable management and provision of water supply and sanitation services in the programme areas</p> <p>→ Improved capacity of the Ministry of Construction and project provinces in the water and sanitation sector to replicate implementation of new schemes in small towns and densely populated rural areas</p>	<p><b>Forestry sector cooperation:</b></p> <ul style="list-style-type: none"> <li>• FORMIS II has established a shared forest resource information systems platform supported by a range of information services, which are to help with improving the sustainability of forest resource use and management.</li> <li>• Because the system is not yet fully mobilised there is not yet evidence on FORMIS being used to improve the quality of public sector decision-making to contribute to the sustainability objective.</li> <li>• The Trust Fund for Forests (TFF) was successfully integrated into the Vietnam Forest Protection and Development Fund (VNFF), which is an important contribution to financing sustainable forest management. The VNFF structure and operating procedures are largely built on the TFF model and experiences.</li> <li>• Through TFF, Finland contributed to funding of all TFF-supported projects, all of which have contributed to the Vietnam Forestry Development Strategy (VFDS) (GoV 2007a) implementation, and hence indirectly to sustainable forest management and climate sustainability.</li> <li>• <b>PFG:</b> The project has not been fully mobilised long enough to assess its contribution to results areas but it appears to be behind in achieving the set targets.</li> </ul> <p><b>FLC support, ICI and concessional credit projects related to climate change:</b></p> <ul style="list-style-type: none"> <li>• There are two climate change-related FLC projects: "Sustainable livelihoods and climate change resilience for poor ethnic minority groups in Thanh Hoa", and "Building a community based model of technological measure application to minimize risks and enhance adaptability to climate change". These projects are so small that their impacts will remain at a local level and they cannot make meaningful impacts related to the CS objectives concerning climate sustainability.</li> <li>• EUR 20 million concessional credit project "Upgrading the rainfall, storm and lightning detection capabilities of National Hydro-Meteorological Service (NHMS)", and an ICI project "Developing and implementing climate change adaptation measures at local level in Vietnam" are helping with adaptation to the impacts of climate change. However, there is no information available to assess their contribution regarding this results area. According to the 2015 CS annual report, the ICI project of the Finnish Meteorological has achieved its aim of providing real time quality controlled data to NHMS.</li> <li>• A limitation to the contribution through the use of ICI is that the Embassy has limited influence over these instruments.</li> </ul> <p><b>Water sector cooperation:</b></p> <ul style="list-style-type: none"> <li>• WSPST (different phases) has made significant contributions to the wellbeing of tens of thousands of people in small towns through the construction of water supply and water treatment facilities. This has resulted in an increasing percentage of households with water connections and sanitation, and improved satisfaction with service delivery, in particular with respect to water.</li> <li>• Overall, the performance of WSPST is better for water supply than for sanitation services.</li> <li>• The project has contributed to the establishment of a revolving fund, but changes in the overall context have meant that the assumptions around scaling up and funding being taken over by other donors have not proved realistic.</li> <li>• The project has put a strong accent on strengthening local involvement in management of water and sanitation. This has been partially successful given challenges in terms of capacity and ownership which have contributed to slowing down the implementation, and the conclusion, of the project.</li> <li>• Finland's engagement in water and sanitation has also been important in the strengthening of regulatory frameworks, which have recently started giving stronger emphasis to sanitation issues.</li> </ul>

**In 2005–2011, Finland was very active in policy influence.**

**During the CS period the effectiveness of policy influencing has been reduced partly by rapid staff turnover, especially in the early 2010s.**

**Assessing Finnish contribution through a pooled forest sector funding mechanism TFF.** In 2004–2015, TFF received USD 28.9 million from several donors to support protection of the environment, improving livelihoods of people, enhancing the contribution of forestry to the national economy, and increasing the contribution of forests in terms of climate change mitigation and adaptation. Finland's share was 48 percent of this total funding so Finland can be said to have made a major contribution to the results delivered through TFF projects. Interviews with senior TFF staff and the 2011 TFF evaluation report (MFA 2011a) conclude that TFF has been influential in funding strategic initiatives such as the development of forest legislation, piloting new approaches to sustainable forest management including community forestry and payments for ecological services, promoting smallholder plantation forestry, and even financing part of the VFDS development. However, the influence of TFF within the broader forestry sector financing framework is limited; total TFF funding was annually on average about 1 percent of total forest sector investment.

### **5.2.3 Assessing the impact of policy influencing**

In 2005–2011, Finland was very active in policy influence, and based on the interviews and document review, had some influence before the CS period, although no concrete evidence was provided on actual impacts. Finland was the P135 Chair, co-lead of the Aid Effectiveness Forum, and the chair of the Like-minded Donor Group. Finland also participated actively in the work of the FSSP, and acted as the donors' representative for the Trust Fund for Forests, and CSO Working Group and Climate Change Donor Group.

In the water sector, Finland's long engagement has given it an important status and ensured that Finland is seen as dialogue and policy-level partner with some evidence on contributing to policy and regulatory development as discussed elsewhere in the report. The choice to focus on a specific niche in terms of small towns, and to add sanitation to the broader water work that Finland was already doing, has given Finland an entry point to raise issues around the need for stronger regulations. However, it has proved much more difficult for Finland to substantially influence the level of priority that is given to sanitation. It has traditionally been a neglected area and continues to be so (although there are indications of a slight improvement).

Overall, during the CS period the effectiveness of policy influencing has been reduced partly by rapid staff turnover, especially in the early 2010s. More recent policy influencing has been driven partly by new DPP priorities, and "message delivery" concerning e.g. HRBA, which is an agenda that is not easily accepted in Vietnam. This type of policy influencing has been less effective according to MFA staff interviewed; the main reason for this being lack of continuity in the dialogue and inadequate mandate. According to a former senior Embassy staff member, policy influencing was more about sending messages than carrying out proper dialogue. Before 2012, Finland was one of the leading donors in the forest and water and sanitation sector, and also one of the key funder the P135 programme, which in a way gave Finland a stronger mandate for engaging in policy dialogue, jointly with other donors.

Possibly the biggest reason for reduced effectiveness is in fact the changed context in terms of donor coordination (Cox and Hanh 2014). During the CS period the importance of the various sector policy fora has declined; many of them and also some of the working groups have now been ended. At the same time, Finland did not have any more real sector programmes (no more money was given to TFF, P135 support was ended, and the ending of support to water and sanitation is imminent), which has limited the available opportunities for Finland.

#### **5.2.4 Contribution of the CSM to the effectiveness of the CS portfolio**

**The adoption of the CSM has had no major impact on effectiveness in terms of developing a more strategic and coherent portfolio, and maybe another type of CSM would have been needed to ensure more effective programming to support transitioning.** The effectiveness of the CSM is reduced by the problem discussed earlier that the regional department and the Embassy do not directly control many important instruments which play an important role in Vietnam. Vietnamese partners have not really noticed that introduction of the CS approach has resulted in any change in development cooperation between Finland and Vietnam

Many results linked to forestry, water and sanitation, and innovation policy are a function of long-running cooperation in these sectors. There is limited evidence that the CSM influenced the CS portfolio significantly to significantly upscale the results.

**The CSM has brought a systematic approach to country reporting and to some extent also to programming.** Logic models have been improved, for example in the case of IPP II and FORMIS II. In some other cases, these models already existed, e.g. water and sanitation. It has also contributed to improved quality of indicators and results reporting in all the key projects. According to interviews with project and Embassy staff, these improvements have resulted from the CS requirements and related capacity building and guidance, including support from Embassy staff to project technical assistance (TA) teams.

At the same time, however, the effect of CSM processes on how these results jointly contribute overall to the country CS objectives has been limited because the result framework has too many layers of objectives and the pathways are too long for the country team to relate changes at the objective level to the portfolio of interventions under the CS and vice versa. The CS implementation is still largely based on implementing individual interventions. The annual CS reporting is struggling to provide a coherent, information-based view on the overall performance of the CS as regards the objectives and targeted result areas.

Moreover, a review of the CS objectives against the CS portfolio suggests that while the green economy and employment objective appears to be an added-on response to the 2012 DPP, by the end of the evaluation the CS portfolio had not changed significantly to orient existing projects more to this objective, or to add new projects outside of arguably FLC-supported smaller projects. At the same time, however, the CS portfolio did experience marginal changes in response to CS pressure for implementing a HRBA.

**The adoption of the CSM has had no major impact on effectiveness in terms of developing a more strategic and coherent portfolio.**

**The CSM has brought a systematic approach to country reporting and to some extent also to programming.**

**The CS implementation is still largely based on implementing individual interventions.**

**IPP (I and II) have raised awareness of the importance of innovation development, and improved policy and the legal basis for innovation and S&T development.**

**FORMIS has had a positive effect on attitudes and awareness by forestry administration concerning data sharing and open access, and has created a platform that will enable openness.**

Many results linked to support for forestry, water and sanitation and innovation policy are the result of long-running cooperation in these sectors. It is thus sometimes difficult to separate results between the different project phases which cover both the CS and the CEP periods. In effect, it simply means that results are largely due to all past investments, and not only to the most recent project.

## **5.3 Impact**

### **5.3.1 Overall CS impacts**

The impacts of the CS can be viewed at the level of development cooperation management and delivered development results, both as planned in the CS and also unintended. Based on interviews with a range of Vietnamese stakeholders at different levels and reviews of CS and project reports as well as available MTE and audit reports, quite a consistent view of impacts and emerging impacts emerges.

#### **Knowledge society**

**IPP (I and II)** have raised awareness of the importance of innovation development, and improved policy and the legal basis for innovation and S&T development. According to the stakeholder interviews with senior GoV staff and other stakeholders, IPP has helped to gradually change the mind-sets of government decision-makers concerning the importance of an open innovation culture, how to tolerate risks, and the importance of start-up companies and also young entrepreneurs. Finland is also credited by interviewees with having raised its profile in innovation sectors and S&T development. Previously everyone thought only of Americans in the field of innovation but now Finland is well known in the S&T sector in Vietnam; the ministerial and business delegation visit to Finland and SLUSH in 2014 and 2015 raised the profile even more. In the 2014 country negotiations, the MOST representatives informed MFA that IPP had served as a model in the development of S&T and innovation and in research strategy and legal development.

#### **Forestry sector cooperation**

**FORMIS.** Although data sharing could be much more open, FORMIS has had a positive effect on attitudes and awareness by forestry administration concerning data sharing and open access, and has created a platform that will enable openness. FORMIS may not have been the sole reason for changed mind-sets of people regarding the importance of sharing information, but it has contributed to it and importantly has made it possible through the established platform. This is likely to improve governance, transparency and the quality of decision-making with positive effects on efficiency and sustainability of forest management in the country. The recent MTE (MFA 2015b) concluded that FORMIS has influenced the standardisation of data management and reporting, which is expected to make forestry data management more efficient and improve its quality and usability.



The **TFF** had a major (originally unplanned) impact of creating a foundation for a national sustainable forestry fund (VNFF), and demonstrated how payments for ecosystem services could be developed and used to make the VNFF sustainable. According to interviews with key GoV staff involved both with the TFF and the VNFF, VNFF would not exist without TFF.

## **Water and sanitation**

The assessment of impacts based on the CS results area “Sustainable use and management of natural resources and improved climate sustainability” is difficult because water and sanitation projects do not really fit logically under that results area. Here the assessment is made more from the perspective of a human rights and poverty impact than a sustainable resource management impact.

While there is no comprehensive assessment of WSPST socio-economic, environmental and health impacts, there are strong indications from the satisfaction surveys that the project has had a substantial positive contribution to the quality of life. Customer satisfaction surveys show positive developments in terms of perceptions of impact with an increase in awareness by beneficiaries of the water and sanitation services. Satisfaction scores have exceeded the target set by the project. They have increased by 10 percent overall, although the scores are lower for DS services. Proxy indicators related to water pressure levels, water quality, customer complaints, and continuity/reliability of service have all increased since the base-line period. However, initially established targets have not been met. A key problem is that the current legislation sets unrealistically high standards for water which cannot be met, making these indicators impossible to achieve.

The biggest challenge has been in the area of waste water management and sanitation which has failed to get sufficient traction to become sustainable. There are considerable concerns that a substantial proportion of the services in this area will not be able to continue over the medium to longer term because of inadequate cost recovery.

The long-term engagement of Finland in the water sector, including a consistent participation in national water dialogue, has successfully influenced regulations, including development of water supply laws and regulations. This can be attributed also to the fact that Finland’s engagement in the ‘forgotten area’ of water provision has allowed it to input experience from the operational level into policy dialogue.

### **5.3.2 Contribution of the CSM to CS portfolio impacts**

**The CSM has not assisted the country teams to theorise feasible impact pathways, or to ensure better that the CS portfolio is on track to trigger the pathways.** This is because the CS impacts – improved governance and human rights, improved basis for the knowledge-based society, and sustainable use and management of natural resources and climate sustainability – are so broadly and vaguely defined that they are difficult to measure; and therefore difficult to develop clear pathways for. The associated indicators in the CS results frame-

**The WSPST project has had a substantial positive contribution to the quality of life through improving access to clean water.**

**Waste water management and sanitation have failed to get sufficient traction to deliver sustainable impacts.**

**The long-term engagement of Finland in the water sector, including a consistent participation in national water dialogue, has successfully influenced regulations, including development of water supply laws and regulations.**

**There have been problems in disbursing funds allocated to Vietnam.**

works are vague or too “grand”, e.g. change in forest cover, or reduction in poverty, and far removed from individual project interventions.

## 5.4 Efficiency

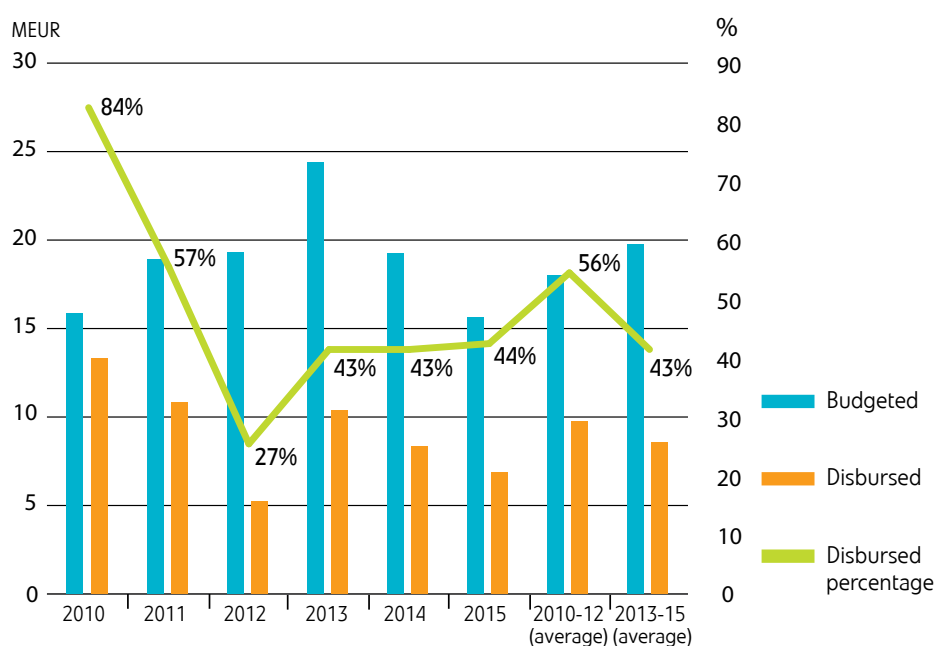
### 5.4.1 Efficiency of the CS portfolio

**Efficiency of Finnish resource use:** There have been enough staff to manage the CS work both in Helsinki and in the Embassy, but staff turnover has been a major problem and has caused inefficiencies. For example, the work on transitioning was slowed down in 2011–2013 because of staff changes both in the Embassy and in the regional department. In interviews, references were made to the need of having different types of skills and experience, with more focus on private sector.

Based on the review of evaluation reports, MTRs/MTEs, and annual and semi-annual reports as well as interviews with Embassy staff and project TA, disbursed CS portfolio resources are in general used efficiently to deliver planned outputs and intermediate outcomes, with some exceptions. However, it needs to be noted that the CSM guidelines and annual reports do not address the issue of CS efficiency at the CS level but focus on viewing the efficiency of key bilateral projects; other instruments do not receive attention.

There have been problems in disbursing funds allocated to Vietnam (see Figure 4 and Figure 5 below). This has been more an issue of inadequate overall budget planning than inefficient use of project funds although some projects (FORMIS and IPP) have also experienced delays in disbursements. Non-disbursement of budgeted funds is inefficient use of funding because the funds could have been used elsewhere already adding value, rather than remaining unused.

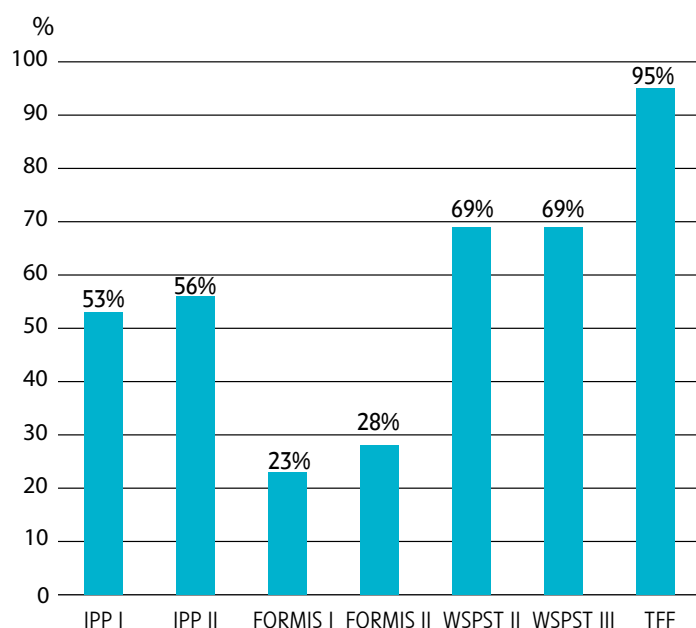
**Figure 4: Total expenditures budgeted and disbursed 2010–2015**



Source: MFA 2016. Note: Pre-2010 data not available in comparable format.



**Figure 5:** Expenditures against budget by project in 2011–2014



Source: MFA 2015a.

**IPP II** implementation is behind schedule, and needs to catch up in order to make good use of a significant TA budget. However, its management efficiency has clearly improved compared to the past. GoV partners and private sector representatives ranked IPP II as an efficient project; it is particularly efficient in delivering start-up support and efficient compared to other related projects such as FIRST financed by the World Bank. The current TA team has performed well in developing efficient management systems appropriate for the Vietnamese partners – these systems were not efficient during IPP I.

**FORMIS II** has experienced some delays in implementation. The main efficiency issue concerning FORMIS, including both the first and the current phase, is the very large budget – the current phase alone is almost EUR 10 million – in relation to what will ultimately be operational. In fact, after six years the system is not yet fully operational or widely used, which raises the question of whether an alternative project design would have enabled more efficient resource use and more timely delivery. It also poses questions with respect to effectiveness which are highlighted in section 5.3. If FORMIS II fails to hand over the system successfully to the Vietnamese partners and to build adequate capacity for its effective use at all levels and for its maintenance and further development, the project's efficiency will suffer significantly because of very high TA costs.

**WSPST III.** There were significant delays in construction of water supply and sanitation facilities under WSPST II. The current third phase under the CS was designed partly to finish construction work from Phase II and also to enhance sustainability of long-running cooperation in the sector.

The location of the 22 water schemes has been an issue and has conspired against efficiency. The location of the schemes was chosen by the government; from a geographical perspective these are in towns dispersed over large areas.

The CSM has not influenced CS portfolio efficiency, or contributed demonstrably to risk management.

There is good, and sometimes even excellent, national ownership at project level; this applies to all key interventions.

This has required additional investment in terms of having supervisors allocated to each province and additional monitoring, as well as an external company (KPMG) overseeing the progress on management in Phase III of the project.

Efficiency was reduced by the complexity of the project design and modalities for engagement, as well as by the involvement of actors whose level of commitment and ownership had not been ascertained from the start. While there are indications that ownership – for example by the Vietnam Development Bank and People's Town Committees – has improved over time, the lack of buy-in from the start created delays.

**PFG/ActionAid** implementation has been delayed and design problems related to PFG being too dependent on timely (FORMIS) support have caused inefficiencies in implementation.

**Concessional credit projects, especially those related to water and sanitation**, have on average experienced significant delays resulting from delays in procurement and construction, signing loan agreements, and even planning. For example, Bac Kan Water and Sanitation Project, Dien Bien Phu Drainage and Sanitation Project, and Hung Yen Water Supply Project are considerably delayed because of parties being in dispute. According to the recent KPMG audit (MFA 2015a) it took ten years to plan the Bac Kan project.

**FLC support.** In case of FLC the costs can be high, but they sometimes pay off in terms of small money bringing big change, as has been the case for the support that Finland provided to Cold Water Fish Farming.

**Risk management** takes place mainly at the project level. There has been no systematic reporting on risk management.

## 5.4.2 Contribution of the CSM to CS portfolio efficiency

There is no evidence that the CSM influenced CS portfolio efficiency, or contributed demonstrably to risk management. In principle an annual RBM-based review should ensure that programme interventions deliver results more efficiently; or that programme-wide contextual programmatic or institutional risks are identified and mitigated. However, de-linked budget and CSM review processes mean lower likelihood of this occurring.

## 5.5 Sustainability

### 5.5.1 Sustainability of the CS portfolio

In effect, the core of the CS will disappear in a few years. As it currently stands, bilateral project cooperation is to be phased out by 2018. To examine sustainability the evaluation had to look at the sustainability of the individual interventions funded through the CS, as well as the sustainability of the CS as a whole in view of the transition objectives.

**There is good, and sometimes even excellent, national ownership at project level;** this applies to all key interventions, but there are variations within the key interventions (for example between the water and sanitation components, as discussed below). The national stakeholders have been actively involved and

consulted during the preparation of the three key project interventions under the CS. They have expressed appreciation for the manner in which their engagement has been sought during project design and implementation, ensuring room for their participation and inputs.

## **Knowledge society**

**IPP II.** Sustainability of IPP is positively influenced by its policy and legal development work, capacity building and creating models/ideas for replication and adoption. IPP II has helped to create new types of partnerships at different levels which may continue even without IPP II. The start-up company funding systems and related screening mechanisms are good and could be used elsewhere. The open curriculum developed and tested by IPP II can be adopted elsewhere as has already happened.

One positive factor contributing to sustainability has been IPP's impact in changing government decision-makers' perceptions on innovations and leveraging political and financial support domestically and from the donor community. There are also examples of unintended impacts beyond the IPP II project when IPP outputs and models are adopted e.g. in university curricula without direct input from the project; this contributes to sustainability. There has clearly been interest from other partners and stakeholders in the work that IPP is doing. In future, there is potential for more cooperation (not only linked to IPP but also to S&T broadly) between Finnish organisations (e.g. TEKES, universities) and MOST and Vietnamese universities and research organisations.

IPP II can play a role as a bridge or facilitator to move towards others forms of cooperation and partnership. In order for this to happen, there may be a need for these instruments to be smarter and more adaptable, and provide resources to nurture and develop business relationships in a manner that matches expectations concerning the quality of the engagement (for example, by ensuring that Finland has a stronger presence in Vietnam in terms of business promotion).

## **Forestry cooperation**

**TFF** integration has taken place and the VNFF is currently operational, and most importantly financially sustainable; TFF itself was not sustainable but it contributed centrally to creating a sustainable fund for forestry sector development.

**FORMIS.** FORMIS ownership is very good, and since the platform is based on open source it is cheaper and easier to maintain; furthermore, it has been set up so that other parties can also develop applications without donor support. The approach of ICT-supported data management is strongly adapted at MARD/VNFOREST whereby a strong ownership has been created. Increasing demand for FORMIS services will contribute to sustainability, especially if FORMIS also becomes relevant to the private sector that can pay for the services. The major sustainability issue is linked to capacity constraints at the level of the central IT unit, and in the provinces and districts. This issue was raised by the GoV representatives and project staff interviewed and also in the recent MTR.

**The sustainability of the sanitation schemes is a concern.**

**The evaluation could not find evidence that the CSM as such would have had an impact on the sustainability of Finnish development cooperation.**

**PFG.** It is too early to judge the sustainability of PFG. The major challenge faced by PFG is that it is partly dependent on others (FORMIS II) to access information and forestry know-how.

### **Water and sanitation**

Overall sustainability of the water (supply) component of the project is judged to be good, but with concerns around the sustainability of the sanitation component being voiced by all stakeholders and being evident from the field work. Currently half of the water systems that are completed can fully cover the depreciation and operation and maintenance costs from the revenues generated. This is expected to improve in the last phase of the project which will end in 2016. If the water revolving fund stays in place then sustainability will be further improved.

The sustainability of the sanitation schemes is a concern. Subsidies from the Provincial People's Committee (PPC) are the only source of funding for operations, which puts sanitation in competition with other priorities with the risk of abandonment when the subsidy is cut. Of the 18 schemes, by 2015 13 had officially assigned operators and nine had received an annual budget allocation from local authorities. However, the schemes are not able to recuperate sufficient funding to cover their operations, and do not currently manage to recover funds for maintenance and depreciation. By the end of 2015 about 50 percent of the sanitation schemes were able to cover operation and maintenance (O&M) costs with the allocated budget and the limited waste water fee collected.

To support the government in rolling out the water supply systems in small towns, a water revolving fund was set up. Currently, the capital returned is approximately EUR 1 million. The total full capital return is estimated at EUR 7 million. The assumption was that there would be continuous revenue from the fund. At the time of the evaluation an options exercise had been completed and was being discussed with the different stakeholders in the sector to decide on the future of the revolving fund. It does not appear likely that a solution will be found that will allow the fund to become sustainable.

The CS monitoring has resulted in increasing the emphasis by the Embassy, and consequently by the project, on issues around sustainability and on the need to meet targets.

### **Other interventions and instruments**

**FLC.** It is encouraging to note that there has been attention to sustainability in many of the smaller interventions that were funded by the Embassy through FLC, for example by focusing on capacity development, and by employing techniques such as training of trainers to promote sustainability of the new skills within organisations.

#### **5.5.2 Contribution of the CSM to CS portfolio sustainability**

**The evaluation could not find evidence that the CSM as such would have had an impact on the sustainability of Finnish development cooperation;** the current strong emphasis on sustainability is mainly because Finland is phasing out project support.

Furthermore, according to interviews with senior Vietnamese decision-makers responsible for development cooperation with Finland, **the CS is mainly for Finland and the main ownership is also with Finland.** The Vietnamese decision-makers were consulted while the CS was being prepared, but they did not really participate in its preparation. Compared to other donors' practices, the MFA country strategy was prepared in a less participatory manner. However, the GoV knew even less about the CEP than the CS. MPI and also key national partners for the main programmes under the CS are not aware of the CS reporting.

**The CSM did not address weak sustainability on account of weak preparedness for transition.** This evaluation has concluded that not much progress has been made in terms of pushing the transition agenda forward. Finland's preparedness for transitioning has not developed during the CS period, beyond some impacts of measures launched already during the CEP period. Based on earlier presented evidence there are good reasons to predict that the existing project portfolio will not have major impacts on facilitating the transition by 2018, and that the available instruments such as Finnpartnership and Finnfund and ICI cooperation will not be able to generate new types of economic, trade and institutional partnerships at such a scale that would make a difference.

## 5.6 Complementarity, coordination and coherence

**Alignment with country systems.** The review of the CS portfolio indicates that the interventions are largely managed as projects which are not integrated financially into the country systems with the exception of Finland's support to the Trust Fund for Forests (TFF) which ran from 2006 to 2015, and support to the regional poverty alleviation programme (P135) that ended during the CEP period. The larger projects in the CS portfolio have been mostly run as 'old-style' projects.

**Coordination.** Finland has succeeded in identifying areas where it has complemented the support of other partners and played a unique role. This has included its focus on improving water and sanitation services in small rural towns (where it is the only donor); establishing an open forest resource management information system; and working with innovation development with special focus on start-ups, where Finland has been a pioneer and the risks of overlapping donor work are limited. According to interviews, the cooperation in these three sectors has been well coordinated with other donors. For example, the focus on small town schemes has complemented the work of other donors in support of other water priorities. Finland has also played an important role in the sector dialogue through its engagement in water.

**Complementarity.** This evaluation criterion refers to whether CS interventions (or CS portfolio), particularly those funded through the CS budget, are complementary to other instruments. As part of the transition visioning in 2007-2008, it was already understood that various instruments such as Finnpartnership, ICI, etc. must be used in a complementary manner to promote other forms of cooperation based on a partnership approach with the private sector and institutions as well as CSOs. According to the evaluation interviews, this was

**Finland has succeeded in identifying areas where it has complemented the support of other partners and played a unique role.**

**It is difficult to use instruments such as ICI, HEI-ICI, Finnpartnership, Finnfund, CSO support and BEAM in a complementary manner to help with transitioning.**

**Unrealistic expectations have been loaded onto the non-bilateral project instruments concerning transitioning.**

not easy to achieve and there were for example major problems in controlling concessional credit project directions.

A uniform view has emerged from the interviews with the MFA staff and also with the stakeholders linked to the private sector and business promotion that it is difficult to use instruments such as ICI, HEI-ICI, Finnpartnership, Finnfund, CSO support and BEAM in a complementary manner to help with transitioning and meet effectively the needs of the “clients”. These instruments are not adequately integrated or sufficiently flexible, and also do not necessarily have sufficient (human and financial) resources attached to them to make them effective. The lack of flexibility of instruments can be an issue in general, and thus the assumption that they are complementary does not always hold. Furthermore, cross-cutting agendas can drive ‘adding-on’ actions which are not always an ‘easy’ fit (e.g. FORMIS II and ActionAid-implemented community forestry project).

One big challenge is that the regional department does not manage many of these instruments, and there is no mechanism within MFA to influence them to make effective use of complementarity with the exception of having targeted calls. Furthermore, Finnpartnership is a demand-driven instrument, and the management of Finnpartnership and also of Finnfund is outside of the MFA. However, ASA and the Finnish Embassy can influence the use of the ICI instrument, and for example reject or suggest changes to planned ICI cooperation if it is assessed that it does not fit the CS; various examples were provided to the evaluation team of cases in which this had been done successfully. It has also been possible to use FLC to support CS objectives as has been done through supporting NGOs and also one ICI project to address concessional credit-related objectives.

The evaluation finds clearly that unrealistic expectations have been loaded onto the non-bilateral project instruments concerning transitioning. In practice, the potential synergies between the instruments themselves, and between instruments and the project portfolio, have not really been tapped and have also been difficult to realize given that the instruments are not all under the control of the Embassy. In general, it appears that planning and implementation are still very much instrument/aid channel driven. Even if these were complementary “conceptually”, not enough resources (funds, human resources) have been allocated for these other instruments to make them effective from a transitioning perspective.

**Coherence.** This evaluation criterion refers to two aspects, firstly whether the various interventions of the CS are coherent with each other, and secondly whether CS interventions are coherent with non-development cooperation foreign policy concerns and instruments.

The CS structure is not fully coherent; it has elements which are not really close to each other. The way water and sanitation are put into a same cluster, and also FORMIS and IPP II, is not related to any specific synergies between them. The logic for clustering them is based more on the quite distant broad results area to which they are to contribute. The evaluation could not find evidence that the CS interventions were mutually reinforcing so that the sum of CS intervention results was more than their parts. Despite these issues, there



have been attempts to make use of various instruments and also projects in a complementary manner, which is very positive even if challenges were experienced. Local cooperation funds have been “earmarked” to support themes linked to the broad focus area of the CS; the same applies to ICI. For example, FLC has been targeted to support climate change objectives of the CS. Water sector related concessional credit projects also in principle support the same goals as the WSPST. Other examples include:

- INGO project People Participation in Improvement of Forest Governance and Poverty Alleviation in Vietnam (PFG) originated from an idea linked to the identified “gap” in FORMIS work. MFA wanted to have a stronger link to forest-based community/field level, something that FORMIS did not have.
- FLC climate change projects have been coherent with projects dealing with sustainable forest management and entrepreneurial development.
- Team Finland work has been contributing to the CS and vice versa as discussed elsewhere in the report.

The evaluation could not identify any coherence issues between the CS interventions and other activities and policies. Team Finland work was coherent with the CS.

### 5.6.1 Contribution of the CSM to coordination, complementarity and coherence

**Coordination.** CSM has had no impact on improving alignment with country systems and coordination with development partners. Since practically the entire portfolio was inherited from the CEP period, financial management systems and coordination mechanism remained the same. As stated earlier in this report, during the recent years the donor coordination and policy dialogue environment has changed in Vietnam, and these changes have been beyond Finland’s control.

**Complementarity.** According to the interviews, the CSM has helped to view various aid channels and instruments in a broader, more programmatic framework. However, in practice it has not been possible to enhance the complementarity of various aid instruments and channels because many of the instruments cannot be programmes by the Embassy or the regional department. Also, evidence suggests that many of the instruments still operate in “silos”.

**Coherence.** There is no evidence that the introduction of the CSM would have had an impact on inter- and intra-sectoral CS coherence and coherence with other Finnish policies. A positive example is Team Finland trade and economic cooperation promotion work that is fully coherent with CS interventions supporting transitioning. However, this could also have happened without the CSM.

**CSM has had no impact on improving alignment with country systems and coordination with development partners.**

**The CSM has helped to view various aid channels and instruments in a broader, more programmatic framework.**

**The CSM has not had an impact on inter- and intra-sectoral CS coherence and coherence with other Finnish policies.**

## 5.7 HRBA and cross-cutting objectives across evaluation criteria

### 5.7.1 HRBA and cross-cutting objectives in the CS portfolio

The evaluation assessed the degree to which the CS portfolio fulfilled cross-cutting objectives with regards to gender, social equity and climate sustainability, as well as representing a human rights based approach to development. With the introduction of the new Finnish Development Policy in 2012 a stronger emphasis on the HRBA was introduced, as well as a continued emphasis on gender, climate change, and equality.

The evaluation found the following with regards to the individual CS interventions and the cross-cutting objectives and the HRBA:

#### Gender

- Gender and social equity issues do feature strongly in FORMIS; the project's link to climate sustainability is indirect and quite weak.
- The WSPST programme has been pro-active in pursuing the participation of women in the decision-making process by the creation of consumer groups and involvement of the Women Unions. However, gender does not get addressed very strongly; the programme has not made efforts to identify gender-specific demands. The revolving scheme has probably been the most effective approach. It focuses on women, who are traditionally more in favour of and committed to sanitation than men. Pay-back rates have been very good, and women have been engaged in decision-making. Making available the resources for addressing gender concerns, and ensuring that there is a specific budget line, is clearly important for making sure that gender gets attention in practice. For example, WSPST has made it possible to go out and do surveys among customers and companies, and to provide training, which has enhanced the focus on gender.

#### HRBA

- The rights-based approach was followed particularly in the sanitation sector, insofar as Finland's interventions made progress towards fulfilment of the right to water and sanitation of the affected communities. Issues such as consumer rights and customer focus, with links to transparent and accountable development processes, were also addressed to some degree.
- Interventions that built the participation of women or marginalised communities in development processes were also present, including the WSPST programme and the PFG intervention.
- The overall HRBA with its three-pronged focus on development results; development processes; and capacity development of rights holders and duty bearers, has not, however, been an easy explicit entry point in the context of Vietnam. In the case of water the issue has been approached from the angle of 'right to services'.



## Climate change

- Climate change has been mainly addressed through separate FLC projects.

In some cases the focus on cross-cutting issues has driven/resulted in projects being added on to compensate for lack of focus on these issues – in particular ActionAid PFG in relation to FORMIS II. The extent to which this is successful is difficult to establish given the limited progress that has been made overall with the implementation of the ActionAid project so far.

### 5.7.2 Contribution of the CSM to cross-cutting objectives in the CS portfolio

The evaluation found some evidence that the CSM contributed to strengthening the realisation of the cross-cutting objectives in the CS portfolio. Firstly the emphasis on human rights and other cross-cutting objectives in the 2012 DPP resulted in CS portfolio changes, albeit minor.

However, the evaluation found that the CS addressed cross-cutting objectives and HRBA in the CS document, but did not set concrete objectives and resources for them. Their implementation in all cooperation was to be strengthened, but at the same time the CS acknowledged that the projects had already been designed and were to be completed quite soon. This meant in practice explaining how these projects contributed to the HRBA and cross-cutting objectives by saying that the human rights-based approach under IPP II is advanced for example by supporting open access to information, or that improved access to water and sanitation services contributes to poverty reduction and improves equity.

## 5.8 Assessment of the validity of the TOC based on the evaluation findings

The initial TOC and its central assumptions have been “tested” based on the review of CS documentation (logic model and results framework, annual and semi-annual reports), and interviews with MFA HQ staff and Embassy staff as well as key people responsible for implementation. In addition, use was made of the latest performance audit reports.

**The evaluation found some evidence that the CSM contributed to strengthening the realisation of the cross-cutting objectives in the CS portfolio.**

Assumption	Finding
1. The GoV is committed to increasing access to information.	The evaluation found that <b>GoV financial resources have been in general available in a timely manner</b> and GoV partners have provided adequate policy support and commitment; so assumptions from 1 to 4 largely hold true.
2. The GoV is committed to implementing sectoral policies and strategies (in those sectors where MFA is active), e.g. implementation of the water treatment policy, or Science and Technology Strategy (GoV 2012d).	While GoV financial resources were available to be disbursed, the evaluation however also found that less than half of resources were actually disbursed between 2012 and 2015, indicating delays in project implementation on the one hand, but also poor budgeting practices.  This affected the realisation of the TOC insofar as the planned implementation of interventions did not occur as planned, reducing the immediate results from the interventions available in the context, and diminishing any contribution that Finland could have made, given its available resources.
3. The GoV is committed to providing support to the CS project implementation and making use of the outputs, e.g. applying FORMIS for forestry decision-making.	The first assumption of the GoV being committed to increasing access to information is crucial for FORMIS. Although FORMIS's main contribution is to the CS result area of "Sustainable use and management of natural resources and improved climate sustainability", the CS logic model also indicates that it is to contribute to the knowledge-based economy through improving access to information. In the highly centralized way of working in Vietnam it is still to be demonstrated that the GoV will make FORMIS easily available to CSOs, academia and the private sector.
4. Both MFA and GoV will provide adequate human and financial resources for CS implementation in a timely manner.	
5. The intervention portfolio is strategically and logically formulated; there are logical and feasible links between projects and instruments, and the CS objectives and development results areas, i.e. a feasible impact pathway implying also a good match between the scale of inputs and the level of ambition set by the objectives.	<b>The assumption that the CS is founded on a set of plausible causal links from interventions to the CS objectives and impacts is not fully justified</b> (assumption 5). Despite improvements in both 2014 and 2015 results frameworks, it is not always easy to establish a systematic link between country development results, Finland's objectives and instruments/projects/interventions and the level of inputs/resources. There are too many layers of objectives, and the impact pathway and link from projects to higher level development objectives remain unclear. The objectives are also often vague and not easily measurable. These were concerns also expressed by many MFA staff interviewed. For example, how to measure improved, open access to information and improved transparency of public services or green economy and green employment is a challenge. Also, based on the CS document reviews and review of relevant project design documents and annual reports, it is difficult to identify what really is the concrete impact pathway to an increase in partnerships for a green economy and green employment.  The most common way of measuring contribution has been to report qualitatively – partially achieved/not achieved – because of challenges in quantifying performance at the level of the CS. According to those responsible for CS results reporting, some results reporting is at so high a level that its meaningfulness is reduced.

Assumption	Finding
6. The various projects and instruments complement each other, building on their respective synergies and comparative advantages, and the portfolio and other interventions are coherent and make an effective contribution to the objectives.	<p><b>This evaluation has found the individual CS interventions relevant</b> (see section 5.1). However, <b>the CS as a whole – as the sum of individual portfolio elements – does not add value.</b> It appears to be based on unrealistic assumptions as concerns the complementarity of the programmes/projects and other aid mechanisms, and also in terms of the imbalance in matching resources against ambitiously set objectives (assumption 6). Conceptually, the CS represents a logical approach to delivering development results, including elements of a programmatic approach. The TOC results chain would only be valid from the intervention to impact level on account of the leveraging that could occur between interventions, including policy influence, and use a range of instruments/aid channels to contribute to the same specific objectives and development result areas.</p> <p>As discussed in section 5.6, in practice it is often difficult to make use of the potential complementarity. In summary, the CS is more a retrofit of a strategic framework onto existing project portfolio activities than a strategic progression from the previous CEP (2008–2012) towards a CS that supports transitioning including new ways of cooperating with the private sector. Interviews with key people involved in formulating the strategy confirmed that the CS was developed in way to justify the existing or already planned project portfolio.</p>
7. There will be adequate resources, and a good portfolio and instrument mix, to support the transition process.	<p>Another issue that came up consistently is that <b>there appears to be a mismatch between the portfolio and level of inputs and Finland's objectives and development result areas in general, particularly regarding transitioning.</b> The review of the CS portfolio indicates that it did not evolve at all compared to the CEP from the perspective of preparing effectively for transitioning. The implicit assumption that water and sanitation projects and FORMIS, and quite limited inputs to support PSD and institutional cooperation e.g. through Finnpartnership, ICI, and Finnfund, would be able make meaningful contributions to transitioning at scale are unrealistic, especially when at the time of preparing the CS it was known that Concessional Credit Scheme would also be ending (assumptions 5, 7).</p> <p>IPP II has the potential to generate new types of partnerships, but concrete results at scale are still to be realised. The concessional credit scheme is financially very important, surpassing even bilateral project budgets, but <b>the assumption of making use of the complementarity and synergy potentially provided by concessional credit projects has turned out to be unrealistic.</b> It has been difficult for the regional department and the Embassy to influence concessional credit projects, because the instrument is private sector driven and also administratively outside the regional departments. Furthermore, the CS was not explicit about how concessional credit projects really fit into the strategic framework. According to the 2016 performance audit of the Finnish concessional credit projects in Vietnam, the spread of the projects into different sectors is wide and clearly not integrated into the CS. Furthermore, they also do not reflect the key areas of the Team Finland strategy for Vietnam.</p>
8. The Embassy has adequate resources to participate effectively in policy dialogue in existing effective fora, and sectoral cooperation and policy dialogue complement each other.	<p><b>Reduced human resources in the Embassy during the CS and weaker linkages between sectoral cooperation and policy platforms than was envisioned (also within the broader aid frameworks) have reduced the opportunities for effective policy dialogue.</b> During the CEP period the Embassy had better resources to enable it to play an active, sometimes a leading, role in various donor coordination and policy platforms. During the CS and the CEP, MFA has been able to influence policies to some extent, e.g. in the case of IPP elevating the innovation concept to the policy and legal agenda, through strategically concentrating on sectors where Finland has comparative advantages such as water and sanitation (assumption 8).</p>

Finally, it is important to note that the CS TOC focuses on results delivered under the CS. However, there is also an alternative, or complementary, explanation for the results contribution based on long-term involvement in the key sectors. The high Finnish profile in the water and sanitation, forestry and innovation and S&T sectors, and the impact beyond the volume of Finnish support draw on work done both during the CS and in earlier periods.

## 5.9 Country-specific Issues

The evaluation Inception Report identified the need to look at good practices in transitioning. Therefore, an assessment of lessons learned concerning transition from bilateral aid towards economic and other partnership approaches was carried out to identify good practices and mistakes to avoid. Use was made of international lessons learned and experiences obtained in Vietnam, and also by the MFA itself in Egypt and Namibia. As discussed earlier, Sida, Denmark, and the Netherlands have already “exited” from bilateral development cooperation, and DFID will do so (partly) in 2016. In the discussion, below the term “exit” is used because it is the term used by these countries; it can also be understood to refer to transitioning, which is the term used by MFA.

### International lessons learned

International lessons learned are drawn from a comparative study: *Managing Aid Exit and Transformation: Lessons from Botswana, Eritrea, India, Malawi and South Africa* (Sida 2008).

- **Exit conditions and logic differ** which will also influence exit planning and strategy as well as the degree of exit success. Vietnam represents a case where the objective can be summarised as simultaneous phasing out and phasing in. That is, it is necessary to ensure sustainability of results of ongoing (to-be-ended) cooperation while also developing new forms of cooperation and to strengthen wider bilateral relations. It has been easier to exit from non-aid dependent countries than aid dependent countries.
- **It is important to plan the exit and even address this issue in country strategy.** In the 14 exits studied, only a few elaborate exit plans were found; “natural phasing out” was the most common model, which means that ongoing commitments are respected and donor-supported activities are ‘faded out’ at the end of the agreement. Exiting was smoother in countries with exit plans. The study recommended that donors should more proactively treat exits as an integral element of their country strategies.
- **Importance of timely communication and participation.** The way the exit decision was conveyed to the partner country influenced the handling and outcome of the exit process; it is important to do it at as high a political level as possible, and give early “warning signs”, and avoid talking about exit but rather about transition to new partnerships. The degree of participation of stakeholders in the planning and implementation of exit/transitioning processes affects the degree of success.

- **A realistic (long) timeframe and fulfilment of ongoing commitments** are other important success factors for both successful phasing out and phasing in (of new types of partnerships).
- **There are challenges in successfully implementing the “phasing in”; donor support is likely to be needed to support phasing in** because it is not easy to create quickly self-financing partnerships. The issue of using ODA funding for activities to promote broader bilateral cooperation can also be sensitive and not fully consistent with the Paris Declaration, e.g. the principles of aid harmonisation and untying of aid.

## Sida experiences in Vietnam

Sida made the exit decision unilaterally in 2007; there was no proper communication about the decision. Afterwards Sida introduced a formal phasing-out strategy also consulting Vietnamese partners. Sida exited in 2013. According to interviews, the exit has not been entirely successful, Sweden lost some of the good will it had obtained over decades of cooperation with Vietnamese partners, and importantly it also lost valuable human resources and networks which would have been useful in expanding other types of cooperation and partnerships.

During the phase-out period, Sweden selectively cooperated in three priority areas: democracy and human rights, anti-corruption, and environment and climate change, and in establishing related partnerships. This approach was guided by a rights perspective and the perspectives of the poor as well as gender equality, which also influenced the kinds of partnership which were created. There was no specific focus on creating commercial/business-oriented partnerships although Vietnam’s potential as a business partner was recognised.

A study on “The Swedish exit from Vietnam: Leaving painfully or normalising bilateral relations?” identified a number of good practices (Forsberg 2008):

- **Transparent and timely communication**, with formal statements and information provided to high-level representatives of the national government, and early warnings of planned phasing out and consultations are needed if mutual partnership and ownership are to be respected.
- **It is important to have a specific phase-out and phase-in strategy outlining clear objectives, priorities and available funds** to support successful phasing out and phasing in of new types of partnerships.
- **A decentralised process** in which the Embassy was given flexibility in handling the process of the exit helped with planning and implementation.

## Denmark’s experiences in Vietnam

Denmark has adopted a different approach in Vietnam. An initial plan for phasing out of traditional development cooperation by 2015 was developed in 2007 and afterwards adapted into a strategy for the transformation of the partnership. In 2013, Denmark and Vietnam signed a high-level Comprehensive Partnership Agreement, signed by the respective prime ministers and aimed at increasing cooperation within trade and green growth; according to the interviews, this type of broad framework has potential. Subsequently, new part-

nerships have been created, for example, one between the Danish Ministry of Climate and Energy and the Vietnamese Ministry of Industry and Trade and Ministry of Construction was established to enable sharing of Danish know-how and state of the art technology in the energy sector with Vietnamese authorities and businesses.

Danish development cooperation (Danida) has had a “Growth and Employment” policy which has focused on effectively using Denmark’s development assistance in the private sector. Today, Denmark has strong commercial interests in and links to Vietnam, in part building on the knowledge and experience gained through development cooperation. It has actively used ODA funding and other forms of support to develop business partnerships. Danida has two full-time staff and also two so-called growth advisors in selected sectors working in the Embassy.

According to a recent study (Danida 2015), during the phasing out of Danish aid initiatives were taken to combine instruments using knowledge and resources from sector programmes and support from other aid and commercial instruments to achieve both development and commercial objectives in the transition “from aid to trade”. Expanding the commercial services and building on the accumulated knowledge and experience from both aid and commercial activities have facilitated the transition process.

There are now more than 130 Danish companies operating in Vietnam (against about 30 Finnish companies). More than half of these companies are assumed to be in Vietnam as a result of various instruments such as the Business Partnerships Programme,<sup>5</sup>), soft credits, intensive high profile trade promotion, and development assistance.

The Netherlands have adopted a similar approach to Denmark’s. They started paying attention to business partners as a core part of their development cooperation after the mid-2000s. The Dutch also allocate significant resources to support creation of economic and trade partnerships. In fact, their budget is now at the same level as before the exit from bilateral development cooperation.

### **MFA transition experiences with Egypt and Namibia**

The GoF decided in the 2000s to gradually discontinue development cooperation in Egypt and Namibia because they had become middle-income countries. In both countries a transition strategy was developed. When the transition phases came to an end, the transition objectives had only been partly achieved. The main lessons learned in these countries are similar and of relevance for the Vietnam case (MFA 2010c, Valjas et al. 2008):

- **Adequate time needs to be reserved for successful transitioning.** The strategies set objectives that were too ambitious to be achieved in a relatively short transition. The fact that development of new forms of cooperation can take considerable time should be taken into account when setting targets.

---

5 <http://vietnam.um.dk/en/danida-en/the-danida-business-partnership-programme>

- **A clear objective-oriented framework for transition and a related monitoring system with progress indicators are needed.** There is a need for an explicit transition plan. In both countries, there was a strategy but no concrete plan, and there was no monitoring of progress. This weakened performance.
- There has been hardly any Finnish value added by the cooperation in the two priority areas since the transition period started.
- **Strong focus on the selected priority areas is important.** Activities and instruments should concentrate on these priority areas to get more Finnish added value and impact.
- **Good communication and a participatory process are important.** It is crucial to involve the partner from the very beginning in the joint development of a transition plan that should be based on mutual interests.
- **Existing instruments are relevant but not effective and useful for scaling up.** Instruments, such as Finnpartnership, matchmaking, cooperation between higher educational institutions, and concessional credit financing did not provide much value added. They are not really complementary. The existing instruments should be consolidated and new ones should be designed and launched.



The CSM has been a useful results-oriented tool for planning, implementing, monitoring and reporting.

It is difficult to use the CSM in the Vietnamese context where the emphasis is increasingly on economic and institutional cooperation and trade, and where bilateral project support is being phased out.

## 6 COUNTRY STRATEGY MODALITY EVALUATION FINDINGS

### Relevance

The Vietnam Team, including the Embassy staff, reflected a common position that the **CSM has been a useful results-oriented tool for planning, implementing, monitoring and reporting**, in particular compared to the previous situation where no RBM tool existed for country-level work. The CSM has been a helpful mechanism for dialogue between the Embassy and MFA in Helsinki to discuss strategic priorities jointly. It has enhanced the interaction between the different levels of the MFA. The CSM is a good process that helps in ensuring that there is a coherent picture of what is being envisioned and how different sectors, and projects within them, are expected to contribute. The earlier CEP was not relevant for strategic planning purposes or for RBM; in fact it was not used as a basis for planning and reporting.

The CSM's relevance suffers from the fact that it is difficult to use the CSM in the Vietnamese context where the emphasis is increasingly on economic and institutional cooperation and trade, and where bilateral project support is being phased out. According to interviews with key people dealing with planning transitioning, including Team Finland members, their focus is on broader issues than the CS and is relying increasingly on other aid instruments. This results in a situation where the CS inadequately reflects these broader efforts.

### Effectiveness

The CS design process, using CSM guidelines, was managed satisfactorily. The gradual introduction of instructions initially created some problems, concerning e.g. the development of indicators. This is discussed further under efficiency.

**The adoption of the CSM has introduced a more results-oriented portfolio management approach to Finnish development cooperation.** As a result, there is now improved accountability at country level but no major changes concerning upward accountability. For example, Vietnam CS reporting has not been fed into the corporate level results reporting because the RBM system and CSM have not yet been developed to tackle this challenge.

Comprehensive interviews and reviews of project documents provide evidence that the **CS and related processes have had a positive impact in terms of institutionalising RBM primarily from the accountability perspective at country level; it has not had an impact on strategic priority setting in the case of Vietnam.** More attention is being paid to results-oriented planning, and results monitor-

ing and reporting. No such framework and guidance existed during the previous country programme (CEP 2008-2012) although the Vietnam country team and Embassy staff established a reporting system that contained elements of results reporting.

However, the results framework has too many layers of objectives and the impact pathways are too long. They are based on high-level objectives/ development results for which it is difficult to see what the specific Finnish contribution could be. This results in a situation where indicators risk becoming too abstract and vague given the level of funding and what the projects are actually doing.

Despite these improvements, the CSM has had very limited effects on the content and performance of the CS portfolio, as evidenced in the discussions of CSM influence on the programme in Chapter 5.

One reason for this is that **the CS process and budgeting are not adequately linked with each other**. In practice, financial planning is about planning for projects, and not more generically about CS planning. The current template for the CSM is focused on “traditional” bilateral development cooperation. Some comments were made that in its current format it may even distract attention from issues and funding needs necessary to accelerate the transition process.

## Efficiency

**The CSM processes were seen as adequate; they introduced better ways of working together and carrying out dialogue.** However, views were expressed that the effort CS managers/ team must put into CSM implementation is not fully justified given that more attention is needed for effective transition planning and implementation. The work on indicators was also found to be time-consuming. According to the interviews, the instructions and templates have provided adequate guidance but instructions came piecemeal which created problems. More guidance concerning the development of indicators was seen as necessary and important.

This evaluation makes it clear that the availability of human resources can make as big a difference as having good CSM guidance and templates. The efficiency of the modality depends also on the stability of the staff and the training they receive in RBM and CSM work. According to this evaluation, changes in the MFA and Embassy staff have influenced the quality of CEP/CS implementation; capacity constraints have been a real issue.

Results reporting is seriously hindered by inadequate results information (or none at all) provided by the other aid instruments such as CSO work, Finnpartnership and concessional credits.

## Sustainability

Staff turnover reduces the sustainability of work and causes problems related to CSM human resource capacity. Furthermore, new types of cooperation will require different Embassy staff experience and skills. The sustainability of the CSM in Vietnam is also affected by the fact that it is not fully relevant for the Finnish development objective of transitioning.

**The CS and related processes have had a positive impact in terms of institutionalising RBM primarily from the accountability perspective at country level; it has not had an impact on strategic priority setting in the case of Vietnam.**

**The CSM processes have introduced better ways of working together and carrying out dialogue.**

## 7 CONCLUSIONS

### Vietnam Country Strategy

The CS is very relevant in view of Vietnam's development policies and needs and Finland's policy priorities.

The relevance of the CS is constrained by having an incomplete coverage of MFA aid interventions and not explicitly addressing transition issues.

There is no visible evidence that the CS as a whole would have brought about more results and impacts than the sum of the individual elements of the portfolio.

1. **The CS is very relevant in view of Vietnam's development policies and needs and Finland's policy priorities.** The selected sectors and key interventions are well aligned to the country contexts and development needs and Finnish development policy priorities and principles. The relevance has been enhanced through Finland identifying specific sectors where it has a comparative advantage and can provide added value. However, CS ownership is largely with the MFA; the GoV and donor partners do not really know it well. FORMIS is currently not fully relevant for the private sector.
2. **The relevance of the CS is constrained by having an incomplete coverage of MFA aid interventions and not explicitly addressing transition issues.** Despite references to all aid interventions and also policy influence in the actual CS document, the results framework and annual reporting focus largely on the bilateral projects. For example, concessional credits and Team Finland activities were excluded from the CS but are in practice important to achieving the objectives of Finland's engagement in Vietnam, in particular in the transition to a different relationship (see below). The CS does not have concrete objectives, targets or indicators for guiding the work to facilitate transitioning, and not enough resources have been allocated to support transitioning. The only way it did contribute to transitioning is insofar as the choice of projects moved away from poverty reduction. The CS could have done a much better job in specifying and explaining relationships between different projects and aid instruments in the context of the transitioning objective and in specifically planning for complementarity between them.
3. **CS implementation is providing valuable outcomes and contributing to the development results areas, but there is no visible evidence that the CS as a whole would have brought about more results and impacts than the sum of the individual elements of the portfolio.** CS implementation has delivered important outcomes and results more or less as planned, with some exceptions, when viewed from the project perspective. At a sectoral level, important intermediate outcomes and results have been delivered both under the CS and the CEP. CS implementation has made important contributions to the development of the innovation policy and S&T sector to create a stronger foundation for a knowledge-based society, improved access and quality of information in the forestry sector to enhance sustainability of forest management, and improved access to quality water supply and sanitation services. In the case of FORMIS II, access to information has not yet been effectively opened to the private sector, NGOs and academia.

4. **Implementation of the CS has contributed positively to the wellbeing of the poor and also of marginalized groups through the support to water and sanitation, and through some of the FLC projects, but otherwise it is difficult to demonstrate effectiveness in poverty reduction.** Even in water and sanitation the choice of the modality (piped water) has had implications for the extent to which the really poor can be reached.
5. **Policy influencing has not contributed much to the CS objectives and its linkages to project- or programme-based CS interventions have weakened.** Finland was more effective in policy influencing during the CEP implementation. Opportunities for policy influencing during CS implementation have been more limited because of the changes in policy and donor coordination contexts, and the imminent exits from certain sectors. Also, the Embassy has suffered from staff changes and reductions in available resources for this type of work.
6. **Effectiveness may improve in future because the CS has improved results-orientation in development cooperation.** CS has brought more attention to results-based management, influencing the planning of project interventions and their monitoring and results reporting systems, which can be assumed to improve effectiveness. Thus the gains in terms of effectiveness lie in the future. IPP II also faces a challenge of successfully capturing and reporting its positive unintended results.
7. **The existing CS portfolio has not yet effectively contributed to transitioning.** There is not yet visible evidence that the CS would have contributed effectively to transitioning, or preparing ground for new types of partnerships based on institutional cooperation and economic and trade cooperation beyond what was done already before the CS. The CS has projects such as IPP II and instruments such as concessional credits and Team Finland activities in general which are relevant considering the transition context, but as whole the portfolio is quite a “traditional” aid portfolio. There is however emerging evidence that IPP II is starting to generate new types of partnerships.
8. **CS portfolio resources have not been used fully efficiently to deliver planned outputs and intermediate outcomes.** There have been problems with overall budget planning (unused funds) and also disbursements especially in the water and sanitation sector and in concessional credit projects. The introduction of the CS has not influenced overall efficiency; management still takes place primarily on a project basis.
9. **The CS results framework needs improvement in some areas.** There are also major challenges in creating an overall view of CS performance as regards achievement of the CS development results and aggregating indicators. There are some indicators which are difficult to understand in terms of Finnish contribution and for which it is difficult to obtain data. It may be that the focus should in any case be more on those indicators to which Finland can truly contribute.

The CS has contributed positively to the wellbeing of the poor and also of marginalized groups through the support to water and sanitation, and through some of the FLC projects.

The CS results framework needs improvement in some areas.

The CS has not had visible impacts on improving complementarity, coherence and coordination of Finnish development cooperation in Vietnam.

Phasing out bilateral project cooperation without adequate phasing in of new types of cooperation based on partnerships poses major risks concerning sustainability of Finnish-Vietnamese cooperation and partnerships.

10. **Finland's long-term cooperation in forestry, water and sanitation and innovation and S&T sectors has had positive impacts; Finland has been punching above its weight.** The most visible impacts reflect work done both during the CS and the CEP, and even earlier. Finland's continuing long-term engagement in forestry, water and sanitation, its innovation policy, and focusing on areas where others have not been working have enabled the delivery of value added and the visible influencing of sectoral development. This continuity has enabled Finland to punch above its weight in selected sector or thematic areas. As a result, Finland has strong presence and visibility, and is a highly valued partner in forestry, water and sanitation, and innovation (policy) sectors.
11. **The introduction of the CS has not had visible impacts on improving complementarity, coherence and coordination of Finnish development cooperation in Vietnam.** However, cooperation in the forestry, water and sanitation, and innovation policy sectors has been well coordinated with other donors during both the CEP and the CS.
12. **Cross-cutting objectives and HRBA have not been consistently addressed with targets and resources in the CS and in project planning and implementation,** and hence it is difficult to report contribution. Introduction of the CS itself has not had an impact on addressing cross-cutting objectives.
13. **Sustainability prospects of the key CS interventions are fair.** All the key projects face challenges concerning sustainability. Interventions facing serious sustainability challenges are sanitation work under WSPST III and the entire PFG project. FORMIS II has very good national ownership but sustainability requires major attention to capacity building during the remaining three years. IPP II is a complex and ambitious project but a promising and innovative initiative which may require more time to deliver lasting results and also more diverse and innovative ways of monitoring results delivery.
14. **Phasing out bilateral project cooperation without adequate phasing in of new types of cooperation based on partnerships poses major risks concerning sustainability of Finnish-Vietnamese cooperation and partnerships.** Not much progress has been made in terms of pushing the transition agenda forwards; Finland is only as prepared now as when the CEP implementation started in 2008. There are good reasons to predict that the existing project portfolio will not have major impacts on facilitating the transition by 2018, and that the available resources and instruments such as Finnpartnership and Finnfund and ICI cooperation will not be able to generate new types of economic, trade and institutional partnerships at such a scale that would make a difference.
15. **Human resource development needs more attention.** Staff turnover reduces the sustainability of work and causes problems related to CSM human resource capacity. Furthermore, new types of cooperation will require different Embassy staff experience and skills.

## Country Strategy Modality


16. **CSM is in principle a relevant tool for managing development cooperation in Vietnam.** It has helped in creating a systematic framework and, importantly, a process to help with strategic planning and priority setting, and in seeing how interventions jointly contribute to higher level development objectives in Finnish development cooperation in Vietnam. However, because of budget constraints, phasing out of bilateral projects and inflexibility of non-project aid instruments it was difficult to develop a more coherent portfolio and use various instruments effectively in a complementary manner.
17. **The CSM's relevance and effectiveness in the Vietnamese context would be stronger if it were more flexible and also adapted explicitly for a transition context.** The current CSM is not well suited to the Vietnamese context where bilateral project support is phased out and the main focus is on transitioning. Now its relevance is reduced because it is primarily an MFA instrument, with a focus on instruments which can be controlled by the Embassy and regional department. It does not include any guidance on setting objectives for transitioning and establishing related progress indicators. The fact the usefulness of the CSM was reduced in Vietnam because of the already fixed portfolio and the phasing out of bilateral project support does not mean that the CSM would not be a relevant tool in another context, e.g. where bilateral project support still dominated.
18. **CSM is more relevant for downward accountability than for upward accountability.** In the case of Vietnam, CSM has been more effective as an RBM accountability tool at the country level, and less for upward accountability for the CS portfolio at the corporate level beyond the regional department. The problem may not be in this modality itself but rather in the undeveloped RBM at the corporate level; there are no concrete corporate-level objectives to which the CS could be anchored.
19. **More systematic attention needs to be paid to having stable access to staff capable in various aspects of RBM and CSM.**
20. **The CSM guidelines are not fully adequate.** The current CS and results framework has too many layers of objectives, and consequently the impact pathways and links from projects to higher-level development objectives are often unclear. There is too much distance between project-level results (indicators) and Finland-specific objectives and related indicators. Policy influence is included in the Vietnamese CS but there are no guidelines on how to deal with policy influence in the results framework and reporting.
21. **The CSM and the related CS planning process and budgeting are not adequately linked with each other.** Financial planning is about projects and not about CS planning. Financial reporting is not linked to the structure of the CS.

**CSM is in principle a relevant tool for managing development cooperation in Vietnam.**

**The CSM's relevance and effectiveness in the Vietnamese context would be stronger if it were more flexible and also adapted explicitly for a transition context.**

**CSM is more relevant for downward accountability than for upward accountability.**



- 
22. **Risk management and learning.** Annual reports do not deal with risk management, which may be due to inadequate guidelines concerning risk management. Risk management is dealt with primarily through monitoring procurement and undertaking audits.
  23. **CSM has the potential to enhance aid effectiveness through improved complementarity and coherence and improved results orientation across all aid channels and instruments.** The modality has helped to view various aid channels and instruments in a broader framework, focusing more on development results. Although the CSM makes it possible in principle to deal with all aid instruments, the way it is planned to operate now puts too much focus on its being mainly a tool for the aid instruments controlled by the regional department. There are major challenges in addressing the issue of enhancing the complementarity between various aid channels and instruments under the CS framework when the Embassy and regional department cannot control all of them.
  24. **In a transition context the CSM, as it is now, may divert attention away from critical action needed to advance the transformation agenda.** The implementation of the CSM requires staff resources, and it may be that the current focus of the CSM and its reporting requirements are not fully justified when more attention is need to plan effective transitioning and to monitor related progress.



## 8 RECOMMENDATIONS

### 8.1 Country Strategy

It is recognised that there may be limited opportunities to make changes to the existing CS because of the phasing-out plan and budget cuts. However, it needs to be recognised that in order to reach some set targets, including having an effective transitioning process and establishing a successful partnership between Finland and Vietnam, resources will be needed. In light of the findings and conclusions presented above, the evaluation provides the following recommendations:

1. **Develop a transition plan with clear and realistic objectives, a sufficiently long timeframe, and a monitoring framework with progress indicators.**

This could replace the current CS, or rather, some elements of the CS would be components of the transition plan; or it could even be called a CS but it would deal explicitly with transition issues. Adopt realistic target setting regarding the CS and transitioning objectives of MFA, recognising that some of the instruments are demand-driven and cannot be planned in detail. If no additional resources (financial, human) are provided to support transitioning, reduce the level of ambition regarding future economic, trade, institutional and CSO cooperation between Vietnam and Finland.

This plan should be broader, shifting from a solely MFA-driven and implemented CS approach to a broader and more inclusive framework plan that would ideally:

- cover all MFA instruments (ICI, FLC, Finnpartnership, the new concessional credit instrument, etc.) and also BEAM, institutional and cultural cooperation;
- include all key ministries (MFA, education, economy/employment, environment, etc.) and organisations such as TEKES, universities, research institutes, business or science-related forums and networks, the private sector and their associations;
- enable more integrated and flexible use of instruments; and
- involve relevant Vietnamese government partners in its development at least through consultations.

2. **Increase funding and appropriate human resources to enable effective transitioning towards more commercial partnerships through instruments such as BEAM, ICI and FLC and the new instrument replacing concessional credits to accelerate the transitioning.** To make best use of past cooperation, contacts, and networks, one should also consider, related to this broader partnership framework, a new type of programme focused on promotion of business-type partnerships in priority sectors between

**Develop a transition plan with clear and realistic objectives, a sufficiently long timeframe, and a monitoring framework with progress indicators.**

**Increase funding and appropriate human resources to enable effective transitioning towards more commercial partnerships.**

**Further strengthen attention to sustainability of existing key projects and ensure their successful completion and hand-over.**

**Update the CS and results framework to simplify the CS framework objective setting, and bring indicators closer to the Finnish-supported interventions guidelines.**

Finland and Vietnam. This would prioritise support to private sector engagement e.g. through public private partnerships and institutional collaboration around already existing interventions such as IPP II, or one of the Team Finland priority areas with links to the current project portfolio.

3. **Study also the possibility of introducing a broad, high-level partnership agreement between Finland and Vietnam following the Danish model.** This could include annual negotiations between Vietnamese and Finnish partners (beyond MFA), replacing the current bilateral country negotiations. The agreement would provide the broader framework for applying the various instruments, cooperation and dialogue.
4. **Improve the coverage of FORMIS to include information relevant for the private sector and make FORMIS accessible also to private sector, CSOs and academia.** FORMIS has been designed primarily based on the needs of government decision-makers, but the system in theory allows access also to other stakeholders.
5. **Further strengthen attention to sustainability of existing key projects and ensure their successful completion and hand-over.** The projects should pay specific attention to supporting development of enabling policies, regulations, capacity building, organisational arrangements including handing over responsibilities formally to Vietnamese partners with specific mandates, and financing. In the case of IPP II, special attention needs to be paid to capturing and reporting all the achievements and stimulating/catalysing results beyond the direct project interventions.
6. **Strengthen capacity building and human resources for results-based implementation of Finland's partnership-based strategy in Vietnam.** Training in various aspects of the CS/transition plan needs to be provided regularly. MFA human resource policies and practices need to pay attention to ensuring that the right people are nominated to the right positions. This means that in future more attention needs to be paid to having people with a good understanding of private sector development, and areas emphasised in the transition plan.
7. **In the case of IPP II, pay special attention to capturing and reporting the achievements and results which have been or will be catalysed by IPP II beyond the direct project interventions.** IPP II is a complex project that in many ways does not work like a traditional project but tries to generate new ideas and partnerships, and stimulate action beyond the realm of the project. This poses challenges for assessing IPP performance; e.g. many impacts are not quantifiable and the project may not even know about some of the (unplanned) impacts.
8. **Update the CS and results framework to simplify the CS framework objective setting, and bring indicators closer to the Finnish-supported interventions guidelines** (see related CSM recommendation below).

## 8.2 Country Strategy Modality

The following recommendations concerning improvement of the overall CSM are based on the evaluation findings and conclusions of Finnish development cooperation and CS implementation in Vietnam:

9. **Develop a more comprehensive but pragmatic and flexible CSM framework to enhance relevance in various contexts, including transitioning.** The CS should focus on all aid modalities and all instruments, at least in the narrative section. It should ideally involve all partners from the Finnish side including beyond MFA, but for pragmatic and “political” reasons not all of them can be tied to the CS results framework. The CSM needs to be made more flexible to enhance relevance in various contexts, including transitioning. Its updating should also be more flexible, based on country needs.
10. **The CS results framework guidelines and template should be made simpler with reduced layers of objectives and a reduced number of indicators and with better impact pathway definitions.** The selected indicators should make it easier to see the contribution of Finnish interventions, i.e. linking project/programme interventions better with the CS objectives. Better definition of impact pathways is needed to reduce the risk of unrealistic implicit assumptions and also to improve intervention design to enhance effectiveness. This means also establishing clearer links between project/programme level indicators and CS objective indicators. RBM will be most effective if interventions can be held accountable for the achievement of the objective level indicators.
11. Introduce **improved CSM guidelines and templates, and carry out related training.** Better guidance needs to be provided on the number and type of indicators, the objective structure, impacts pathways, policy influence, how to deal with transitioning, and risk management and reporting. Importantly, the revised templates must also provide guidance on how to measure results in the priority areas of the 2016 DPP.

**Develop a more comprehensive but pragmatic and flexible CSM framework to enhance relevance in various contexts, including transitioning.**

# REFERENCES

- Cox, M. and Tran Thi Hanh (2014). *A Nordic Plus Initiative to Enhance Aid Effectiveness in a Transition Context: An Analysis of the Vietnam Experience*.
- Cox, M. et al (2011). *Paris Declaration/Hanoi Core Statement Phase 2 Evaluation Vietnam Country Evaluation*.
- Danida (2015). *Synergies between Danish Development Cooperation and Commercial Activities in Vietnam. Experience from green growth and fisheries*. Copenhagen: Danida.
- Forsberg (2008). *The Swedish exit from Vietnam: Leaving painfully or normalising bilateral relations?*
- GoV (2000). *National rural clean water supply and sanitation strategy up to year 2020*. Hanoi: GoV.
- GoV (2007a). *Vietnam Forestry Development Strategy (2006–2020)*. Hanoi: GoV.
- GoV (2007b). *Decree 117/2007 on Production, Supply and Consumption of Clean Water*. Hanoi: GoV.
- GoV (2007c). *Decree 124/2012 Urban Sewerage and Drainage and Sewerage and Drainage in Industrial Zones*. Hanoi: GoV.
- GoV (2010a). *Strategic framework on ODA mobilization, management and utilization for the period 2011–2015*. Hanoi: GoV.
- GoV (2010b). *Socio-Economic Development Strategy (SEDS) for the period of 2011–2020*. Hanoi: GoV.
- GoV (2011a). *Vietnam National Strategy on Climate Change (2011–2020)*. Hanoi: GoV.
- GoV (2011b). *Socio-Economic Development Plan (SEDP) for the 2011–2015 Period*. Hanoi: GoV.
- GoV (2012a). *The National Strategy on Environment Protection to 2020, with Visions to 2030*. Hanoi: GoV.
- GoV (2012b). *Vietnam Sustainable Development Strategy for 2011–2020*. Hanoi: GoV.
- GoV (2012c). *Vietnam National Green Growth Strategy*. Hanoi: GoV.
- GoV (2012d). *Strategy for Science and Technology (2011–2020)*. Hanoi: GoV.
- GoV (2012e). *National Strategy on Gender Equality for the 2011–2020 period*. Hanoi: GoV.
- GoV (2012f)
- GoV (2014). *Vietnam Industrial Development Strategy 2025 (vision 2035)*. Hanoi: GoV.
- IMF (2015). <http://evbn.org/imf-forecasts-vietnams-economic-growth-for-2015-at-6/>
- MFA (2010a). *Finnish Support to Forestry and Biological Resources. Main report*. Helsinki: MFA.
- MFA (2010b). *The Finnish Development Cooperation in the Water Sector. Evaluation report*. Helsinki: MFA.
- MFA (2010c). *The Transition towards a New Partnership with Egypt. Evaluation report*. Helsinki: MFA.
- MFA (2011a). *Third major evaluation of the Trust Fund for Forests. Draft report*, NIRAS.
- MFA (2011b). *Consultancy services for mid-term review of Innovation and Partnership Program (IPP) in Vietnam. Final report*, FCG.
- MFA (2011c). *Finnish Aid for Trade. Evaluation report*. Helsinki: MFA.
- MFA (2011d). *Mid-term review of water and sanitation programme for small towns, Phase II, in Vietnam. Final report*, FCG.

MFA (2012). *Vietnam; Yhteistyöneuvottelut Helsingissä 12.6.2012. Kokousmuistio.*

MFA (2014). *Updated Country Strategy for Development Cooperation with Vietnam 2013–2016.* Helsinki: MFA.

MFA (2015a). *Performance Audit of the Finnish Development Aid to Vietnam. Annex 1 – Innovation Partnership Programme, Annex 2 – Trust Fund for Forests (TFF).* Helsinki, KPMG, *Annex 3 – FORMIS, Annex 4 – The Water and Sanitation Programme for Small Towns in Vietnam, Annex 5 – One UN Plan Vietnam, Annex 6 – People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam, Annex 7 – Concessional Credit Projects, Annex A.1 – RAO II Bridge in Hai Phong, Annex A.2 – Water Supply in Vine City Neighbourhood, Annex A.3 – Dine Bien Phu Drainage, Waste Water Collection and Treatment Project, Annex A.4 – Rehabilitation of Rural Power Networks in Phu Tho, Thai Nguyen, Hung Yen provinces & Ha Noi city, Annex A.5 – Water Supply and Sanitation Project in Bac Kan,* KPMG.

MFA (2015b). *Development of Management Information System for the Forestry Sector in Vietnam – Phase II (FORMIS). Final report,* FCG.

MFA (2016). *Annual Results Report on Development Policy and Co-operation. Vietnam.*

OECD DAC (2016). *Development Finance Statistics* <http://www.oecd.org/development/stats/>

Sida (2008). *Managing Aid Exit and Transformation Lessons from Botswana, Eritrea, India, Malawi and South Africa. Synthesis Report.* Stockholm: Sida.

Team Finland (2015). *Team Finland Vietnam vuosisuunnitelma 2016.*

Valjas, A., White, P., Thompson-Coon, R., & Gowaseb, K. (2008). *Evolving New Partnerships between Finland and Namibia. Evaluation report.* Helsinki: MFA.

World Bank (2014). *Taking stock: an update on Vietnam's recent economic developments.*

WRI (2015). *By the Numbers: Economic Impacts of Climate Change in the Lower Mekong Basin.*

<http://www.wri.org/blog/2015/02/numbers-economic-impacts-climate-change-lower-mekong-basin-o>

# DOCUMENTS CONSULTED

Embassy of Finland (2009). *Finnish ODA programme in Vietnam – Progress/performance in 2008 – Workplan 2009*. Hanoi: Embassy of Finland.

Embassy of Finland (2010). *Finnish ODA in Vietnam 2010. Midyear progress review*. Hanoi: Embassy of Finland.

Embassy of Finland (2011). *Suomen kehitysyhteistyö Vietnamissa 2010: Han SL:n edistymis- ja tulostanalyysi*. Hanoi: Embassy of Finland.

Embassy of Finland (2015). *Kehitysyhteistyöstä kestäviin kaupallis-taloudellisiin suhteisiin Vietnamin kanssa*. Hanoi: Embassy of Finland.

GoV (2008). *National strategy for preventing and combating corruption towards 2020*. Hanoi: GoV.

GoV (2009). *Vietnam Strategy on Cleaner Industrial Production to 2020*. Hanoi: GoV.

FMI (2013). *Promoting Modernisation of Hydrometeorological Services in Việt Nam, Phase 2. Project Document, FMI*.

MFA (2007). *Development Policy Programme 2007: Towards a sustainable and just world community. Government decision-in-principle*. Helsinki: MFA.

MFA (2008). *Vietnam. Osallistumissuunnitelma 2008–2012*.

MFA (2009). *Water and sanitation programme for small towns in Vietnam – Phase II. Programme Document*.

MFA (2011). *Mid-term review of development of Management Information System for Forestry Sector (FORMIS) in Vietnam. Final report*, Indufor.

MFA (2011). *Development and Implementation of climate change adaptation measures in coastal areas in Vietnam (VIETADAPT). Project Document*.

MFA (2011). *Development of Management Information System for Forestry Sector in Viet Nam – Phase II (FORMIS II). Project Document*.

MFA (2011). *Impact evaluation of rural development programmes supported by Finland in Thua Thien Hue and Quang Tri provinces Viet Nam. Final report*, ORGUT.

MFA (2012). *Finnish Concessional Aid Instrument. Evaluation report*. Helsinki: MFA.

MFA (2012). *Finland's Development Policy Programme*. Helsinki: MFA.

MFA (2012). *Preparation/Formulation of results-oriented Country Strategies on long-term partner countries*. Helsinki: MFA.

MFA (2012). *Innovation Partnership Programme (IPP) in Vietnam, Phase 2. Programme Document*.

MFA (2013). *Water and sanitation programme for small towns in Vietnam – Phase III. Programme Document*.

MFA (2013). *Aasia, ERITT/Tuki Vietnamin FLEGT-prosessille. Varainmyöntöesitys*.

MFA (2013). *Annual Results Report on Development Policy and Co-operation. Vietnam*.

MFA (2013). *Annex 9.4. Semiannual Results Report on Development Policy and Co-operation. Vietnam*.

MFA (2013). *Osaston johdon vastine Vietnamin maaohjelman vuosiraporttiin 2013. Vietnam*.

- MFA (2013). *Reporting on Purpose-oriented Country Strategies (CSs), renewed guidelines*. Helsinki: MFA.
- MFA (2014). *Country Strategy for Development Cooperation with Vietnam 2013–2016*. Both the first version, and the updated version. Helsinki: MFA.
- MFA (2014). *Lisätietoja Tanskan kehitysyhteistyöprojektista "Low carbon transition in the energy efficiency sector" sekä yleisiä kommentteja Tanskan transitiosta kehitysyhteistyöstä businekseen. Keskustelut Tanskan Hanoín suurlähetystössä lokakuussa 2014*.
- MFA (2014). *People Participation in improvement of forest governance and poverty alleviation in Vietnam (PFG – Vietnam). Project Document*.
- MFA (2014). *Annual Results Report on Development Policy and Co-operation. Vietnam*.
- MFA. (2014). *Suomen ja Vietnamin kahdenväliset kehityspoliittiset konsultaatiot Hanoissa 10.6.2014. Muistio*.
- MFA (2014). *Purpose-oriented Country Strategies (CSs), updated reporting guideline*. Helsinki: MFA.
- MFA (2014). *Suomen ja Vietnamin kahdenväliset kehityspoliittiset konsultaatiot Hanoissa 10.6.2014. Muistio*.
- MFA (2015). *Vietnamin maaohjelman tarkastus 2015*, KPMG.
- MFA (2015). *Annex III. Vietnam results frame 2015*.
- MFA (2015). *Management response to Vietnam country strategy report 2014*.
- MFA (2015). *Semi-annual Results Report on Development Policy and Cooperation. Vietnam*.
- MFA (2015). *Semi-annual Results Report on Development Policy and Cooperation. Mekong*.
- MFA (2015). *Annual Report 2015. Vietnam Country Strategy*.
- MFA (2015). *Results-based management in Finland's Development Cooperation, Concepts and Guiding Principles*, MFA. Helsinki: MFA
- MFA (2015). *Kehitysyhteistyöstä kestäviin kaupallis-taloudellisiin suhteisiin Vietnamin kanssa*.
- MFA (2016). *Finland's Development Policy. One world, common future – towards sustainable development*. Helsinki: MFA.
- Palenberg, M., Katila, M, Bombart, D, Killian, B, & Poutiainen, P. (2015). *Finland's Development Policy Programmes from a results-based management point of view 2003–2013*. 2015/1.
- Reinikka, R. (2015). *Results on the Ground: An independent review of Finnish Aid*. MFA.



---

# THE EVALUATION TEAM

**Marko Katila (Country Team Coordinator, Deputy Team leader of the overall evaluation)** holds a PhD in natural resource economics and an MSc in forest economics. He has 25 years of experience in international forestry and development cooperation covering 37 countries and both private and public sector clients. He has worked as a senior consultant, senior economic advisor in the Ministry for Foreign Affairs, and as a lecturer in a university. Dr Katila is specialised in economic analysis; investment analysis; forest and land sector policy and sector planning; and evaluations and result-based management. He has extensive experience in all aspects of the project management cycle from identification to implementation and evaluation for bilateral and multilateral organizations. He has lead planning and appraisal missions, and managed short-term and long-term projects/programmes. He has carried out complex international programme evaluations for international aid agencies and programmes. He led this country evaluation. He had the main responsibility for the context analysis; aid policy; forestry cooperation; knowledge-based society; and private sector focused instruments (concessional credits, Team Finland, Finnpartnership, Finnfund).

**Muriel Visser (evaluation team member)** has over 20 years' consultancy experience, with particular expertise in policy analysis, programme design and preparation, evaluation and aid management, as well as technical expertise in education, HIV/AIDS and health. Dr Visser is an experienced evaluator and has led large multi-donor country programme evaluations for various bilateral and multilateral agencies. In the area of policy, she has provided technical analysis and inputs into education, HIV/AIDS and health, policies and strategies for international agencies/programmes as well as for recipient governments, and has worked extensively on the mainstreaming of cross-cutting issues such as gender and HIV/AIDS. She holds a Master's Degree in Education and a PhD in Health Communication. She had main responsibility in this evaluation for water and sanitation; HRBA/cross-cutting objectives and poverty reduction across the portfolio including rural development interventions during CEP; FLC; CSO support; and ICI/HEI-ICI.

**Ngo Dung Tri (evaluation team member)** holds a PhD and an MSc in National Resource Management and a Bachelor's degree in Business Administration. He has worked for over 15 years on community-based natural resource management and community enterprise development, and has experience working in policy and institutional analysis for livelihood improvement. He has expertise in the management of protected areas and issues concerning socio-ecological systems as well as value-chain development for agroforestry products. He has worked on a number of evaluations, reviews and analyses, including a final evaluation review of FORMIS in Vietnam. He is a Vietnamese national. His main responsibilities in this evaluation were to assist Katila and Visser in their work.

# ANNEX 1: TERMS OF REFERENCE

## Evaluation of Finland's development cooperation country strategies and country strategy modality

### 1 BACKGROUND TO THE EVALUATION

Over time, Finland has established long-term development cooperation partnerships with seven developing countries. These countries are Ethiopia, Kenya, Mozambique, Zambia, Tanzania, Nepal and Tanzania. Ministry for Foreign Affairs of Finland (MFA) has had a specific policy and implementation framework for planning and managing the development co-operation in these countries. These management frameworks have been called with different names over the times, but in practice, they have defined the Finnish country strategies in the long-term partner countries. The **Development Policy Programme 2007** introduced Country Engagement Plans (CEP) for each of the long term partner countries which were followed from 2008 until 2012. The current country strategy planning and management framework (hereafter Country Strategy Modality, CSM) was based on the **Development Policy Programme 2012** and implemented in partner countries from 2013 onwards. Currently, about half of the MFA's bilateral and regional development funding is channelled through the CSM. Now, the latest country strategies and the CSM will be evaluated in accordance with the annual development cooperation evaluation plan 2015, approved by the MFA.

Previously, the country strategies or programmes have been evaluated only on individual country basis. Countries evaluated within the last 5 years are Nicaragua, Nepal, Tanzania and Kenya. The other partner countries may have been evaluated earlier or covered only by policy evaluations or project evaluations.

All published evaluations: <http://formin.finland.fi/developmentpolicy/evaluations>

A synthesis of eight partner countries programmes was published in 2002. <http://formin.finland.fi/public/default.aspx?contentid=50666&nodeid=15454&contentlan=2&culture=en-US>

A separate evaluation study will be conducted as well as a country report drawn up from the following country strategies: Ethiopia, Mozambique, Zambia, Tanzania, Nepal and Tanzania. Kenya's country strategy was evaluated in 2014, and these evaluation results will be integrated into the context analysis and the synthesis of the evaluation. Similarly, the country strategy of Nicaragua that was terminated in 2012 during the evaluation period, can be taken into account in the context and the synthesis analyses based on the previous country and strategy evaluations.

### 2 CONTEXT

#### Country Strategy Modality

In 2011 the MFA commissioned an evaluation on results-based approach in Finnish development cooperation. The evaluation recommended, among the other recommendations, MFA to re-organize the system of country-level planning to identify more measurable objectives and indicators. As a result of the recommendation, and as a part of the Result Based Management development work (RBM) MFA decided to develop country strategy model that is more in line with the results base approach as well as the Development Policy Programme 2012. New guidelines for the country strategies were developed for the country teams in the second half of 2012. New country strategies were adopted country by country in 2013. New instructions for follow up and reporting were developed during the course, based on learning from experience. New versions and updates of the Country Strategies have been done annually.

---

According to the MFA's first internal guideline on Country Strategies in 2012, the Country Strategy is a goal-oriented management tool for managing the Finnish development cooperation in a partner country. The strategy provides guidance for planning and implementing the cooperation as well as for reporting on the progress. The Country Strategies answers at least to the following questions:

- How the partner country is developing?
- Considering the situation in the country, Finland's development policy, resources available, the coordination and division of the work with other development partners as well as the best practices in development aid, what are the development results that Finland should focus in the partner country, and with which tools and aid modalities?
- What are the indicators that can be used to follow up the development of the partner country as well as the results of Finland's development cooperation?
- What are the indicators that can be used to follow up effectiveness and impact of Finland's development cooperation?
- How the progress should be reported?
- How the information from the reports will be utilized in the implementation of the strategy?

One of the goals of adopting the current Country Strategy Modality in 2012 was one of the steps to increase the effectiveness and impact of Finland's development policy and cooperation at the country level. Following the good practices of international development aid, Finland's strategy in a partner country supports the achievement of medium-range goals of the partner country government in three priority areas or sectors. Country strategy also takes into consideration as far as possible the work done jointly with other donors (for example, the EU country strategies and multi-donor development cooperation programmes carried out jointly with Finland). The country strategies are approved by the Minister for International Development of Finland. However, the content is consultatively discussed together with the partner country government and other major stakeholders.

The aim was to keep the country strategy process light and the process flow loose to acknowledge the different country contexts.

Separate instructions have been developed for Country Strategy planning, follow-up and reporting. Some of these instructions are in Finnish.

## Country Strategies to be evaluated

The country strategies were formulated in 2012 for each long term development partner country with the option for annual revisions in the case of changing environment. The country teams have reported the progress and results of the country strategies annually in the Annual Country results reports on Development Policy Cooperation by country development result and by Finland's objectives and specific objectives. The original country Strategies were updated in 2014,. These versions can be found from the MFA web site. The links are provided below. The updated versions may contain of some different information compared to the original ones, but provides sufficient information for tendering purposes. The original copies as well as other relevant internal documentation will be provided during the inception phase.

### *Ethiopia:*

The updated Country Strategy for Development Cooperation with Ethiopia 2014-2017:

<http://formin.finland.fi/public/default.aspx?contentid=274547&nodeid=15452&contentlan=2&culture=en-US>

#### *Zambia:*

The updated Country Strategy for Development Cooperation with Zambia 2014-2017:

<http://formin.finland.fi/public/default.aspx?contentid=274537&nodeid=15452&contentlan=2&culture=en-US>

#### *Tanzania:*

The updated Country Strategy for Development Cooperation with Tanzania 2014-2017:

<http://formin.finland.fi/public/default.aspx?contentid=274539&nodeid=15452&contentlan=2&culture=en-US>

#### *Mozambique*

The updated Country Strategy for Development Cooperation with Mozambique 2014-2017:

<http://formin.finland.fi/public/default.aspx?contentid=274551&nodeid=15452&contentlan=2&culture=en-US>

#### *Nepal:*

The updated Country Strategy for Development Cooperation with Nepal 2013-2016:

<http://formin.finland.fi/public/default.aspx?contentid=274553&nodeid=15452&contentlan=2&culture=en-US>

#### *Tanzania:*

The updated Country Strategy for Development Cooperation with Tanzania 2013-2016:

<http://formin.finland.fi/public/default.aspx?contentid=274544&nodeid=15452&contentlan=2&culture=en-US>

### 3 PURPOSE AND OBJECTIVE OF THE EVALUATION

**The purpose** of the evaluation is to provide evidence based information and practical guidance for the next update of the Country Strategy Modality on how to 1) improve the results based management approach in country programming for management, learning and accountability purposes and 2) how to improve the quality of implementation of Finnish development policy at the partner country level. From the point of view of the development of the country strategy modality the evaluation will promote joint learning of relevant stakeholders by providing lessons learned on good practices as well as needs for improvement.

**The objective** of the evaluation is to provide evidence on the successes and challenges of the Country Strategies 1) by assessing the feasibility of strategic choices made, progress made in strategic result areas, validating the reported results in the annual progress reports and identifying possible unexpected results of Finland's development cooperation in each of the long-term partner countries; and 2) by aggregating the validated results and good practices at the MFA level and 3) by assessing the feasibility of the Country Strategy Modality for the purposes of results based management of the MFA.

International comparisons can also be used when assessing the Country Strategy Modality. Comparison countries may be, for example, Ireland and Switzerland, whose systems have been benchmarked in the planning stage.

## 4 SCOPE OF THE EVALUATION

### Temporal scope

The evaluation covers the period of 2008–2015. The results-based Country Strategy Modality with new directions and guidance was designed in 2012, and implemented from 2013 onwards in all the Finland's long-term partner countries. However, a longer period, covering the earlier modality is necessary to take in consideration, as most of the individual projects constituting the country strategies started already before 2013. Many of the projects and interventions were actually developed based on Country Engagement Plan modality that was the precursor of Country Strategy Modality and was adopted in 2008. In 2012, the interventions were only redirected and modified to fit better to the new structure of Country Strategy Modality and the new Development Policy programme. In order to understand the strategies as they are now and to evaluate the change and possible results of current country strategies, it is essential to capture the previous period as a historical context.

Similarly, when evaluating the feasibility of the Country Strategy Modality at process level, capturing a longer period is essential. Therefore, the period 2008–2012 will be analysed mainly on the basis of previous evaluations with a particular interest to give contextual and historical background for assessing the change that the new Country Strategy Modality introduced.

### Content scope

The evaluation covers the following processes and structures

1. The Country Strategy Modality, including the process transforming Country Engagement Plans into Country Strategies
2. In each of the countries, a country-specific context from 2008 to 2015, consisting of the Finnish bilateral assistance contributing to partner country's own development plan, Finland's development funding portfolio as a whole in the country and Finland's role as part of the donor community.
3. Current Country Strategies; achievement of objectives so far taking into account the historical context of the strategies and possible changes in the objectives 2013 onwards.

## 5 ISSUES BY EVALUATION CRITERIA

The following issues by evaluation criteria will guide the evaluation. Priority issues for each criterion are indicated below. In order to utilize the expertise of the evaluation team, the evaluation team will develop a limited number of detailed evaluation questions (EQs) during the evaluation Inception phase. The EQs should be based on the priorities set below and if needed the set of questions should be expanded. The EQs will be based on the OECD/DAC and EU criteria where applicable. The EQs will be finalized as part of the evaluation inception report and will be assessed and approved by the Development Evaluation Unit (EVA-11). The evaluation is also expected to apply a theory of change approach in order to assess the relevance of strategies as well as expected results and impact.

### The Country Strategy Modality will be evaluated using the following criteria:

Relevance of the Country Strategy Modality

- Synthesize and assess how the country strategy modality has ensured the relevance of Finland's strategic choices from the point of view of partner countries, including beneficiaries, Finland's development policy and donor community

- Assess the extent to which the country strategy modality is in line with agreed OECD DAC international best practices.

#### Effectiveness of the Country Strategy Modality

- Synthesize and assess the results of the country strategy process at the corporate level/development policy level
- Assess the effects of country strategy process on accountability and managing for results: the reporting, communication and use and learning from results for decision making

#### Efficiency of the Country Strategy Modality

- Assess the quality of the country strategy guidelines, including their application including the clarity and hierarchy of objective setting, measurability / monitorability of indicators, appropriateness of rating systems etc.
- Assess the process of developing the strategy guidelines especially from process inclusiveness and change management point of views
- Assess the leanness of the Country Strategy Modality, including the resource management (human and financial) securing the outputs at country level

#### Complementarity and coherence of the Country Strategy Modality

- Synthesize and assess the extent to which the country strategy modality has been able to complement / take into consideration of other policies and Finnish funding in the partner countries and vice versa
- Synthesize and assess the best practices / challenges on complementarity in the current strategy modality.

### **Country strategies will be evaluated in accordance with the following criteria**

In individual country strategy evaluations, the strategic choices of Finland will be evaluated in accordance with the following OECD DAC criteria in order to get a standardized assessment of the country strategies that allows drawing up the synthesis. In addition, each criterion may also consist of issues / evaluation questions relevant only to specific countries. In each of the criteria human rights based approach and cross cutting objectives must be systematically integrated (see UNEG guidelines). The country specific issues/questions are presented separately in chapter 5.1.

#### Relevance

- Assess the extent to which the Country Strategy has been in line with the Partner Country's development policies and priorities.
- Assess the extent to which the Country Strategy has responded the rights and priorities of the partner country stakeholders and beneficiaries, including men and women, boys and girls and especially the easily marginalized groups.
- Assess the extent to which the Country Strategy has been in line with the Finnish Development Policy priorities

#### Impact

- Assesses and verify any evidence or, in the absence of strong evidence, "weak signals" of impact, positive or negative, intended or unintended, the Country Strategy has contributed.

#### Effectiveness

- Assess and verify the reported outcomes (intended and un-intended)
- Assess the factors influencing the successes and challenges

#### Efficiency

- Assess the costs and utilization of resources (financial & human) against the achieved outputs
- Assess the efficiency and leanness of the management of the strategy
- Assess the risk management

#### Sustainability

- Assess the ownership and participation process within the country strategy, e.g. how participation of the partner government, as well as different beneficiary groups has been organized.
- Assess the ecological and financial sustainability of strategies

#### Complementarity, Coordination and Coherence

- Assess the extent to which the Country Strategy is aligned with partner countries' systems, and whether this has played a role in Finland's choice of intervention modalities.
- Assess the extent to which Finland's Country Strategy in the country has been coordinated with development partners and other donors
- Assesses the complementarity between the Country Strategy and different modalities of Finnish development cooperation in the country including NGOs, regional and targeted multilateral assistance (multi-bi) to the extent possible
- Assess the coherence between the main policy sectors that the country units and embassies are responsible for executing in the country.

### 5.1. Special issues per country

The evaluation aims to facilitate inclusive evaluation practice and learning between the partners at the country level. Following issues have been identified in discussions with the country representatives and/or the country reference group of the evaluation. The country specific issues will be integrated with the overall evaluation matrix where feasible, and recommendations made where evidence and justification found.

#### Ethiopia

- Assess the strategic value of
  - the sector approach for Rural Economic Development and Water.
  - SNE programme and possible mainstreaming to GEQIP II.
- The evaluation should make justified recommendations on
  - how to extend strategic support to new sectors in the future, as needs of Ethiopia is changing following the economic growth and increasing domestic revenue?
  - how technical cooperation between institutions (for instance ICI) could be formalized as part of Country cooperation framework?
- The field phase in late January-February 2016



## Zambia

- Zambia is in a process of transitioning to the lower middle income country level. Therefore the evaluation should make justified recommendations on
  - how to advance broad based partnerships especially in trade and private sector development including interaction with civil society and public sectors in the future.
  - how the Country Strategy programming could better utilize existing processes like country/sector portfolio reviews for advancing the collaboration between Zambia and Finland
- What has been Finland's value added on the sector coordination in agriculture, environment and private sector development.
- The partner country has expressed an interest to participate to some of the evaluation activities during the field mission
- The field phase in January-February 2016

## Tanzania

- Tanzania is in a process of transitioning to the lower middle income country level. Therefore the evaluation should make justified recommendations on:
  - how to advance broad based partnerships especially in trade and private sector development including interaction with civil society and public sectors in the future.
- The field phase in January-February 2016

## Mozambique

- To what extent has the Country Strategy responded to the changing country context in Mozambique?
- Is the Country strategy balanced enough in terms of the chosen priority sectors?
- To what extent does the Country strategy complement the work of other donors and what is the strategy's value added?
- As the donor dependency of Mozambique is decreasing, the evaluation should give medium term strategic recommendations for Finland's cooperation in Mozambique.
- The field phase in January-February 2016

## Nepal

- Nepal is a fragile state in many aspects. In this context the evaluation should give medium term strategic recommendations for Finland's cooperation in Nepal.
- Finland's Country Strategy and the programmes in Nepal were audited in 2015. The results of the audit can be utilized by the evaluation. The audit reports are in Finnish.
- The field phase must be in December 2015

## Vietnam

- Vietnam is a lower middle income country and the economic development has been quite rapid in last few years. Therefore the evaluation should analyse how the country strategy has been able to adapt to the rapid transition of the economy, and how agile the strategy has been in responding the needs of private sector and other relevant stakeholders in the country.

- Recommendations should be given on how to broaden the strategic portfolio to new, mutually beneficial areas such as education and research, university and industry cooperation as well as increased trade ties.
- Private sector instruments like Finnpartnership and Concessional loan has played a role in the Country Strategy. The strategic role of these instruments in transitioning economy should be assessed, and possible best practices reported.
- Finland's Country Strategy and the programmes in Vietnam were audited in 2015. The results of the audit can be utilized by the evaluation. The audit reports are in Finnish.
- The partner country has expressed an interest to participate to some of the evaluation activities during the field mission.
- The field phase must be in December 2015

## 6 GENERAL APPROACH AND METHODOLOGY

Evaluation is carried out and tendered as one large evaluation. The evaluation team leader is responsible for the synthesis and the evaluation methodology. Country evaluations will be carried out by country evaluation teams which are coordinated by a country coordinator together with the team leader. Coordination of the whole process and overall quality management of the evaluation will be the responsibility of the contracted evaluation consultancy company.

Evaluation will produce a synthesis report, as well as separate country reports on Ethiopia, Mozambique, Zambia, Tanzania, Nepal and Tanzania. These are also the reports that will be published.

Management response will be drawn up at two levels/processes: the synthesis report will be responded in accordance with the process of centralized evaluations and country reports in accordance with the process of decentralized evaluations as described in the evaluation norm of the MFA. The country reports will be discussed with partner countries and the management response drawn up on this basis. The follow up and implementation of the response will be integrated in the planning process of the next phase of the country strategy.

The approach and working modality of evaluation will be participatory. The evaluation will take into account the recommendations of the OECD/DAC on collaborative aspect of country evaluations where possible. Representatives of partner country governments will be invited in meetings and sessions when feasible. A possibility of integrating one evaluation expert representing partner country evaluation function will be made possible, where the partner country is willing and financially capable to provide such person. There is also a possibility that a representative of MFA and/or the partner country will participate in some parts of field missions with their own costs. The evaluation team shall contact the partner country representatives during the inception period for possible participation arrangements.

Mixed methods will be used (both qualitative and quantitative) to enable triangulation in the drawing of findings.

The country strategy result framework is based on logframe approach, but the evaluation team is expected to reconstruct a theory of change model of the framework describing the interaction between the elements in the logframe and dynamics of the intended result chains and prepare more elaborated evaluation questions as well as sub-questions based on the change theory approach. The Approach section of the Tender will present an initial plan for the evaluation including the methodology and the evaluation matrix for each of the countries as well as the Country Strategy Modality. The evaluation plan will be finalized during the inception period and presented in the Inception report.

During the field work particular attention will be paid to human right based approach, and to ensure that women, vulnerable and easily marginalized groups are also interviewed (See UNEG guidelines). Particular attention is also paid to the adequate length of the field visits to enable the real participation as well as sufficient collection of information also from sources outside of the institutional stakeholders (e.g. statistics and comparison material). The field work in each of the country will preferably last at least 2-3 weeks, and can be done parallel and take in account the availability of the stakeholders during the visit. Adequate amount of time should also be allocated for the interviews conducted with the stakeholders in Finland. Interview groups are to be identified by the evaluation team in advance. The MFA and embassies are not expected to organize interviews or meetings with the stakeholders in the country on behalf of the evaluation team, but assist in identification of people and organizations to be included in the evaluation.

**Validation of all findings** as well as results at the country level must be done through multiple processes and sources. The main document sources of information include strategy and project documents and reports, project/strategy evaluations, Finland's Development Policy Strategies, thematic guidance documents, previously conducted country strategy and thematic evaluations, development strategies of the case country governments, country analyses, and similar documents. The evaluation team is also encouraged to use statistics and different local sources of information to the largest possible extent, especially in the context analysis, but also in the contribution analysis. It should be noted that part of the material is in Finnish.

Debriefing/validation workshops will be organized at the country level in the end of each of the fieldtrip. Also a joint validation seminar will be organized with the MFA regional departments after the field trips. Embassies and the MFA will assist the evaluation team in organizing these seminars.

If sampling of documents is used, the sampling principles and their effect to reliability and validity of the evaluation must be elaborated separately.

During the process particular attention is paid to a strong inter-team coordination and information sharing within the team. The evaluation team is expected to show sensitivity to diverse communication needs, gender roles, ethnicity, beliefs, manners and customs with all stakeholders. The evaluators will respect the rights and desire of the interviewees and stakeholders to provide information in confidence. Direct quotes from interviewees and stakeholders may be used in the reports, but only anonymously and when the interviewee cannot be identified from the quote.

The evaluation team is encouraged to raise issues that it deems important to the evaluation which are not mentioned in these ToR. Should the team find any part of the ToR unfeasible, it should bring it to the attention of the Development Evaluation Unit (EVA-11) without delay.

## 7 EVALUATION PROCESS, TIMELINES AND DELIVERABLES

Evaluation of competitive bidding will be completed in July 2015, and the Kick-off meeting with the contracted team will be held in August.

It should be noted that internationally recognized experts may be contracted by the MFA as external peer reviewer(s) for the whole evaluation process or for some phases/deliverables of the evaluation process, e.g. final and draft reports (technical evaluation plan, evaluation plan, draft final and final reports). The views of the peer reviewers will be made available to the Consultant.

An **Inception phase** is September and October 2015 during which the evaluation team will produce a final evaluation plan with a context analysis. The context analysis includes a document analysis (desk study) on the country strategy modality as well as a context of each of the country strategy. The evaluation plan also consists of the reconstructed theory of change, evaluation questions, evaluation matrix, methodology (methods for data gathering and data analysis, as well as means of verification of different data),

final work plan with a timetable as well as an outline of final reports. MFA will provide comments on the plan and it will be accepted in an inception meeting in November 2015.

The **Implementation phase** can be implemented in December 2015 - February 2016. Country- specific debriefing meetings will be organized at the end of each of the field visit. A joint debriefing and validation meeting can be arranged in Helsinki in the end of February/ beginning of March 2016. The validation seminars work like learning seminars based on initial findings, but also for validating the findings. The outcomes and further findings drawn up from seminar discussions can be utilized when finalizing the country reports as well as the synthesis report.

The **Reporting and dissemination phase** will produce the Final reports and organize dissemination of the results. Final draft country reports will be completed by the end of April and the final draft synthesis report by the end of May, 2016. Country reports can be sequenced on the basis of the field phase. If the field phase is in December, the draft report shall be ready in February, and if in February, then the draft report shall be ready in April. Due to the scope of the evaluation reports, enough time must be left for feedback. The final reports shall be ready in mid-June. Due the Finnish holiday season in July, a public presentation of evaluation results, a public webinar and other discussion meetings will be held in August 2016.

The evaluation consists of the following meetings and deliverables in each of the phases. It is highlighted that a new phase can be initiated only when all the deliverables of the previous phase have been approved by EVA-11. The reports will be delivered in Word-format (Microsoft Word 2010) with all the tables and pictures also separately in their original formats. Time needed for the commenting of the draft report(s) is three weeks. The language of all reports and possible other documents is English. The consultant is responsible for the editing, proof-reading and quality control of the content and language.

## INCEPTION PHASE

### I. Kick off meeting

The purpose of the kick-off meeting is to discuss and agree the entire evaluation process including the content of the evaluation, practical issues related to the field visits, reporting and administrative matters. The kick-off meeting will be organized by the EVA-11 in Helsinki after the signing of the contract.

**Deliverable:** Agreed minutes prepared by the Consultant

**Participants:** EVA-11 (responsible for inviting and chairing the session); reference group and the **management team** of the Consultant **in person**. Other team members and embassies may participate via VC.

Venue: MFA.

### II. Inception meeting

A meeting to present the evaluation plan (incl. agreed minutes of the meeting), MFA and Peer Review comments/notes discussed and changes agreed.

Participants: EVA-11; reference group and the **management team** of the Consultant (responsible for chairing the session) **in person**. Other team members and embassies may participate via VC.

Venue: MFA

**Deliverable:** Inception report

Inception report **will constitute the final evaluation plan** that specifies the context of the evaluation, the approach and the methodology. It also includes the final evaluation questions and the final evaluation matrix. The sources of verification and methods for collecting and analysing data are explained in

detail, including the methods and tools of analyses, scoring or rating systems and alike. The final work plan and division of tasks between the team members are presented in the evaluation plan. In addition, a list of stakeholder groups to be interviewed will be included in the evaluation plan. The evaluation will also suggest an outline of the final report(s).

The inception report will provide a **contextual analysis** based mainly on written material. It is based on a complete desk analysis of all relevant written material including, but not limited to project/strategy related documents, previous evaluations, policy documents, guidelines, thematic/regional programming, and other relevant documents related to development and development cooperation in partner countries identified by the evaluation team during the inception phase. Tentative hypotheses as well as information gaps should be identified in the evaluation plan.

It will also present plans for the interviews, participative methods and field visits including the identification of local informants (beneficiaries, government authorities, academia, research groups/institutes, civil society representatives, other donors etc.) and other sources of information (studies, publications, statistical data etc.) as well as an outline of the interview questions and use of participative methods according to the interviewee groups in each of the field visit countries.

The Inception report will be submitted to the EVA-11 and is subject to the approval of the EVA-11 prior to field visits to case countries/regions and further interviews in Finland. The report should be kept analytic, concise and clear.

## IMPLEMENTATION PHASE

### IV. Field visits to partner countries

The purpose of the field visits is to reflect and validate the findings and assessments of the desk analysis. The field visits may partly be joint missions with MFA and /or partner country representative participation. The length of the field visit(s) should be adequate to ensure real participation of different stakeholders and beneficiaries. The evaluation team is expected to propose the suitable timing of the visits, preferably at least 2-3 weeks.

**Deliverables/meetings: Debriefing/validation workshop** supported by a PowerPoint presentation on the preliminary findings. At least one workshop in each of the partner countries, and one in the MFA related to all countries.

The preliminary findings of the visits will be verified and discussed with relevant persons from the Ministry, embassies, partner country government and relevant stakeholders, also beneficiaries including marginalized groups. The validation workshops are mandatory component of the evaluation methodology. The workshops will be organized by the Consultant and they can be partly organized also through a video conference.

After the field visits and validation workshops, it is likely that further interviews and document study in Finland will still be needed to complement the information collected during the earlier phases.

#### Participants:

**Country workshops:** The whole country team of the Consultant (responsible for inviting and chairing the session) and the relevant stakeholders, including the Embassy of Finland and relevant representatives of the local Government **in person**.

**MFA workshop:** EVA-11; reference group and other relevant staff/stakeholders, and the **management team** of the Consultant (responsible for chairing the session) **in person**. Other team members and embassies may participate via VC.

## REPORTING AND DISSEMINATION PHASE

As part of reporting process, the Consultant will submit a methodological note explaining how the quality control was addressed during the evaluation and how the capitalization of lessons learned has also been addressed. The Consultant will also submit the EU Quality Assessment Grid as part of the final reporting.

### V. Final reporting

**Deliverables:** Final draft report and final reports on CSM Synthesis and six partner country strategies

The reports should be kept clear, concise and consistent. The report should contain inter alia the evaluation findings, conclusions and recommendations and the logic between those should be clear and based on evidence.

The final draft report will be subjected to an external peer review and a round of comments by the parties concerned. The purpose of the comments is only to correct any misunderstandings or factual errors instead of rewriting the findings or adding new content.

The consultant will attach Quality Assurance expert(s) comments/notes to the final report, including signed EU Quality Assessment Grid, as well as a table summarizing how the received comments/peer review have been taken into account.

The final reports will be made available by 15<sup>th</sup> June 2016. The final reports must include abstract and summary (including the table on main findings, conclusions and recommendations) in Finnish, Swedish and English. The reports, including the Finnish and Swedish translations have to be of high and publishable quality and it must be ensured that the translations use commonly used terms in development cooperation.

The MFA also requires access to the evaluation team's interim evidence documents, e.g. completed matrices, although it is not expected that these should be of publishable quality. The MFA treats these documents as confidential if needed.

### VI. Dissemination presentations

A MFA management meeting / a briefing session for the upper management on the final results will be organized tentatively in mid- June 2016 in Helsinki. It is expected that at least the Team leader and the Home officer are present in person, and the other team members via VC.

**A public presentation** will be organized in Helsinki tentatively in mid- August 2016.

It is expected that at least the Management team of the Consultant are present in person.

**A Webinar** will be organized by the EVA-11. Team leader and country leaders are expected to give short presentations in Webinar. Presentation can be delivered from distance. A sufficient Internet connection is required.

**Optional learning sessions** with the regional teams (Optional sessions funded separately. Requires a separate assignment by EVA-11)

## 8 COMPOSITION OF THE EVALUATION TEAM AND EXPERTISE REQUIRED

There will be one **Management team**, responsible for overall planning management and coordination of the evaluation from the Country Strategy Modality perspective, and six **country evaluation teams**. The evaluation team will include a mix of male and female experts. The team will also include senior experts from both developed and developing countries.

One of the senior experts of the team will be identified as the **Team leader**. The whole evaluation team will work under the leadership of the Team leader who carries the final responsibility of completing the evaluation. The Team leader will work mainly at global/CSM level but will be ultimately responsible for the quality of all the deliverables.

One senior expert of each of the country teams will be identified as a **Country coordinator**. Country coordinator will be contributing the overall planning and implementation of the whole evaluation from a country perspective and also responsible for coordinating, managing and authoring the country specific evaluation work and reports.

**The Team leader, Country coordinators and the Home officer of the Consultant will form the Management group** of the evaluation Consultant, which will be representing the team in major coordination meetings and major events presenting the evaluation results.

Successful conduct of the evaluation requires a deep understanding and expertise on results-based management in the context of different aid modalities. It also requires understanding and expertise of overall state-of-the-art international development policy and cooperation issues including programming and aid management, development cooperation modalities and players in the global scene. It also requires experience and knowledge of HRBA and cross-cutting objectives, including UN resolution 1325, and related evaluation issues. Solid experience in large sectoral/thematic/policy or country strategy evaluations or large evaluations containing several countries is required. In addition, long-term hands-on experience at the development cooperation and development policy field is needed.

All team members shall have fluency in English. It is also a requirement to have one senior team member in each of the country team fluent in Finnish as a part of the documentation is available only in Finnish. Online translators cannot be used with MFA document material. One senior team member in each of the country teams shall be fluent in a major local language of the country. Knowledge of local administrative languages of the partner countries among the experts will be an asset.

The competencies of the team members will be complementary. Each country team will consist of 3 to 5 experts. One expert can be a member of multiple country teams, if his/her expertise as well as tasks and the time table of the evaluation make it feasible.

Detailed team requirements are included in the Instructions to the Tenderers (ITT).

## 9 BUDGET AND PAYMENT MODALITIES

The evaluation will not cost more than € 950 000 (VAT excluded). The payments will be done in all inclusive lump sums based on the progress of the evaluation.

## 10 MANAGEMENT OF THE EVALUATION AND THE REFERENCE GROUP

The EVA-11 will be responsible for overall management of the evaluation process. The EVA-11 will work closely with other units/departments of the Ministry and other stakeholders in Finland and abroad.

A reference group for the evaluation will be established and chaired by EVA-11. The mandate of the reference group is to provide advisory support and inputs to the evaluation, e.g. through participating in the planning of the evaluation and commenting deliverables of the consultant.

The members of the reference group may include:

- Representatives from relevant units/departments in the MFA forming a core group, that will be kept regularly informed of progress
- Representatives of relevant embassies
- Representatives of partner countries governments



---

The tasks of the reference group are to:

- Participate in the planning of the evaluation
- Participate in the relevant meetings (e.g. kick-off meeting, meeting to discuss the evaluation plan, wrap-up meetings after the field visits)
- Comment on the deliverables of the consultant (i.e. evaluation plan, draft final report, final report) with a view to ensure that the evaluation is based on factual knowledge about the subject of the evaluation
- Support the implementation, dissemination and follow-up on the agreed evaluation recommendations.

## 11 MANDATE

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organizations. However, it is not authorized to make any commitments on behalf of the Government of Finland. The evaluation team does not represent the Ministry for Foreign Affairs of Finland in any capacity.

All intellectual property rights to the result of the Service referred to in the Contract will be exclusive property of the Ministry, including the right to make modifications and hand over material to a third party. The Ministry may publish the end result under Creative Commons license in order to promote openness and public use of evaluation results.

## 12 AUTHORISATION HELSINKI, 6.5.2015

Jyrki Pulkkinen

Director

Development Evaluation Unit

Ministry for Foreign Affairs of Finland

---

# ANNEX 2: ADDITIONAL METHODOLOGY DISCUSSION

## Overview and approach

The Inception Report described the methodology for the overall CSM evaluation, including the country evaluations. It included an annex on Vietnam which gave a preliminary description of the Vietnam context, and of Finland's successive strategic documents (CEP and CS), and developed a preliminary theory of change for Vietnam. It also presented an overview of documentary material available and additional material sought, and set out an detailed evaluation plan and timetable for the Vietnam country study. This annex was reviewed by the Vietnam country team and refined in light of their comments.

## Main Evaluation Questions

The Inception Report included a full evaluation matrix which was used and adapted for the country evaluations as well as the overall CSM evaluation. Table 6 shows the main evaluation questions and subquestions; these are sequenced according to the main evaluation criteria. Under each evaluation criterion questions address both the CS portfolio evaluation, and the evaluation of the CSM's influence on the programme, but separate these out clearly. The evaluation matrix includes judgement criteria. There were no specific evaluation questions defined for the Vietnam evaluation.

Table 6: Main evaluation questions and sub-questions

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 1: How relevant are CSs and the CSM?</b>		<b>Evaluation criterion: Relevance</b>
<b>CS evaluation sub-questions</b> <b>EQ1.1</b> How relevant are CSs to partner country contexts? <ul style="list-style-type: none"> <li>To country development policies, priorities and programmes?</li> <li>To the rights (economic, social, political, civil) and priorities of partner country stakeholders and beneficiaries – especially the easily marginalized groups?</li> <li>To donor partners?</li> </ul> <b>EQ1.2</b> How relevant are the CSs to Finnish Development Policy priorities and principles?	<p>The strategic choices made in the CSs in terms of interventions and how they are undertaken</p> <ul style="list-style-type: none"> <li>are aligned to country development policies, priorities and programmes</li> <li>target development objectives that are a priority / issues for country stakeholders and beneficiaries, especially easily marginalized groups</li> <li>take into account what donor partners perceive as priority</li> <li>take into account the development context of the country</li> <li>are aligned with aid effectiveness commitments / principles</li> <li>are aligned to the objectives and principles of the 2012 DPP and take appropriate account of sector / thematic guidance / papers and other Finnish guidance</li> </ul> <p>The CSM fulfils the needs of senior management in MFA and country teams related to country programming and management of country programmes</p> <p>The CSM – through its approach, rules, information requirements and processes – contributed to the relevance of CS strategic choices as measured (see all CS evaluation sub-questions)</p> <ul style="list-style-type: none"> <li>The CSM is flexible in responding to different country context, e.g. countries in transition/phase-out of bilateral aid vs fragile countries</li> </ul> <p>The CSM – through its approach, rules, information requirements and processes – facilitates the alignment of country programmes with aid effectiveness principles as measured</p> <p>The CSM is aligned to OECD/DAC country programming best practices</p>	<p>Partner country development strategy and policy documentation, national sector/thematic, ODA policies/frameworks</p> <p>Finnish DPP, guidance documentation and sector/thematic guidelines</p> <p>CSM documentation (instructions, templates)</p> <p>CSs, engagement plans and related results reports</p> <p>CS planning/updating process documentation</p> <p>Existing evaluations, reviews and reports on the country programme, and other Finnish evaluations, reviews and reports</p> <p>Country development statistics</p> <p>Secondary literature on country development status and priorities</p> <p>OECD/DAC guidance, studies and reviews</p> <p>Studies and reviews from other sources</p> <p>Documentation on country programming practices of selected bilateral donors</p> <p>Interviews</p> <ul style="list-style-type: none"> <li>with MFA actors and stakeholders in CSM design and implementation at MFA level</li> <li>with country teams, including desk officers and in-country officers (current and past members)</li> <li>with other relevant government officials</li> <li>with selected non-MFA sources with direct relevant knowledge on the CSM (e.g. relevant global implementation partners)</li> <li>with country implementing partners</li> <li>with country stakeholders/programme beneficiaries, incl. also private sector, civil society, academia &amp; the media as relevant</li> <li>with other in-country development partners</li> </ul>
<b>CSM evaluation sub-questions</b> <b>EQ1.3</b> How relevant is the CSM to MFA management and country programme managers' needs? <b>EQ1.4</b> How has CSM ensured Finland's strategic choice relevance to key stakeholders and development country contexts? <b>EQ1.5</b> Is the CSM aligned to OECD DAC/ international best practices?		

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 2: Are Country Strategies and the CSM effective?</b>	<b>EQ 2 effective?</b>	<b>Evaluation criterion: Effectiveness</b>
<p><b>CS evaluation sub-questions</b></p> <p><b>EQ2.1</b> What are the actual interventions undertaken by the Finland country programme as framed by the CS?</p> <p><b>EQ2.2</b> Did the CS interventions achieve their planned purposes?</p> <p><b>EQ2.3</b> What development results are observed relevant to CS interventions, intended and unintended?</p> <p><b>EQ2.4</b> What contribution have CS interventions made to the specific development objectives and development result areas?</p> <p><b>EQ2.5</b> How aid-effective is the country programme as framed by the CS?</p> <p><b>CSM evaluation sub-questions</b></p> <p><b>EQ2.6</b> How effective is the CSM/CSM processes?</p> <ul style="list-style-type: none"> <li>Was the introduction of CSM managed inclusively (including key stakeholders), and well?</li> <li>What are CSM programming, monitoring, reporting and accountability practices, in principle and in practice?</li> <li>Do these present effective RBM: do they facilitate learning and accountability?</li> <li>Does the CSM contribute to better targeting and measuring of results by MFA?</li> <li><b>EQ2.7</b> Has the CSM contributed to more effective (including aid effective) country programming?</li> </ul>	<p>Effectiveness assesses the contribution of the CS interventions to Finland's specific objectives</p> <p>Planned interventions took place and their purposes were/are being achieved as evidenced by existing reports, reviews and evaluations</p> <p>The Theory of Change causal chain implied by the Country Strategy from these target results to specific Finnish objectives, and the underlying assumptions is valid, taking into account social, political and institutional factors</p> <ul style="list-style-type: none"> <li>Contribution can be argued from the Finnish interventions (targeted at policy influence and direct interventions) to the specific objectives targeted, given other factors</li> </ul> <p>The Finnish country programme as framed by the CS is aid-effective: the programme facilitates the leveraging of project and programmatic intervention results towards development effectiveness against the specific objectives.</p> <ul style="list-style-type: none"> <li>Direct interventions and efforts to achieve policy influence are mutually reinforcing</li> </ul> <p>The management of the switch to CSM from CEPs at country level was inclusive and contributed to more effective CSs as measured. Change management was effective.</p> <p>The CSM contributes to effective results-based management in MFA</p> <ul style="list-style-type: none"> <li>Reporting and management responses against the CSs is regular, accurate and appropriate for learning &amp; accountability</li> <li>The CSM facilitated the selection of appropriate indicators, given targeted results in CSs</li> <li>At country &amp; MFA level the CSM facilitates learning &amp; accountability</li> <li>The CSM has facilitated more effective aid management at a corporate level and better upstream results reporting within MFA</li> </ul>	<p>CSs, engagement plans</p> <p>Annual and semi-annual (results) reports, synthesis reports</p> <p>Possible upstream results reporting</p> <p>Existing evaluations, reviews and reports on the country programme</p> <p>Project annual report/completion reports</p> <p>Other relevant Finnish global and regional evaluations, reviews and reports</p> <p>Country development statistics and secondary literature on country development status and priorities</p> <p>OECD/DAC guidance, studies and reviews</p> <p>Comparison of the quality of CSM and country engagement plan guidance and annual results reporting</p> <p>Studies and reviews from other sources</p> <p>Interviews</p> <ul style="list-style-type: none"> <li>with MFA actors and stakeholders in CSM design and implementation at MFA level</li> <li>with country teams, including desk officers and in-country officers (current and past members)</li> <li>with relevant government officials</li> <li>with selected non-MFA sources with direct relevant knowledge on the CSM (e.g. relevant global implementation partners)</li> <li>with country stakeholders, incl. in civil society, academia &amp; the media as relevant</li> <li>with programme beneficiaries</li> <li>with country implementing partners</li> <li>with other in-country development partners</li> </ul>

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
	<p>The approach, rules, information requirements and processes of the CSM has facilitated <i>a feasible</i> Theory of Change results chain / country programme logical model taking into account country social, political and institutional circumstances</p> <ul style="list-style-type: none"><li>• The CSM has contributed to appropriate targeting of results and objectives given Finland's (small) relative financial contribution as a development partner</li><li>• The CSM has contributed to better results-based thinking on on-going interventions at the time of the CS, and has resulted in appropriate (past, current, expected) changes to the country programme</li><li>• The CSM has contributed to better incorporation of the findings of project/programme monitoring reports, reviews and evaluations in CS review, reporting</li><li>• The CSM has contributed to appropriate implementation of aid-effectiveness commitments and principles</li></ul>	
EQ 3: What is the impact of the CSs and does the CSM contribute to this?		
CS evaluation sub-questions		
EQ 3.1 What are evidence or signals of impacts from CS interventions?	Impact assesses the upper end of the result chain, from Finnish specific objectives to the development goal	<b>Evaluation criterion: Impact</b>  Country social and economic statistics  Independent secondary articles, reports, reviews and evaluations relevant to the Finnish country programme, as framed by the CS.  Finnish country and relevant regional and global reports, reviews, evaluations  Interviews  CS documentation, including reports and management responses  CSM guidance documentation  Interview with <ul style="list-style-type: none"><li>• with MFA actors and stakeholders in CSM design and implementation at MFA level</li><li>• with country teams, including desk officers and in-country officers (current and past members)</li><li>• with relevant government officials</li><li>• with selected non-MFA sources with direct relevant knowledge on the CSM</li><li>• with country stakeholders, incl. in civil society, academia &amp; the media as relevant</li><li>• with programme beneficiaries</li><li>• with country implementing partners</li><li>• with other in-country development partners</li></ul>
EQ 3.2 To what extent does the CS TOC pathway support likely contribution to impacts?	Impact is accurately reported	
	In the absence of timely data against relevant impact measures, documentation and key respondents highlight signals of evidence of impact	
	The implied pathway from specific objectives to the development goal in the Theory of Change and underlying country programme logic model is feasible.	
<b>CSM evaluation sub-questions</b>		
EQ3.3 Do existing CSM instructions and templates provide adequate guidance to build feasible CS impact pathways and to identify and report on appropriate impact indicators?	The CSM guidance and its implementation have contributed to better country team thinking on impact, and best pathways to impact.	

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 4: Are CSs complementary, coordinated and coherent and does the CSM contribute to this?</b>		<b>Evaluation criteria: Complementarity, coordination and coherence</b>
<p><b>CS evaluation sub-questions</b></p> <p><b>EQ4.1</b> Are CSs/CS interventions aligned to country systems?</p> <p><b>EQ4.2</b> How well coordinated are CSs/CS interventions with other development partners?</p> <p><b>EQ4.3</b> How complementary are CSs/CS interventions to non-CS Finnish development cooperation in long-term partner countries?</p> <p><b>EQ4.4</b> How internally coherent are CSs (inter- and intra-sector)?</p> <ul style="list-style-type: none"> <li>Are CS interventions mutually reinforcing so that the sum of CS intervention results is more than the parts?</li> </ul> <p><b>CSM evaluation sub-questions</b></p> <p><b>EQ4.5</b> Does the CSM contribute to better alignment with partner country systems and coordination with development partners?</p> <p><b>EQ4.6</b> Does the CSM contribute to complementarity between channels/instruments in Finnish development cooperation in country?</p> <p><b>EQ 4.7</b> Does the CSM result in a coherent (inter and intra sector) CS and a CS coherent with other relevant Finnish policies??</p>	<p>CS interventions are implemented using country systems to the maximum extent</p> <ul style="list-style-type: none"> <li>Including systems for planning, budgeting, disbursement, implementation, reporting, monitoring/reviewing and auditing</li> <li>If systems are not used directly, comprehensive and timely information on Finnish country programme is available to country partners</li> </ul> <p>Finland participates regularly and effectively (in terms of the resulting degree of coordination of the Finnish country programme) in donor coordination structures</p> <p>The CSs specific objectives and interventions are well coordinated with inputs from other development partners, in other words they represent an appropriate division of labour between the MFA and other development partners in country</p> <p>CSs and CS intervention take into account and complement other (non-CS) channels of Finnish development cooperation, and vice versa so that they contribute coherently to DPP objectives, including the CS development goal</p> <p>The CS leverages the results of specific interventions to contribute coherently to the specific objectives targeted</p> <p>The country programme as framed by the CS does not (overly) fragment Finnish development resources</p> <p>CSM guidance and actual CS design, monitoring and reporting processes and documentation appropriately emphasize complementarity with other Finnish aid channels, coordination with development partners, alignment with country systems and internal CS coherence.</p>	<p>CSs, engagement plans and all reports against strategies</p> <p>Existing evaluations, reviews and reports on the country programme</p> <p>Other relevant Finnish global and regional evaluations, reviews and reports</p> <p>Country development statistics and secondary literature on country development status and priorities</p> <p>OECD/DAC guidance, studies and reviews</p> <p>CSM guidance documentation</p> <p>Studies and reviews from other sources</p> <p>Interviews</p> <ul style="list-style-type: none"> <li>with MFA actors and stakeholders in CSM design and implementation at MFA level</li> <li>with country teams, including desk officers and in-country officers (current and past members)</li> <li>with relevant government officials</li> <li>with selected non-MFA sources with direct relevant knowledge on the CSM (e.g. relevant global implementation partners)</li> <li>with country stakeholders, incl. in civil society, academia &amp; the media as relevant</li> <li>with programme beneficiaries</li> <li>with country implementing partners</li> <li>with other in-country development partners</li> </ul>

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 5: Do CSs and the CSM contribute to efficient Finnish Development Cooperation?</b>	<b>Evaluation criterion: Efficiency</b>	Country strategies, engagement plans and all reports against strategies
<b>CS evaluation sub-questions</b>		Existing evaluations, reviews and reports on the country programme + other relevant Finnish global and regional evaluations, reviews and reports
<b>EQ5.1</b> How well are risks identified and managed?	The risks identified in the CS represent a thorough assessment of risks and the management of risks is appropriate given development goals and objectives	CSM guidance documentation
<b>EQ5.2</b> How efficiently are resources (money, people, partnerships) deployed in the CS country programme to deliver results?	Disbursements of Finnish resources have been predictable / timely The CS represents the most cost-effective choice of objectives and interventions, given Finnish resources (including financial, human and partnership resources)	Studies and reviews from other sources Interviews
<b>CSM evaluation sub-questions</b>		<ul style="list-style-type: none"> <li>with MFA actors and stakeholders in CSM design and implementation at MFA level</li> <li>with country teams, including desk officers and in-country officers (current and past members)</li> <li>with relevant government officials</li> <li>with country stakeholders, incl. in civil society, academia &amp; the media as relevant</li> <li>with country implementing partners</li> <li>with other in-country development partners</li> </ul>
<b>EQ5.3</b> How efficient are CSM processes? <ul style="list-style-type: none"> <li>How clear are CSM frameworks &amp; guidance?</li> <li>How costly are CSM processes to manage CSs given the observed results from CSM?</li> </ul>	CSM processes use MFA resources (financial, human, time) efficiently to produce the RBM outcomes observed CSM guidance is clear, comprehensive and coherent, resulting in efficient and effective processes and documentation CSM prescribed processes are appropriate to be fit for purpose in different contexts	
<b>EQ5.4</b> How has CSM contributed to Finnish development policy implementation efficiency and risk management?	The CSM has contributed to efficient implementation of Finnish development policy and sound risk management, i.e. balancing risks and benefits of intervention choices appropriately CSM has contributed to the selection of interventions with most value-for-money considering expected impacts. <ul style="list-style-type: none"> <li>CSM has contributed to resource-constrained planning and targeting of results</li> </ul>	



KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<p><b>EQ 6: Do CSs and the CSM contribute to sustainable results from Finnish Development Cooperation?</b></p> <p><b>CS evaluation sub-questions</b></p> <p><b>EQ6.1</b> To what extent do specifically local partners/stakeholders own the CS and participate in CS interventions?</p> <ul style="list-style-type: none"> <li>How inclusive was the process to develop the CS?</li> <li>Is there sufficient participation by local partners/stakeholders across programme/project cycles to support sustainability?</li> </ul> <p><b>EQ6.2</b> How sustainable are interventions and their results (ecologically, financially, politically, institutionally)?</p> <p><b>CSM evaluation sub-questions</b></p> <p><b>EQ6.3</b> Does the CSM contribute to more sustainable Finnish DC?</p> <p><b>EQ6.4</b> How sustainable are CSM processes?</p> <ul style="list-style-type: none"> <li>Is CSM human resource capacity building and systems adequate?</li> <li>Are there in-built mechanisms to enable learning on CSM?</li> </ul> <p><b>EQ6.5</b> Does the CSM ensure CS responsiveness to better ensure sustainability in changing contexts</p>	<p>The Human Rights-based approach is integrated into the CS</p> <ul style="list-style-type: none"> <li>The process to develop the CS, as well as processes to report on and revise the CS are inclusive of local partners and stakeholders</li> <li>Beneficiaries, particularly marginalized groups, participate in Finnish country programme processes across the project/programme cycle so that local ownership is built</li> <li>The country programme as framed by the CS contributes to rights awareness and the ability of rights-holders to claim their rights, and country duty bearers to fulfil the rights</li> </ul> <p>The results targeted and achieved in the country programme as framed by the county strategy are sustainable, given institutional and financial factors.</p> <p>The Finnish country programme and its interventions as framed by the country strategy is ecologically sustainable and contribute to ecological sustainability</p> <p>CSM guidance and implementation prioritise sustainability (ecological, financial, institutional) of Finnish Development Cooperation results</p> <p>Capacity building at MFA and country level has been sufficient to sustain CSM processes</p> <p>Result information management systems are well developed, build on national development/result indicators to the extent possible, and will sustain CSM</p> <p>The CSM is flexible and has adapted to implementation experience, changing country contexts</p> <p>The CSM has contributed to better reporting on results from Finnish aid, which has supported the sustainability of Finnish DC</p>	<p><b>Evaluation criterion: Sustainability</b></p> <p>Country strategies, engagement plans and all reports against strategies</p> <p>Existing evaluations, reviews and reports on the country programme, and other Finnish evaluations, reviews and reports</p> <p>Studies and reviews from other sources on country programmes</p> <p>Interviews</p> <ul style="list-style-type: none"> <li>with MFA actors and stakeholders in CSM design and implementation at MFA level</li> <li>with country teams, including desk officers and in-country officers (current and past members)</li> <li>with relevant government officials</li> <li>with country stakeholders, incl. in civil society, academia &amp; the media as relevant</li> <li>with programme beneficiaries</li> <li>with country implementing partners</li> <li>with other in-country development partners</li> </ul>

KEY EVALUATION QUESTION & SUB-QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 7: What improvements to CSs and the CSM are necessary to improve Finnish DC?</b> <b>EQ7.1</b> What improvements are needed relative to country priorities and changing contexts, inter alia <ul style="list-style-type: none"> <li>• on sector/programme choices and strategically extending development cooperation to new sectors or thematic areas?</li> <li>• in modes and mechanisms of cooperation?</li> <li>• In transitioning and phasing out/ maintaining/ scaling up bilateral aid?</li> <li>• to advance partnerships and cooperation in non-state sectors of the economy?</li> </ul> <b>EQ7.2</b> What improvements in the CSM modality are necessary to ensure more relevant, effective, impactful, efficient, coherent complementary and sustainable CSs? <ul style="list-style-type: none"> <li>• What improvements are necessary?</li> <li>• Who should make these improvements?</li> <li>• When should improvements be made?</li> <li>• How should improvements be made?</li> </ul>	<p>Improvements that will make the CS and related country programme more relevant, effective, impactful, efficient, complementary, coordinated, coherent, sustainable.</p> <p>Improvements to the CSM that will ensure that it contributes better to country programmes and to RBM in MFA.</p> <p>Improvements in the CSM that will make it more relevant to MFA needs, more efficient and more sustainable.</p>	<p>Country CS evaluation data and analysis</p> <p>Country CSM evaluation data and analysis</p> <p>Validation with key country and CSM actors and stakeholders</p>

**Table 7: Vietnam: specific evaluation questions**

KEY EVALUATION QUESTIONS & SUB QUESTIONS	JUDGEMENT CRITERIA	SOURCES OF INFORMATION
<b>EQ 1: How relevant are CSs and the CSM?</b>		<b>Evaluation criterion: Relevance</b>
<p><b>CS evaluation sub-questions</b></p> <p><b>EQ-V1.1</b> How relevant are the adopted MFA Private Sector Development (PSD) / partnership instruments for facilitating the transition process?</p> <p><b>CSM evaluation sub-questions</b></p> <p><b>EQ-V1.2</b> How relevant is the CSM as a framework for exiting from bilateral cooperation and transitioning to a more equal partnership approach based on economic cooperation with a focus on private sector, trade and institutional and civil society organisation (CSO) cooperation?</p>	<p>The CSM fulfils the needs of Embassy staff and the Vietnam country team in providing a tool for systematic planning and management of exit from bilateral cooperation and the transition process as a whole</p> <p>The CSM can be used as a tool also for planning interventions using a wide array of aid instruments including those dealing with the private sector, non-state institutions and CSOs</p>	<ul style="list-style-type: none"> <li>– Same as in the global matrix</li> </ul>
<b>EQ 2: Are Country Strategies and the CSM effective?</b>		<b>Evaluation criterion: Effectiveness</b>
<p><b>CS evaluation sub-questions</b></p> <p><b>EQV-2.1</b> What results can be observed relevant to “new” cooperation modalities and in relation to objectives set for the transition?</p> <ul style="list-style-type: none"> <li>• Does the CSO programme contribute to enhancing locally-led dialogue on human rights and democratisation?</li> </ul> <p><b>EQV-2.2</b> How effectively does the CSM serve as a transition plan (from) bilateral cooperation towards other forms of cooperation?</p> <ul style="list-style-type: none"> <li>• How does the Vietnam CS compare with other transition strategies in Vietnam and other relevant countries?</li> </ul>	<p>The implied Theory of Change of the CS explicitly addresses the roles of PSD/Institutional/ CSO channels and instruments and the implied causal chain is valid.</p> <p>These instruments contribute to the identified objectives.</p> <p>Quality of (early) exit communication and dialogue:</p> <ul style="list-style-type: none"> <li>• Quality of transition planning</li> <li>• Quality of transition implementation</li> <li>• Likelihood of post exit sustainability (e.g. what is the ownership of the CS and transition plan?)</li> </ul> <p>The resources allocated for these other cooperation modalities and instruments are sufficient considering the set objectives</p> <p>The CSM has contributed to more strategic use of “new” cooperation modalities and instruments</p>	<ul style="list-style-type: none"> <li>– Same as in the global matrix</li> <li>– In addition, review of (results) reports, interviews of Team Finland partners, Finnpartnership, Finnfund, Finnish Funding for Technology and Innovation (TEKES) Business with Impact Programme (BEAM)</li> <li>– a quick review of available experiences on transition in Vietnam and also elsewhere (MFA experiences in Egypt, Namibia, Nicaragua; reported international lessons learned)</li> </ul>

## Evaluation criteria and other terminology

Table 8 shows the definitions used for the main evaluation criteria. Table 9 below explains other key terms, namely aid effectiveness, results-based management (RBM) and the human rights based approach (HRBA).

**Table 8:** Evaluation criteria

Evaluation criterion	Definition
<b>Relevance</b>	The extent to which the CS objectives and its implementation are consistent with the priorities and rights of partner country stakeholders and beneficiaries; partner country development policies and priorities; and Finnish development policies.  The extent to which the CSM has been relevant to OECD / DAC best practices.
<b>Effectiveness</b>	The extent to which the CSM's and CSs' objectives were achieved, or are expected to be achieved, taking into account their relative importance, directly and indirectly.
<b>Efficiency</b>	A measure of how economically resources/inputs (funds, expertise, etc.) are converted to results.
<b>Sustainability</b>	The continuation of benefits from an intervention after major assistance has been completed. The probability of long-term benefits. The resilience to risk (ecological, financial and institutional) of the net benefit flows over time.
<b>Impact</b>	Positive and negative, primary and secondary long-term effects produced by the CS or likely to be produced, directly or indirectly, intended or unintended.
<b>Coherence</b>	The consistency of policy/programme elements of the CS with each other (do they complement each other in a positive, mutually reinforcing way?), as well as the consistency of the CS with non-development cooperation policies of Finland, such as trade, foreign and security and human rights policies, as appropriate.
<b>Coordination</b>	The complementarity, cooperation and division of labour of the CS in relation to other donors.
<b>Complementarity</b>	The degree to which the CS complements and/or takes into consideration other instruments of Finnish development cooperation that are not incorporated into the strategy.

**Table 9: Terms associated with approaches to development cooperation**

Term	Definition
<b>Aid effectiveness</b>	<p>Aid effectiveness is about delivering aid in a way that maximises its impact on development and achieves value for aid money.</p> <p>A narrow definition of aid effectiveness would refer simply to the relationship between aid and its outcomes, in other words aid effectiveness is an assessment of the effectiveness of development aid in achieving economic or human development. In common usage however, the term is strongly associated with the key principles in respect of how aid is delivered to achieve this outcome. These principles have been agreed between partner countries and development partners through a series of High Level Forums on Aid Effectiveness and include ownership, alignment, harmonisation, a focus on results, and mutual accountability. The evaluation will use the term to refer to the application of these principles towards effective use of development aid. This is in line with the MFA Evaluation Manual, according to which an assessment of aid effectiveness would focus on evaluating the implementation of Paris Declaration principles.</p> <p><i>Source: Killian, B, 2011: How much does aid effectiveness improve development outcomes, Busan Background Papers, OECD DAC; MFA Evaluation Manual</i></p>
<b>Results based management</b>	<p>The MFA guideline on results-based management defines it as follows: Results based management therefore involves shifting management approach away from focusing on inputs, activities and processes to focusing more on the desired results. OECD/ DAC defines RBM as <i>“A management strategy focusing on performance and achievement of outputs, outcomes and impacts”</i>. In conclusion, results based management in development cooperation is simultaneously:</p> <ul style="list-style-type: none"> <li>• An organizational management approach, based on a set of principles;</li> <li>• An approach utilizing results based tools for planning, monitoring and evaluating the performance of development projects and programs.</li> </ul> <p><i>Source: MFA, 2015: Results-based management in Finland’s Development Cooperation, Concepts and Guiding Principles, MFA.</i></p>
<b>Human rights based approach</b>	<p>HRBA means that human rights are used as a basis for setting the objectives for development policy and cooperation. In addition, it means that the processes for development cooperation are guided by human rights principles.</p> <p>Finland’s human rights-based approach is in line with the UN Statement of Common Understanding on Human Rights-Based Approaches to Development Cooperation and Programming (the Common Understanding) adopted by the United Nations Development Group (UNDG) in 2003, which stipulates that:</p> <ul style="list-style-type: none"> <li>• All programmes of development co-operation, policies and technical assistance should further the realisation of human rights as laid down in the Universal Declaration of Human Rights and other international human rights instruments;</li> <li>• Human rights standards contained in, and principles derived from, the Universal Declaration of Human Rights and other international human rights instruments guide all development cooperation and programming in all sectors and in all phases of the programming process;</li> <li>• Development cooperation contributes to the development of the capacities of ‘duty-bearers’ to meet their obligations and/or of ‘rights-holders’ to claim their rights.</li> </ul> <p><i>Source: MFA, 2015a: Human Rights Based Approach in Finland’s Development Cooperation. Guidance Note, 2015</i></p>

---

## ANNEX 3: PEOPLE INTERVIEWED

### **Ministry for Foreign Affairs of Finland**

Minna Hares, Programme Officer, Ministry for Foreign Affairs of Finland

Tomi Särkioja, DoDP, MFA, Senior Advisor, Ministry for Foreign Affairs of Finland

Katja Hirvonen, Programme Officer, Ministry for Foreign Affairs of Finland

Max von Bonsdorff, Senior Adviser, Development Policy, Ministry for Foreign Affairs of Finland

Kristiina Kuvaja-Xanthopoulos, Director, Unit for Sectoral Policy, Ministry for Foreign Affairs of Finland

Eija Rotinen, Deputy Director General, Ministry for Foreign Affairs of Finland

Marita Meranto, Desk Officer, Cambodia, Laos, Thailand, Mekong region, Ministry for Foreign Affairs of Finland

Annina Barbosa, Deputy of Head of Mission, Embassy of Finland, Hanoi

Annika Kaipola, Counsellor, Embassy of Finland, Hanoi

Marko Saarinen, Head of Development Cooperation, Embassy of Finland, Hanoi

Le Dai Nghia, Coordinator, Embassy of Finland, Hanoi

Le Thi Thu Huong, Coordinator, Embassy of Finland, Hanoi

Mac Le Thu Hong, Coordinator, Embassy of Finland, Hanoi

### **Government of Vietnam**

Pham Hong Luong, Deputy Director of VNFF, VNFOREST

Nguyen Chien Cuong, International Cooperation Officer, VNFOREST

Pham Van Trung, Programme Officer, VNFF

Nguyen Tuong Van, Deputy Director of ATI, Director of MABUTIP, Ministry of Construction

Nguyen Tuong Van, Deputy Director, Department of Science, Technology and International Cooperation

Lam Thi Bich Thuy, Vice director of Vietnam Development Bank, Thai Nguyen - Bac Kan regional office

Ly Xuan Truong, Chairman & Secretary of Yen Lac Township

Trieu Viet Tien, Deputy Director, Dept. of Construction Bac Kan

Le Viet Anh, Deputy Director General, Dept. Foreign Economic Relations, MPI

Nguyen Huy Hoang, Senior Expert, Finland Desk Officer, Dept. Foreign Economic Relations, MPI

Duong Van Lam, Director, Forest Protection Department, Regional Office III

Dao Thi Ngoc Chau, Deputy Director, Foreign Capital Management Department

Phan Hong Son, Director, NATIF

Nguyen Tuan Hai, Deputy Director General International Relations Department, VCCI

---

Tran Thi Thu Trang, Manager, International Relations Department, VCCI

Ta Thi Tuyet Mai, Manager, International Relations Department, VCCI

Pham Hong Quat, Director, NATEC

Huynh Duc Hoan, Deputy Director, Can Gio Mangrove Nature Reserve

Pham Van Quy, Deputy Head of Science Division, Can Gio NR

### **Private Sector**

Kari Mikkonen, CEO, Paikkatiето Konsultit

Tran Hong Minh, Lotus Fund (Private investment)

Eija Tynkkynen, Finpro, Country Director

Antti Karjalainen, Director, Bridge & Technology Expert, WSP III

To Khanh Phong, Coach, HCMC, IPP II

Phan Dinh Tuan Anh, Coach, HCMC (developer), IPP II

Nguyen Tien Trung, Coach, Private Sector, IPP II

Nguyen Ton Quyen, Vice President, Vietnam Timber & Forest Product Association (Vietforest)

Mai Thi Thuy, Chairwoman of HAWASME

Nguyen Thu Ha, Permanent Vice Chairwoman, HAWASME

Nguyen Thi Cam Van, Director, Handiconnect (startups in IPP)

### **Civil Society Representatives, Academia**

Nguyen Dan Tuan Minh, IPP II Champion, Vietnam National University, IPP II

Ngo Tho Hung, Head, Environment and Development Section, Asia Institute of Technology

Hoang Phuong Thao, Country Director, ActionAid Vietnam AAV

Chu Thi Ha, Resource Mobilisation Manager, AAV

Dinh Thai Hung, Director, Science, Technology and International Cooperation Department, Meteorology Institute

Nguyen Ngoc Dung, Coach, HCM Uni of Technology, IPP II

### **Project and Programme Staff, Consultants**

Lauri Laakso, Chief Technical Advisor, IPP II

Le Thi Lan Huong, Finance Manager, IPP II

Phan Hoang Lan, Deputy Director, Coach IPP II

Tran Thi Thu Huong, Project Director, IPP II

Hannu Vikman, Chief Technical Adviser, WSPST III

Do Manh Toan, Programme Coordinator, WSPST III



---

Nguyen Thi Kim Ngan, PMU, WSPST III

Olli Keski-Saari, Operation and maintenance Adviser, WSPST III

Nguyen Ba Ngai, Project Director FORMIS II/Deputy Director General, VNFOREST

Raisa Sell, Forest Information System Adviser, FORMIS II

Ismo Sarajärvi, International Training and Communication Advisor, FORMIS II

Tapio Leppänen, CTA, FORMIS II

Truong Le Hieu, National Coordinator, FORMIS II

Riikka Johanna Seppälä, Communications Adviser, WSPST III

Nguyen Thu Ha, Consultant/ Coordinator, IPP II

Tim Dawson, FLEGT VPA Expert, FLEGT Asia, Kuala Lumpur, FLEGT VPA

Marjo Paavola, Senior Consultant, Project Director, NIRAS

Pham Cong Lap, Director of Bac Kan Water Supply & Sewerage Company, Head of Water Supply component, WSPST III

#### **Other**

Antero Klemola, Counsellor for Austria, Denmark, Finland, France, Norway, Spain and Sweden, Inter-American Development Bank

Fiona Quinn, Deputy Head of Development, Irish Embassy in Vietnam

Ngoc Anh, Irish Embassy, Poverty and Inclusion

Philip Endersby, Business Service Manager, EU-Vietnam Business Network (EVBN)

Ung Quoc Dung, Vice Chairman, Vietnam Water Supply & Sewerage Association (VWSA)

# ANNEX 4: CHRONOLOGY OF KEY EVENTS AND FINNISH DEVELOPMENT COOPERATION WITH VIETNAM

Year	MFA engagement	Other events
1979	Development cooperation between Finland and Vietnam was initiated.	
1985	Finland started working in the water sector; leading donor in the sector until early 1990s.	
1986		Economic and political reform programme Doi Moi launched.
1992		Amended Constitution recognising the role of private sector in economic development.
		Vietnam became a full member of ASEAN; influences strongly Vietnam's economic, trade and other policies also during the evaluation period and in setting future policy objectives.
1996	Finland started cooperation in the forest sector.	
1997	Quang Tri rural development programme started (continued under CEP 2008–2012).	
1998		The National Targeted Poverty Reduction Programme (P135).  Goal: to implement government policies targeting the most vulnerable communes, promoting production and access to basic infrastructure, improving education, training local officials and raising people's awareness for better living standards and quality of life.
1999	Thua Hien Hue rural development programme started (continued under CEP 2008–2012).	
2001	Fund for Local Cooperation (FLC) launched.  Evaluation of the Bilateral Development Co-operation between Vietnam and Finland (last country level evaluation of the entire programme).	
2003	Launch of the Forest Sector Support Programme and Partnership (later it was named as the Forest Sector Support Programme – FSSP). Finland was one of 21 donors and international organisations who signed the MOU with MARD.	

Year	MFA engagement	Other events
2004	Water and Sanitation for Small Towns of Vietnam (WSPST I), Phase I (2004–2009)  Launch of the Trust Fund for Forests (TFF); Finland one of the four donors signing the MOU with the Ministry of Agriculture and Rural Development (MARD) to provide sector support.	
2005		Hanoi Core Statement to implement the Paris Declaration.
2006	Finland started supporting the National Targeted Poverty Reduction Programme (P135) Phase 2.	Forest Development Strategy for 2006–2020  Some donors started preparations to phase out bilateral cooperation.
2007		Vietnam's Accession to WTO as a full member.
2008	Vietnam Country Engagement Plan (CEP) <ul style="list-style-type: none"> <li>key sectors: forestry, rural development, water and sanitation, climate change, information society and innovation policy;</li> <li>increasing use of FLC, ICI and concessional credits to complement bilateral programme objectives.</li> </ul>	
2009	Water and Sanitation Sustainability Programme for Small Towns (WSPST II), Phase II (2009 – 2013).  The Innovation Partnership Programme (IPP), Phase I started.  Development of Management Information System for Forestry Sector Project, FORMIS, Phase I (2009–2013).  Regional Energy and Environment Partnership Programme (EEP) Mekong, Phase I started.  Quang Tri Rural Development Programme ended.  Thua Thien Hue Rural Development Programme ended.	National Strategy on Anti-Corruption.
2010	Agreement between Finland and European Forest Institute was signed on 13 Oct 2010 on "Support to EU-FLEGT process in Vietnam and Lao PDR, EUFLEGT advisor to Vietnam and Laos", Phase I for 2011–2013.	Vietnam became a middle-income country.  FLEGT Voluntary Partnership Agreement (VPA) negotiations between EU and Vietnam started.  National Strategy on Gender Equality for 2011–2020 (GoV 2012e), and National Programme on Gender Equality for 2011–2015.

Year	MFA engagement	Other events
2011	<p>Vietnam water sector programme evaluation.</p> <p>Support to P135 ended.</p> <p>Regional ForInfo (Livelihood Improvement through Generation and Ownership of Forest Information by Local People in Products and Services Markets, 2011–2015, EUR 2m) project started with Vietnam as one target country.</p>	<p>Vietnam's Socio-economic Development Strategy for 2011–2020 (SEDS) (GoV 2010b).</p> <p>Resolution 10/2011/QH13 approving the Five-year Socio-economic Development Plan for the 2011–2015 (SEDP) (GoV 2011b).</p> <p>Strategic Framework for ODA Mobilisation and Utilisation for 2011–2015.</p> <p>Aid funding shifting towards more concessional loans away from grants.</p> <p>National Climate Change Strategy approved.</p> <p>Forest Protection and Development Plan 2011–2020.</p>
2012	<p>One UN Project (2012–2016), (first funding decision on 13 Nov 2008.)</p> <p>Country consultation between GoV and GoF.</p>	<p>Vietnam Green Growth Strategy (GoV 2012c) approved.</p>
2013	<p>Vietnam Country Strategy 2013–2016</p> <ul style="list-style-type: none"> <li>• same sectors as in CEP, except for rural development;</li> <li>• mainstreaming HRBA;</li> <li>• transition strategy; gradual shift to new cooperation modalities;</li> <li>• no new concessional credit projects will be designed because of the DPP 2012 decision to replace the concessional credit instrument with a new instrument;</li> <li>• policy influence concerning human rights, transparency, good governance and enhancing the role of CSOs.</li> </ul> <p>Development of Management Information System for Forestry Sector Project Phase II (FORMIS II), (2013–2018).</p> <p>Water and Sanitation Sustainability Programme for Small Towns Sustainability, Phase III (WSPST III), (2013–2016).</p>	<p>40th anniversary of diplomatic relations between Finland and Vietnam.</p> <p>Revision of the Constitution.</p> <p>Implementation of the Vietnam Green Growth Strategy (GoV 2012c) started.</p>
2014	<p>Last bilateral development cooperation negotiations between Finland and Vietnam.</p> <p>Finland confirmed to close all bilateral programmes in Vietnam latest in 2018.</p> <p>Innovation Partnership Programme (IPP II), Phase II (2014–2018).</p> <p>EU-FLEGT support for 2014–2015</p> <p>People Participation in Improvement of Forestry Governance and Poverty Alleviation in Vietnam Project/ ActionAid, (2014–2017).</p> <p>Regional Energy and Environment Partnership (EEP) Mekong programme, Phase II (2014–2018).</p> <p>Finland now the only remaining donor at the Trust Fund for Forests (TFF).</p>	
2015	<p>Aid budget reduced; no new financing for FLC and ICI in 2016; decreasing CSO support.</p> <p>TFF to be closed.</p>	<p>EU and Vietnam reached a political agreement on a free trade agreement.</p>

# **EVALUATION**

## **VIETNAM COUNTRY REPORT 2016**



**MINISTRY FOR FOREIGN  
AFFAIRS OF FINLAND**