



**UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION**

Distribution: RESTRICTED

**OCG/EVG/R.4
18 May 2005**

ORIGINAL: ENGLISH



**Integrated Programme of Cooperation
Between the Socialist Republic of Vietnam and UNIDO
2003-2005**

**Industrialization and Modernization along the Socio-economic Strategy: Towards
Sustainable Growth in the SME Sector**

Report of the Independent Evaluation*

Field mission: 9 to 24 March 2005

* The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers and boundaries.

Mention of company names and commercial products does not imply the endorsement of UNIDO.

The views and opinions of the team do not necessarily reflect the views the Socialist Republic of Vietnam and of UNIDO.

This document has not been formally edited.

ACKNOWLEDGEMENT

The evaluation team would like to thank all persons met and especially all persons involved in planning and realizing the mission. We hope that some of the proposed recommendations will contribute to the continuous improvement of the Programme and to the achievement of the expected results.

MAP OF THE SOCIALIST REPUBLIC OF VIETNAM



TABLE OF CONTENTS

ACKNOWLEDGEMENT	3
MAP OF THE SOCIALIST REPUBLIC OF VIETNAM	4
EXECUTIVE SUMMARY	7
FOLLOW-UP ON RECOMMENDATIONS	12
I. INTRODUCTION	17
PART I: PROGRAMME-WIDE EVALUATION	19
1. Relevance	19
2. Ownership and sustainability	22
3. Emerging challenges to ensure continued relevance, ownership and sustainability.....	23
4. Programme formulation	24
5. Funds mobilization	26
6. Implementation, management and coordination	28
7. Synergy and integration within the programme and with other bilateral and multilateral programmes in Vietnam.....	31
8. Programme results	32
9. Recommendations at programme wide level.....	37
10. Issues and recommendations with focus on Phase II.....	39
11. Lessons learned	42
PART II : EVALUATION OF THE (SUB-)COMPONENTS	44
Component 1.1: Assistance to establish the national and provincial SME support infrastructure	44
Component 1.2: Market access support for Vietnam through strengthening of capacities related to metrology, testing and conformity.....	50
Component 2.4: Entrepreneurship development programme for women in food processing in Central Vietnam I and II	56
Component 3.2 Reduction of industrial pollution in HCMC, Phase III	66
Component 3.3 Vietnam Cleaner Production Centre (VNCPC).....	72

ANNEXES	78
Annex I: Terms of Reference (Summary)	78
Annex II: Acronyms and Abbreviations	80
Annex III: References	82
Annex IV: List of Organizations and Persons Met	86

EXECUTIVE SUMMARY

I. IP Vietnam, background data

The IP Vietnam was designed over the period 2003-2005 and includes six funded projects under four components and one theme: “industrialization and modernization along the socio-economic development strategy, towards sustainable growth in the SME sector”. The components together target the socio economic and environmental dimension of sustainable development and cover the development of institutional and policy set-up for SME promotion, the advancement of women entrepreneurship in rural industries, and the promotion of cleaner production in manufacturing activities.

The main counterparts in Vietnam are: the Agency for SME Development (ASMED), the Ministry of Planning and Investment (MPI), the Directorate for Standards and Quality, Ministry of Science and Technology (MOST), the Women’s Unions in 6 provinces, the Institute for Environmental Science and Technology (INEST), the Ministry of Education and Training (MOET) and the Department for Natural Resources and Environment (DONRE) in Ho Chi Minh City- Ho Chi Minh City People’s Committee.

Seven donors support the programme: Belgium, Finland, Italy, Japan, Sweden, Switzerland and UNDP. The funds available for implementation in the period 2003-2005 amount to USD 5.8 million. The total allotment of the IP as of 28 February 2005 (field mission phase of the evaluation) was USD 4.9 million; total expenditures amounted to USD 2.8 million or 58% expenditure/allotment rate.

II. Purpose and methodology of the evaluation

The purpose of the IP evaluation was to enable the government, the donors and UNIDO to assess the efficiency of implementation, the outputs produced and outcomes achieved as compared to those planned, to verify prospects for impact and to provide an objective, independent assessment as a basis for the development and promotion of the next phase of the IP due to start in 2006.

The evaluation was carried out on the basis of a participatory and formative approach. It involved a desk review of background documents, including self-evaluation reports, and extensive consultations at UNIDO HQ and in the field. The review covered the IP as a whole (Part I of the Report) and an assessment of the implemented component projects (Part II of the report).

III. Main findings

1. The IP is of continuous relevance. Ownership is high, particularly at the provincial level.

The IP is of relevance to a number of key Government policy and strategy documents, in particular, the Strategy for Socio Economic Development (SED) 2001-2010, the Vietnam MDGs, the Poverty Reduction Strategy and Agenda 21. All these documents highlight the importance of increasing the competitiveness of products, promoting exports, productive employment, improving the quality of human resources, building up institutional capacities both at the level of policy making and policy implementation, promoting gender equality, the advancement of women and reducing environmental pollution. The programme also responds to various decrees for strengthening the institutional capacities of the main counterparts in the IP. The evaluation verified that the counterparts feel ownership for the respective programme

components, although the degree of ownership varies and is particularly high at the provincial level.

2. Funding is lower than expected but is catching up. Donor “project level” funding led to delays in implementation and weakened programmatic synergies.

As of 1 January 2003, when the IP was launched, the funds available were USD 1.1 million, which was considerably lower than the planned amount of USD 8.9 million. However, funding has been steadily catching up and as of 31 December 2004 funds available were USD 5.8 million, representing a 5.3 times increase in total approved funding in 2 years.

Problems relating to the lack of synchronization in the provision of funding for multi-donor funded activities led to implementation delays and difficulties in coordinating inputs. The preferred mode of funding followed by donors was project related. Difficulties in orchestrating funding weakened programmatic synergies and some priority projects could not be implemented due to lack of funds.

3. Capacity building was particularly successful in two projects and led to outcomes at the enterprise level.

IP resources have been directed primarily to capacity building. Very good results have been achieved in the case of the Vietnam National Cleaner Production Centre and the Women Union organizations in Central Vietnam. However financial sustainability of the results and their replication in the country may pose a challenge. The two projects achieved outcomes at the enterprise level in the implementation of cleaner production, ISO certification and in the improvement of the economic performance and social standing of women entrepreneurs at community level.

4. The IP includes policy related projects of strategic nature, which have good prospects for impact.

Strategic areas in SME policies, cleaner production and standardization, metrology, testing and quality tackle key policy and developmental issues and have prospects for impact. However results in policy advice so far have been mixed. Government bodies have adopted policy advice on cleaner production. Adoption of recommendations on STAMEQ Governance may take longer than expected and contribution to the SME national action plan was too pre-mature to assess at the time of the evaluation mission.

5. The IP established good country level partnerships but there is room for improvement especially within the context of the next UNDAF. Cooperation among IP projects is so far modest.

The evaluation found that there is good and increasing scope for multilateral and bilateral partnerships, particularly in the fields of SMEs and cleaner production. The evaluation noted that cooperation with UNDAF was limited but is now catching up. Cooperation among IP projects was rather modest but broader cooperation and improved synergies are expected in the future. Country level coordination and communication between counterparts require strengthening to ensure better benefits of synergies at the level of beneficiaries.

6. The decentralization of administrative and financial functions to the field office was successful and is a good pilot case for UNIDO.

The IP Vietnam introduced a number of decentralization measures of administrative and financial functions at the field level as a pilot case for decisions regarding future decentralization procedures. Considering the speedy and unanimously appreciated role played by the UCO in this respect and the progressively increasing amount of local level expenditures

in 2004 (42% of the total IP was spent locally) the evaluation found these measures efficient and effective and worthy of replication.

7. Modalities for the delivery of services need to be revisited in light of the counterparts' expectations for a more decentralized mode of project execution.

MPI and some other local counterparts forcefully requested that UNIDO seriously consider a further increase of local expenditures and use of national expertise in line with prevailing execution modalities in Vietnam. While keeping with UNIDO rules and regulations, which do not allow for full fledged national execution, the evaluation found that this request needs to be considered very seriously by adjusting execution modalities whenever possible.

IV. Most important conclusions

1. The IP Vietnam has distinct features.

The IP Vietnam shows a number of distinct features, which were assessed positively by the evaluation and which are worthy of replication in other IPs. Notable features are:

- The time bound nature of the programme (03-05) which is linked with government planning and allows for flexibility and shifts in focus
- The capability to capitalize on long standing experience thus increasing the levels of outcomes
- The proactive and strategic role played by the government in selecting and designing priorities,
- The inclusion of sub-regional features as well as the linkages between technical assistance projects and global forum activities.
- The UR's role of team leader, which was instrumental in leading conceptualization, providing technical, administrative and decentralized support in implementation.

2. Effectiveness particularly in capacity building

The IP was on the whole effective, particularly in capacity building. The reasons for the latter success are:

- The focus on same areas of previous assistance, which increase the levels of sustainable outcomes, ownership and commitment by the counterparts
- The fact that projects were designed around real needs and based on a fully participatory approach with the counterparts
- The comprehensive methodological approach applied by projects covering a mix of services such as technical, management, marketing, quality, environment, SME clustering etc. as well as a successful transferring of tools, methodologies and good practices.

3. Overall efficiency and good quality of inputs

Implementation has on the whole been efficient and the projects' inputs were of good quality. The design and delivery of services have in some instances been slowed down by capacity constraints at HQs. These deficiencies were counterbalanced by an efficient and high quality role of the UCO and the Chief Technical Advisers. This situation entails some risk factors such as a costly "triplication" of management layers, the need to ensure the sustainability of the field office through appropriate quality, quantity and continuity of staffing as well as the need to be in line to the maximum extent possible with national level implementation and capacity building policies.

4. Emerging policy shifts in development cooperation need to be considered.

While the IP is fully in line with overall Government policies and strategies, a number of policy shifts are emerging and need to be dealt with in the context of the development, promotion and implementation of Phase II of the IP i.e.

- The key role of coordination and harmonization in the UN system and UNIDO same corporate requirements for results orientation (RBM) within the context of the UNDAF results matrix
- The changing climate and policies for donor assistance and the trends towards budget and sector support
- The trend towards national or "mixed" execution

V. Main recommendations

1. Build upon good practices of successful IP 1 projects

The most successful projects relied on highly motivated and strong counterparts, built on need based local initiatives developed following a participatory approach, inception workshops, needs assessments etc. All parties, including donors should be involved in the project design stage.

2. Develop a result- based framework of cooperation

In keeping with RBM principles and based on the approach already followed under Phase I, the IP should be a results based programming and implementation framework designed in such a manner as to allow for flexibility and operational adaptability. At the same time the IP document should be more strictly results based and define results at the output and outcome level. Results should be linked to the Vietnam MDGs as well as the UNDAF results matrix.

3. Promote programme funding

The IP should continue promoting joint programming and a well-orchestrated funds mobilization strategy. Timing of approval procedures should be taken into account and speeded up to the extent possible to ensure the continued relevance of projects. UNIDO and the Government should consider funding upstream activities relating to the transfer of best practices, international experiences, sharing of knowledge etc. To ensure success in funds mobilization, it will be of the essence that the Government actively supports funds mobilization. An action plan for joint funds mobilization should be prepared and implemented jointly.

4. Link with UNDAF

Explicit programmatic linkages should be established with UNDAF building upon the synchronized programme cycles starting from 2006. The common entry point should be the IP contribution to UNDAF outcome 1 “quality of growth” and to a lesser extent to UNDAF outcome 3, “governance”.

5. Ensure maximum use of national expertise based on ex-ante agreement

Maximum use of national expertise and subcontracting arrangements within and between projects should be envisaged. The distribution of implementation modalities and responsibilities should be clarified in the project documents and be integral part of the project agreements between the government, donor(s) and UNIDO. Both the Government and UNIDO should develop and agree upon operational guidelines governing TC implementation in Vietnam.

6. Improve IP monitoring and ensure the sustainability of the UCO

The UCO should hold regular meetings with all NPDs (at least once a year) to facilitate synergies and promote IP wide communication to review progress, monitor activities and prevent problems to arise and/or jointly take corrective action whenever required. Furthermore and considering the increasing programme portfolio and delivery figures as well as in light of demanding local implementation requirements, UNIDO HQ should ensure the sustainability of the UCO in terms of quality and quantity of staff.

7. Programmatic orientation for Phase II: support quality growth through specialized integrated services and partnerships

The IP should continue pursuing an integrated approach based on internal IP synergies and external partnerships with other actors (other UN Agencies, public and private partners). It should address interrelated “quality growth” issues (UNDAF outcome I): industrial productivity, growth, enterprise related social issues and environmental sustainability. Particular attention should be devoted to clarification of target beneficiaries when designing and implementing capacity building projects for service delivery. At the SME level, private enterprises with export potential, in particular supply chain linkage potential, seem to be more receptive for improvements than purely domestic companies. For rural enterprises, rural communities with a sufficient number of start-up enterprises and/or small and micro entrepreneurs should be targeted with the aim of enhancing social capital through economic development. The services provided should be sector specific and specialized (not generic) based on the advanced requirements in Vietnam. They should address in an integrated manner wide array of critical, interrelated issues of product quality and productivity, environment, human resource management skills, and occupational health and safety. Regional integration, including addressing technical barriers to trade, plays also an important role in this process. The IP should diversify counterparts and increasingly work with organizations and specialized institutes directly responsible for the subject/sector covered. Such institutions should be market oriented and should not distort the emerging market of private consultants.

8. Recommendations regarding the respective projects are provided in Part II of the Report, evaluation of the sub-components.

**SUMMARY TABLE
FOLLOW-UP ON RECOMMENDATIONS**

Issue/ Component	Recommendations	Responsible for Action	Control Timeline
Recommendations at programme-wide level Phase II IP	The IP should establish specific, focused and result based linkages with UNDAF results matrix, Outcome 1 "Quality of growth" and to some extent to Outcome 3, "Governance". Synchronize IP and UNDAF cycles	Government UR	Dec. 2005
	Follow programmatic orientation for Phase II recommended by the evaluation	Government UR	Dec. 2005
	The IP should continue to be time bound and cover the period 2006-2009.	Government UR	Dec. 2005
	The IP document should be formulated following the logical framework approach and include quantitative and qualitative result indicators at the output and outcome level	Government UR IP Team	Dec. 2005
	The IP phase II should follow the good practices of the current IP in meeting local needs and ensuring a strong local ownership/ support throughout the programme cycle (formulation, monitoring, coordination and implementation).	IP Team	Dec. 2005
	The UR should introduce a mechanism to play, together with MPI, a stronger coordination role between the different IP counterparts and stakeholders.	Government UR	Dec. 2006
	The next Phase of the IP should continue to include a "global forum" component.	Government UR IP Team	Dec. 2005
	The programme should be developed and implemented in close coordination and consultation with donors. The respective special purpose contributions should be better orchestrated.	Government UR IP Team	Dec. 2006
	The Government (MPI, MOF and other line ministries) should be more proactive in funds mobilization; an action plan for joint funds mobilization should be established.	Government UR	Dec. 2005
	The distribution of implementation responsibilities should be clarified in detail from the outset in the project documents and be integral part of the funding agreements.	Government UR	Dec. 2005
	The Government and UNIDO should develop and agree upon operational guidelines for the implementation of UNIDO projects in Vietnam.	Government UR	Oct. 2005
	A maximum use should be made of national expertise and subcontracting arrangements within and between projects. Counterparts should be in a position to provide the necessary technical and managerial support	Government UR IP Team	Dec. 2006
	In order to counterbalance capacity constraints at HQ, more extensive use should be made of a core group of experts/consultants acquainted with UNIDO procedures and practices.	IP Team	Dec. 2006

	International expertise should continue to be used for punctual, value added advice on knowledge not yet available in the country as well as for establishing networks and partnerships and not for project administration and day-to-day management.	IP Team	Dec. 2006
	The UR should continue to provide conceptual, programmatic, coordination and implementation support to the IP. HQ should ensure the continuity and sustainability of the UCO. HQ should finalize the operational manual for field offices and continue to provide administrative training	PCF	Dec. 2006
	The decentralization of administration and financial functions to the UCO should continue and be replicated to other Offices having the same level of expertise and competencies.	PCF	Dec. 2006
Component 1.1: Assistance to establish the national and provincial SME support infrastructure	In the short term, consider project support to the preparation of the SME Development Plan as the top priority and mobilize project staff to speed up preparation of project inputs.	NPD CTA	June 2005
	Clarify relation between donor coordination activities initiated by the project and the Chairmanship of the SME Partnership Group.	NPD CTA	June 2005
	ASMED should facilitate, encourage and create opportunities for all of its staff involved in the SME field to participate in, conduct, make full use of and own activities/outputs of the project.	NPD CTA	Dec 2005
	The training and capacity building of ASMED's staff offered by the project should be carried out in the on-the-job training approach.	NPD CTA	Dec. 2006
	Review with NPD the most urgent needs of ASMED and revisit the project's overall implementation approach. Clarify application of UNIDO financial regulations with the aim of extending, within UNIDO's rules, national management of project including its resources. Consider establishing the post of a National Project Manager (NPM) in the project to take care of operational management.	PTC/SME UR	June 2005
	Once the additional funds are paid review the work plan and, if required, the project document and adjust them in order to ensure that they meet the current requirements of ASMED.	ASMED PTC/SME UR	Two months after payment
Comp 1.2: Market Access Support for Vietnam through Strengthening of Capacities Related to Metrology, Testing and	Prepare a plan coordinating inputs and activities of the national and regional projects to allow for longer-term planning of expert visits	PTC/IPT PMU	Oct. 2005
	Advocate a speedy MOST/Government decision on having only one accreditation body in Vietnam.	PTC/IPT PMU	Dec. 2005

Conformity	Once the above decision is made, speed up adoption and implementation of the project proposal on the accreditation system (including establishment of the National Accreditation Council)	PTC/IPT STAMEQ	June 2006
	In order to facilitate maintenance of the equipment procured by UNIDO ensure that, wherever applicable, availability of a suitable local maintenance and repair organization ranks high among the criteria for selection of equipment.	PTC/IPT	Dec. 2005
	Continue advocating the need for separation of commercial activities from STAMEQ.	PTC/IPT	Dec. 2006
	Mobilize other interventions (ADB, EC, DANIDA) and suggest incorporation of the recommended principles and measures in the SME Development Plan currently under preparation by ASMED.	PTC/IPT UR	Dec. 2005
Comp 2.4: Entrepreneurship Development Programme for Women in Food Processing in Central Vietnam, Phase I and II	Phase I: ensure sufficient training of relevant WU staff on MIS and in particular on administration of the lease-purchase scheme.	PMU PTC/SME	June. 2005
	Phase II: transfer/make use of positive experiences from Phase I; focus on further upgrading product quality; consider the possibility of introducing and applying labels of geographical indication.	PMU PTC/SME	Dec. 2005
	Phase I, II: continue and further develop the mechanism for sharing experience from advances of Phase II with provinces (WU organizations, RRCs, trainers, SHGs, etc) assisted under Phase I.	PMU PTC/SME	Dec. 2006
	In general, if there are such optional choices, focus on products with distinctive regional features that can not be produced on an industrial basis with the same quality and/or those that have export potential.	PMU PTC/SME	Dec. 2006
	Promote among SHGs establishment of producers' associations. Consider possibility of assisting regional producer's associations in establishing geographical indications.	PMU PTC/SME	Dec. 2006
	In case of operating in the same province(s), establish cooperation with the SME Policy Component once the SME project proceeds to build up capacities at provincial level. There are also some possibilities for cooperation with the Cleaner Production projects.	PMU PTC/SME	Dec. 2006

	In Phase I provinces make financial arrangements for extending the training and SHG activities to other villages of the provinces; in support of this objective include these activities as part of the local Poverty Alleviation programmes and liaise with the Da Nang Technical Advisory Centre. Advocate the Da Nang People's Committee and its organizations (DPI, DOF) to develop and fund its own programme on support for rural WEs in the food processing sector and/or handicraft industries and make the best use of the developed capacities of Da Nang WU to implement the programme.	WU, DPI	Dec. 2005
	Make arrangements at the central level (WU, MPI) to replicate the programme in other provinces, making use of the local capacities developed under Phase I and Phase II, with limited support of international expertise; for the forthcoming promotional workshop to be held in June 2005 prepare a substantiated estimate of the funding required for such a programme.	PTC/SME UR WU	Oct. 2005
	In the next phase of the Integrated Programme consider a component supporting the replication and extending the coverage to include handicraft villages, in particular for handicraft targeting export markets (including tourists).	PTC/SME UR	Dec. 2005
Comp 3.2 Reduction of Industrial Pollution in HCMC, Phase III Recommendations for a new phase	The monitoring and the reporting on results achieved should be improved; in particular the reports on CP implementation should follow a consistent format and include all relevant data for the demonstration companies. Also, the situation before (baseline) and after implementing CP measures should be clearly documented. (applies to future projects)	PTC/ECB	June 2006
	The link between the VNCPC project and a future CP component in HCMC should be clarified to avoid duplications and create synergies.	PTC/ECB UR	Dec 2005
	The possibility to diversify delivery mechanisms for CP services other than just CP demonstrations should be explored, for example by adding a system of local help desks.	PTC/ECB DONRE	Dec 2005
	Consideration should be given to packaging CP with other services, such as labor-related services, productivity improvements, quality management, and export promotion through linkages with other bilateral/multilateral project/programmes in the country. (applies to future projects)	PTC/ECB	June 2006
	Based on a request expressed by the Vice-Chairman of the PC in HCMC, an intervention in the area of solid/hazardous waste should be considered.	UR, PTC/ECB	Dec 2005

	Based on a request expressed by the Vice-Chairman of the PC, consideration should be given to increasing the revolving fund to support CP/CT implementation from USD 1.7 Million to USD 6.7 Million and an possibly extending the scope to other areas relating to increased competitiveness of Vietnamese enterprises in the light of regional and international integration should be considered.	UR, PTC/ECB	Dec 2005
	The base of enterprises targeted by the programme should be expanded. As enterprises in industrial zones are requested to comply with certain environmental standards, the demand for CP Services from enterprises in industrial zones should be explored. This could also be done through a form of cooperation with HEPZA (Ho Chi Minh City Export Processing and Industrial Estates Authority) and/or expansion to the surrounding provinces, especially to industrial parks.	UR PTC/ECB	Dec 2005
Comp 3.3 Vietnam Cleaner Production Centre (VNCPC)	Related services in the area of sustainable production should be “packaged” and provided through a network of specialized national service providers, rather than through internal consultants.	PTC/ECB VNCPC	Dec. 2006
	The dependence on the CTA in the area of coordination with donors and other projects, “marketing” of services, fund-raising, should be gradually reduced by transferring those responsibilities to the General Director of VNCPC, while the CTA should focus on technical capacity building and know-how transfer.	PTC/ECB	Dec. 2006
	The establishment of a branch office in HCMC/ Southern Vietnam should be put on hold.	PTC/ECB UR	Dec. 2005
	In order to increase the sustainability of the outputs, the project should advocate to the Hanoi People’s Committee to develop a CP policy in promoting and financing CP application.	PTC/ECB VNCPC	Dec. 2006
	The centre should urgently establish a financial and managerial accounting system and train one of its staff/hire a specialized staff in charge of accounting. The financial accounting system should be based on Vietnamese Accounting Standards (VAS).	PTC/ECB VNCPC	Dec. 2005

I. INTRODUCTION

Background data on the IP Vietnam

The IP Vietnam was designed over the period 2003-2005 and includes 6 funded projects under 4 components and 1 theme: “industrialization and modernization along the socio-economic development strategy towards sustainable growth in the SME sector”. The four components together target the socio economic, environmental dimension of sustainable development, the development of institutional, policy set-up for SME promotion, the advancement of women entrepreneurship in rural industries, the promotion of cleaner production in manufacturing activities and the participation in UNIDO global forum activities.

The main counterparts in Vietnam are: the Agency for SME Development (ASMED) - Ministry of Planning and Investment (MPI), the Directorate for standards and quality - Ministry of Science and Technology (MOST), the Women’s Unions in 6 provinces, the Institute for Environmental Science and Technology (INEST), the Ministry of Education and Training (MOET), the Department for Natural Resources and Environment (DONRE) in Ho Chi Minh City - Ho Chi Minh City Peoples' Committee.

Seven donors support the programme: Belgium, Finland, Italy, Japan, Sweden, Switzerland and UNDP. The funds available for implementation in the period 2003-2005 amount to USD 5.8 million. The total allotment of the IP as of 28 February 2005 (field mission phase of the evaluation) was USD 4,884,502; total expenditures amounted to USD2,836,248 or 58% expenditure/allotment rate.

Purpose and methodology of the evaluation

The independent evaluation of the IP was carried out on the basis of the Terms of Reference dated December 2004. A summary of the TOR is attached in Annex 1.

The evaluation was carried out in view of the ongoing preparation of the next phase of the IP.

The purpose of the IP evaluation was to enable the government, the donors and UNIDO to assess the efficiency of implementation, the outputs produced and outcomes achieved as compared to those planned, to verify prospects for impact and to provide an objective, independent assessment as a basis for the development and promotion of the next phase of the IP due to start in 2006.

The evaluation team analyzed all background papers of policy. Programmatic, project related nature, the self-evaluation reports on each of the components and on the programme as a whole (a list of background documentation and reference documents is attached in Annex III). The documentation reviewed was validated through interviews at UNIDO HQs and in the field, which served as a basis for formulating a qualitative assessment. Interviews and meetings were carried out with all stakeholders (counterparts, sample of beneficiaries, donor representatives, project managers and IP team in the field and at HQs). Field visits were carried out in Hanoi, Hue, Da Nang, Quang Nam and Ho Chi Minh City. A meeting with some 30 representatives from counterparts and donors was carried out at the end of the evaluation mission to present the preliminary findings and recommendations of the evaluation and provided an opportunity for the counterparts and donors to provide comments. The list of organizations and persons met is attached in Annex IV.

Extensive debriefing meetings were carried out also at UNIDO HQs. The approach was participatory, interactive and aimed at serving as a learning process for all involved.

For the first time in the evaluation of an IP, a donor funded consultant participated in the whole evaluation exercise. The approach is in line with country level coordination/harmonization mechanisms among donors and the UN system. The approach proved extremely positive also because of the excellent professional background and country knowledge of the expert. It also represented a good solution for ensuring full participation of a donor representative in the programme wide evaluation along the lines of the methodology traditionally pursued for project level evaluations. The UNIDO evaluation group intends to replicate this approach in future.

The report consists of 2 parts: a programme-wide evaluation and the evaluation of individual component projects. The evaluation of individual projects - due to time constraints and the broad scope of the IP - could not deploy fully the methodology used in project in-depth evaluations, i.e. the coverage of stakeholders and target beneficiaries had to be reduced. The evaluation was however comprehensive enough to allow for the formulation of project level findings and recommendations as well as of programme-wide findings, conclusions and recommendations.

The evaluation team consisting of:

Ms. Donatella Magliani, Director UNIDO Evaluation Group, Team Leader

Mr. Daniel Keller, Seco Consultant

Mr. Jaroslav Navratil, Evaluation Consultant, UNIDO

Mr. Tran Quoc Trung, National Consultant

would like to express its gratitude to the IP counterparts, team, in particular, the IP Team Leader and the UNIDO Country Office in Vietnam for the cooperation and excellent support provided throughout the evaluation exercise.

PART I: PROGRAMME-WIDE EVALUATION

1. Relevance

1. The IP is relevant with respect to Party and Government strategy plan, priorities and is complementary with international goals and targets.

The IP components fully comply with the Government's policies in terms of SME promotion, rural industry development, women entrepreneurship, environmentally sustainable industrial development, acceleration of globalization and integration. The component projects meet the specific needs of counterparts and beneficiaries.

The purpose of the IP contributes to the following Party and Government strategies and plan:

- The goals of the Strategy for Socio-Economic Development 2001 – 2010 approved by the IXth National Congress of the Communist Party of Vietnam in 2001, focuses on specific objectives:
 - To meet consumption, production, and export demands, increasing efficiency in competitiveness of products, enterprises and the economy.
 - To eliminate the category of hungry households and quickly reduce the number of poor households.
 - To solve the employment issue in both urban and rural areas (to reduce urban unemployment rate to below 5%; and increase utilized work time in rural areas to about 80-85%), to raise the trained labor ratio to around 40%.
 - To ensure applicability of modern technologies.
- The major tasks and development directions of the Five-Year Socio-Economic Development Plan 2001 – 2005 approved by the Xth National Assembly of Vietnam in 2001 are:
 - To achieve a higher average annual economic growth rate than that of the past five years, thus creating conditions for a higher growth rate in the next five years.
 - To transform the economic and labor structures in the direction of increasing the share of industry and services.
 - To create favorable conditions for promoting exports.
 - To improve the quality of human resources with appropriate structures;
 - To effectively address pressing social problems by creating more jobs, reducing unemployment in urban areas as well as underemployment in rural areas, alleviating hunger and reducing poverty.
- The Millennium Development Goals in Vietnam, the Comprehensive Poverty Reduction Strategy and Vietnam Agenda 21 approved by the Prime Minister in 2002, include:
 - Poverty reduction: From 2000 to 2010, reduce the incidence of poverty by two fifths according to international standards and by three fifths according to national standards. Furthermore reduce the international standard-based food poverty incidence by three fourths.

- Job creation: Provide jobs to 1.4 - 1.5 million people per annum. Raise the share of female workers to 50% of total new jobholders by 2010. Increase the share of trained workers in the total workforce to 30% in 2005 and 40% in 2010. Increase the ratio of rural working time, utilization of people of working age to about 80% by 2005 and 85% by 2010. Reduce the share of urban unemployed among the total number of people of working age to about 5% in 2004 and to less than 5% by 2010.
- Environmental sustainability protection: Ensure that 100% of all wastewater is treated in towns and cities by 2010. Ensure that 100% of solid waste is collected and disposed of safely in all towns and cities by 2010. By 2005, air and water pollution must attain national standards.
- Sustainable development: Shift production and technology modes as well as consumption patterns towards cleaner and environmentally friendly direction. Implement the clean industrialisation process. Promote the sustainable agricultural and rural development.
- Reduction of vulnerability: Improve significantly the income of the poor. By 2005, increase the average income of the lowest expenditure quintile equal 140% of that in 2000 and up to 190% by 2010.
- Gender equality and advancement of women: Increase the participation of women in agencies and sectors at all levels by an additional 3-5% in the next 10 years.

The IP also partially meets and contributes indirectly to the implementation of following international goals and targets:

- Millennium Development Goals:

- Goal 1: Eradicate extreme poverty and hunger. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day, and the proportion of people who suffer from hunger.
- Goal 3: Promote gender equality and empowerment of women. Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.
- Goal 7: Ensure environmental sustainability. Integrate the principles of sustainable development into country policies, programmes and reverse the loss of environmental resources.

- UN Development Assistance Framework (UNDAF-II):

- Rural development: Create opportunity for alternative rural livelihoods. Equitable access to training, productive means, information and decision making for the most disadvantaged segments of the population.
- Governance: Strengthening the rule of law and increasing transparency. Reform management for good governance. Improving the efficiency, effectiveness, transparency and accountability of the state. Increasing the participation of women and men from all sectors of society in the governance of the country.

- Environment: Strengthen Natural Resource Management. Better Urban and Industrial Pollution Management. Additionally, strengthen Sector Capacity and Planning.
- UNIDO corporate strategy: The corporate strategy of UNIDO emphasizes productivity enhancement activities for social advance. They support the efforts of both developing countries and those with economies in transition to participate in the world production system by helping them to raise productivity and develop competitive economies. UNIDO's worldwide expertise and experience in industrial development aims at supporting countries to achieve these objectives.

The IP complies with Government policies relating to SME promotion, rural industry development, woman entrepreneurship, development in rural areas, environmentally sustainable industrial development and the transfer of knowledge and information, as indicated in box 1 below.

- Promotion of SMEs:
 - Government Decree No. 90/2001/ND-CP of 23 November 2001 on support for development of SMEs. Assist and strengthen the capacity of the Agency for SME Development, SME Development Promotion Council at the national level and the selected focal points in provincial level and initiating their linkages.
 - Prime Minister Decision No. 94/2002/QD-TTg of 17 July 2002 defining the Government's Programme of Action for implementation of the Resolution of the Fifth Plenum of the Party Central Committee, IXth Congress on further renovating, developing, and raising the efficiency of the collective economy; renovating mechanisms and policies for encouraging and creating the conditions for the development of the private economy.
 - Government Decree No. 02/2000/ND-CP on 03 February 2000 and 109/2004/ND-CP on 02 April 2004 on business registration, contributing to the maintenance and expansion of the National Business Information Network and building up the business registration database.
 - Government Decree No. 06/2002/ND-CP of 14 January 2002 on providing detailed regulations on the implementation of the Ordinance on Metrology. Prime Minister Decision No. 166/2004/QD-TTg on 21 September 2004 on promulgation of regulations for approval of national metrology standards.
 - Government Decree No. 179/2004/ND-CP of 21 October 2004 on providing regulations of state management on goods and products quality. Government Decree No. 69/2001/ND-CP on 02 October 2001 on providing detailed regulations on the implementation of the Ordinance on Protection of Consumers' Rights. Government Decree No. 136/2004/ND-CP on 21 October 2004 on providing regulations of state management on goods and products quality. Government Decree No. 69/2001/ND-CP on 07 September 2004 on providing detailed regulations on the implementation of some articles of the Ordinance on Food-stuff Hygiene and Security. Various decisions of Ministry of Science and Technology on requiring the testing of quality of imports and exports, accrediting goods complying with standards on safety.
 - Prime Minister Decision No. 140/2004/QD-TTg of 05 August 2004 on providing regulations on the functions, tasks, powers and organizational structure of Directorate for Standards and Quality.
- Rural industry development and women entrepreneurship in rural areas:
 - Prime Minister Decision No. 132/2000/QD-TTg of 24 November 2000 on a number of policies to encourage the development of rural trade.
 - Prime Minister Decision No. 68/2002/QD-TTg of 4 June 2002 defining the Government's programme of action for implementation of the resolution of the Fifth Plenum of the Party Central Committee, IXth Congress on speeding up agricultural and rural industrialization and modernization in the 2001-2010 period. Government Decree No. 134/2004/ND-CP of 09 June 2004 on promotion of rural industries.
 - Prime Minister's Decision No. 19/2002/QD-TTg of January 21, 2002 approving the National Strategy for the Advancement of Women in Vietnam to 2010.
- Environmentally sustainable industrial development:
 - Government Decree No. 175-CP of 18 October 1994 on providing guidelines for the implementation of Law on Environmental Protection.
 - Government Decree No. 26-CP of 26 April 1996 and No. 121/2004/ND-CP on 12 May 2004 on providing regulations for punishment of administrative violations in the environmental protection field.
 - Prime Minister Decision No. 82/2002/QD-TTg on 26 June 2002 on establishment, organization and operation of the Vietnam Environmental Protection Fund and Natural Resources and Environment Minister Decision No. 782/2003/QD-BTNMT on 23 June 2003 on promulgation of charter on organization and operation of the Vietnam Environmental Protection Fund.
 - Prime Minister Decision No. 64/2003/QD-TTg of 22 April 2003 on approval of a plan to address thoroughly serious environmental pollution establishments. One of its basic measures is to accelerate the application of cleaner production technologies in enterprises.
 - Prime Minister Decision No. 256/2003/QD-TTg of 02 December 2003 on approval of the environmental protection strategy to the year 2010 and orientations to the year 2020. This places emphasis on the fact that cleaner production and technology transfer will play an important role in achieving sustainable industrial development, one of the major objectives of the strategy is to prevent pollution.
 - Prime Minister Decision No. 153/2004/QD-TTg of 17 August 2004 on promulgation of strategic directions on sustainable development in Vietnam (Vietnam Agenda 21). Some priority activities in the Agenda 21 of

Vietnam are to encourage the application of cleaner production and friendly environmental technologies in enterprises so as to restructure production and service activities for consumption; gradually raise the investment ratio for clean technology development; and ensure ever increasing ratio of clean technologies.

- Political Bureau Directive No36-CT/TW of 25 June 1998 emphasising that environmental protection is a significant basis for ensuring sustainable development and successful implementation of the country industrialisation and modernisation.
 - Cleaner Production Action Plan developed by the Government in 2001.
- Providing opportunities to Vietnam to share information on worldwide experiences, knowledge and information
Prime Minister Decision No. 37/2002/QĐ-TTg of 14 March 2002 on defining the Government's Programme of Action for implementation of the Resolution No. 07/NQ-TW on 27 November 2001 of the Political Bureau on international economic integration. One of the main actions of the Programme is to maximize and utilize technical assistance projects of bilateral and multilateral organizations.

2. Ownership and sustainability

1. Most IP components meet the needs of counterparts (i.e. STAMEQ institutions, WU Branches in Central Vietnam, DONRE in HCMC and INEST) and beneficiaries (women entrepreneurs, household enterprises, companies) met by the evaluation mission. Monitoring reports and surveys confirm that national ownership is high, particularly at provincial level and institutional level

The evaluation team observed that all counterparts are willing to continue or extend the project activities and pay attention to applying the projects' outcomes for their own activities and mandates. The high degree of ownership is also proven by the fact that, as in the cases of the provincial WUs, DONRE HCMC etc., the line-ministries and local counterparts of the Government have been and continue to be proactive and strategic in selecting and designing projects.

The rationale for the ownership and good prospects for sustainability of IP component projects are summarized below:

SMTQ (Standards, metrology, testing and quality)

One of the IP projects aim is to improve SMTQ management capacity, strengthen corporate governance and stability of the core staff of STAMEQ. Furthermore enhance SMTQ capacities of QUATEST and VMI in a context of limited number of private laboratories in this field. STAMEQ and its institutions consider assistance timely and relevant, as it will enable the SMTQ infrastructure to better serve SMEs to address the technical barriers to trade in the WTO accession/international integration, as well as to better protect consumers' health.

Women entrepreneurship in Central Vietnam

With the capacities developed through the IP, WU Branches in Hue, Da Nang and Quang Nam, there are already conducted training courses based on capacities built with previous training courses offered by the project. All other initiatives promoted by the project i.e. self-help groups, purchase - lease scheme, are running well in close integration with other schemes initiated by the WU, i.e. loan scheme guaranteed by WU, news and information dissemination, mutual support among members of WU. Most WEs would like to attend other training courses, continue participating in the purchase lease scheme and self-help group so as to improve their skills, increase their product quality, diversify their products and expand their sales.

Cleaner Production

With the capacities developed through IP support, DONRE already submitted to the HCMC PC, a regulation on promoting the application of CP in HCMC for promulgation and implementation. The HCMC PC already established its own Revolving and Industrial Pollution Reduction Fund

to finance enterprises applying CP options. These activities are in line with both national¹ and local policies² in an effort to reduce pollution in enterprises³. This increases the demand for CP application of enterprises, confirms the strong local ownership and has a positive impact on the sustainability of outputs of this IP component.

However, in view of the fact that the level of industrial pollution in the North (Hanoi) is less than in the South (HCMC), the involvement of the local government in promoting and financing CP application to enterprises is limited. There is also still a reluctance of enterprises in applying CP options without external technical and financial supports. The financial sustainability of VNCP still needs to be proven.

3. Emerging challenges to ensure continued relevance, ownership and sustainability

The future relevance of IP will be based on providing support in the implementation of policies, strengthening further institutional capacities, providing support to filling human resources and skills gap, addressing technical barriers to trade in view of the imminent accession to WTO and international integration requirements and covering issues of uneven quantity-quality of growth and increasing industrial pollution.

The emerging challenges to be considered in the future in order for the next IP to ensure continuous relevance and ownership are:

- Quality of economic growth is limited in terms of low labour productivity⁴ (labour and capital factors are main contributors to the economic growth. Technological progress factor also plays a very limited role). Both low economic growth efficiency (high ICOR⁵ of 4.7 and its increasing tendency) and industrial competitiveness in comparison with neighbouring countries. There is also a widening gap between industrial gross output and industrial value-added growth. There is a very small proportion of highly technological and knowledge-intensive products in total industrial gross output. The country's resources have been shifting increasingly towards inefficient high cost, low return of investments rather than towards more efficient low cost, high return investments. Three fourths of exports come from natural resources and minerals, agricultural semi-processing produces, and labour intensive products.
- Quantity of growth is uneven and mainly focused on urban areas and three dynamic economic regions⁶ (in the North, the Central and the South). Rural areas and less developed regions⁷ are left behind. Hence, benefits of growth are not equally distributed in some circumstances and some groups are disadvantaged.
- The government introduced many policies, but implementation capacities and budget allocations for implementation are limited (i.e. central and local governments' SME support programmes are not yet implemented, the relocation of polluting industrial establishments does not yet have a clear financing mechanism).

¹ Prime Minister Decision No. 64/2003/QĐ-TTg on 22 April 2003 sets the targets to deal with 493 serious environmental pollution establishments by 2007 and 3856 others by 2012.

² HCMC PC also sets the target to relocate 1235 serious environmental pollution establishments. 485 establishments have been relocated so far.

³ Industrial gross output of HCMC has increased nearly 15 percent per year on average over last 5 years. Currently it accounts for one-fourth of total industrial gross output of the country.

⁴ Average labor productivity in the industry of Vietnam is lower than that of other neighboring countries i.e. Indonesia: 2 times, the Philippines: 2.5, Thailand: 3.8, Malaysia: 7.3, China: 2.3, Singapore: 22.8.

⁵ ICOR of Singapore is 4.3, China: 3.5, India: 3.7, Malaysia: 4.6.

⁶ Industrial gross output of these regions (20 provinces and cities) accounts for nearly three fourths of total industrial gross output.

⁷ The Central Highlands is the poorest region in the country, followed by the Northern Mountains and the North Central Coast.

- Supporting services from technical and sectoral institutions in terms of technological capacities, facilities, logistics, governance, highly qualified technicians for sustainable industrial development are poorly developed, equipped and not fully market-oriented and are weakly coordinated.
- WTO accession/international integration requires more institutional and legal reforms and there is an urgent need to solve technical/economic barriers to trade more consistently.
- There is a widening gap between the rich and the poor as measured by Gini coefficients in terms of consumption⁸ and widening socio-economic disparities between urban and rural areas⁹ (rising unemployment in rural areas and growing migration to urban and industrializing areas).
- Rapid urbanization and industrial pollution threaten the quality of air and water in urban areas and has led to excessive exploitation of underground water sources, contamination of surface water sources, air pollution, and the accumulation of solid waste. Furthermore, exploitation and inefficient use of natural resources causing environmental pollution has become common.
- Capacity constraints at provincial level.
- The quantity and quality of the skilled labour force is limited and has yet to meet the requirements of labour markets in the integration.
- Gender inequality in income¹⁰ and expenditure, gender gap in health, education and gender differences in labor markets¹¹, employment, and social participation are greatest in rural areas, in poorer households and amongst ethnic minorities.

4. Programme formulation

1. The formulation process was participatory, relatively fast, and the government played a proactive, strategic role in selecting priorities.

The IP was developed in close consultation and cooperation between the Government and UNIDO over a time span of one year between November 2001 and October 2002. In late 2001 a first outline was sent by the IP team to the Government, a mission to Vietnam took place in January 2002 and consolidated comments from various Vietnamese parties were forwarded to UNIDO in April 2002. The Team Leader undertook a second mission to Vietnam in June 2002 to clarify all outstanding issues. The programme document was finalized and submitted to the Government in September 2002, which was approved by the Government in October and signed by UNIDO in December 2002. The government would sign in February 2003. Considering that all documentation needed to be translated into Vietnamese and that at the time there was no UR in Vietnam, the programme development process was nonetheless smooth and relatively fast. Relevant counterparts in Vietnam informed the evaluation mission that the process was participatory and that the Vietnamese side had played a strategic and proactive role in selecting priorities and ensuring the relevance of the IP to Government policies and priorities. The Team Leader, who subsequently became the UR in Vietnam, played a key role in conceptualizing and negotiating the IP.

⁸ Gini coefficient measured in consumption expenditure terms has risen to 0.37 in 2002 from 0.35 in 1998 and 0.34 in 1993.

⁹ Other things equal, an urban household spends about 78 percent more than a rural one.

¹⁰ The gender wage gap is sizeable, estimated in 2002 at 28 percent (FAO and UNDP 2002).

¹¹ A gender division of labor also exists in some professions, in which men dominate the technical and scientific disciplines while women are concentrated in social service provision (UN 2004).

2. The application of the logical framework at the IP document level was limited but was applied at project level. The programme document is a well-written and justified framework of cooperation but is more a collection of projects than an integrated programme.

The programme document reflects a coherent set of priorities around the theme 'promoting sustainable growth of SMEs' and four main components relating to the promotion of SMEs, rural development, environmentally sustainable industrial development and the participation in UNIDO global forum activities. This programme, however, is a collection of projects rather than a set of integrated services in response to a well focused and identified problem area. The logical framework is not applied strictly to the programme document; it is however applied in the respective full-fledged project documents under the IP's umbrella (see detailed analysis under the component evaluation).

It also includes a concise and relevant analysis of the IP's macro-economic and sectoral context as well as of the government policies and priorities it responds to. The analysis includes the identification of the critical issues to be addressed by the IP and establishes good linkages between the constraints to be addressed by the respective projects, both, previous assistance and the proposed response. Output indicators are also included; however the document lacks indicators at the outcome and impact level. This is a weakness faced by most UNIDO first generation IPs; in the case of Vietnam there is scope for improvement, even though the long standing cooperation with UNIDO has already shown a good level of outcomes, as indicated in the component level evaluation.

The document shows a detailed mapping of ODA assistance in Vietnam, including UNDAF 2001-2005. However the document does not establish specific and action oriented linkages with other related programmes in the country. This weakness was partially overcome during implementation but needs to be improved in the next IP.

3. The IP showed several distinct features that are worthy of continuation and replication.

The programme is time bound for the period 2003-2005. This approach facilitated programmatic coordination with the Government's planning process and promoted the identity and visibility of UNIDO framework of cooperation in Vietnam for the period covered. The time limitation is an advantage from the point of view of flexibility, as it allows shifting emphasis and introducing adjustments in different well-defined phases of the IP, in line with the country's dynamic pace of development and UN priorities. This approach is proving helpful in the present process of design of the next IP, which will be fully aligned and synchronized with UNDAF's priorities and timing.

The only disadvantage was the fact that some projects did not coincide with the IP period and started before the programmes or were due for completion after the end of 2005. This did not coincide with the IP time frame and the UNIDO financial reporting system, which is bound to project allotment documents (PADs). Financial accounting and reporting was complex since under the Vietnam IP, what matters are not the budget and expenditures under each budget but the budget and expenditures under the IP period. The evaluation team found that this complication is counterbalanced by the aforementioned advantages as well as by the excellent financial records and transparent reporting by the UCO.

Another distinct feature of the IP was the fact that it included a regional dimension as well as central and provincial linkages. During implementation the regional dimension was implemented in the fields of SMTQ, which was envisaged from the outset, and in the field of CP, based on the initiative of the VNCPC in Hanoi. The IP also supported the initiation of linkages between central and provincial counterparts in the field of SMEs.

The project design established explicit linkages between technical cooperation and global forum activities and considered the importance for Vietnam to access through UNIDO

international experiences and best practices. Unfortunately no funding was allocated to the “global forum” component and action in this field remained below expectations. The UR office partially filled this gap by carrying out some global forum functions but there is a strong need and potential for more support in this field. The evaluation concluded that global forum activities should be included in the next phase of the IP. This should possibly co-funded by UNIDO, and the Government as a “public good” relating to knowledge and information.

The last innovative dimension of the IP is the decentralized mode of administration of funds with the UR playing the role of IP Team Leader. This issue is reported upon under the paragraph on implementation.

5. Funds mobilization

The financial status by component as of 28th February 2005 is reproduced in Table 1 below.

I.P. VIETNAM: FINANCIAL STATUS BY COMPONENTS								
Status as of 28th February 2005								
Project No.	Title	IP Budget	% Allot / Budget	Total Allotment	Donor	Total Expenditures	% Exp / Allot	p.m. total budget
General management:								
USVIE02130	Seed money for IP Vietnam			\$44,000	UK IP	\$42,629	97%	
XPVIE04070	In-depth Evaluation of Vietnam Integrated Programme			\$48,168	Reg. Prog. TC	\$26,894	56%	
Subtotal:				\$92,168		\$69,523	75%	
Component 1: Promotion of SMEs								
TFVIE03001	Assistance to establish the National and Provincial SME Support Infrastructure			\$708,476	Finland	\$409,315	58%	
USVIE03083	Vietnam: Market Access Support through the strengthening of Capacities related to Metrology, testing and Conformity			\$985,000	Switzerland (seco)	\$287,151	29%	
TFVIE03002	Associate expert/JPO Mr. Paolo Casilli			\$214,846	Italy	\$182,040	85%	
Subtotal:		\$4,130,000	46%	\$1,908,322		\$878,506	46%	
Component 2: Rural industry development								
DPVIE01008	Entrepreneurship Programme for Women in Food Processing in Central Vietnam (incl AOS)			\$193,751	UNDP	\$193,494	100%	\$376,448
TFVIE02002	Women Entrepreneurship Programme, Phase II			\$251	Finland	\$251	100%	
TFVIE04002	Women Entrepreneurship Programme, Phase II			\$484,419	Finland	\$296,873	61%	
TFVIE04A02	Women Entrepreneurship Programme, Phase II			\$93,888	Finland	\$18,233	19%	
USVIE99138	Capacity Building for Women Entrepreneurship Development in Central Viet Nam			\$195,263	Belgium	\$171,743	88%	\$287,345
Subtotal:		\$2,900,000	33%	\$967,572		\$680,594	70%	
Component 3: Environmentally sustainable industrial development								
TFVIE00005	Reduction of Industrial Pollution in Ho Chi Minh City, Vietnam : Phase III			\$350,387	Sweden (Sida)	\$341,106	97%	\$409,432
USVIE04063	Cleaner Production Programme			\$172,768	seco	\$162,557	94%	
USVIE96063	Vietnam National Cleaner Production Centre			\$340,358	seco	\$340,357	100%	\$2,376,575
USVIE04064	Promotion of new Cleaner Production Services in Vietnam through the VNCP: Cleaner Technology Promotion, implementation and transfer Second-generation CP Services Phase II			\$796,460	seco	\$133,695	17%	
TFVIE03003	Associate Expert/JPO Mr. Nobuya HARAGUCHI			\$152,392	Japan	\$141,818	93%	
TFVIE04003	Associate expert/JPO Mr. Bertrand Collignon			\$104,075	Belgium	\$88,092	85%	
Subtotal:		\$1,580,000	121%	\$1,916,440		\$1,207,625	63%	
Component 4: Participation in UNIDO Global Forum activities								
Subtotal:		\$270,000						
TOTAL IP		\$8,880,000	55%	\$4,884,502		\$2,836,248	58%	
	Projects started before 01 Jan 03, or continuing after 31 Dec 05. Hence total allotment in IP sense refers only to part of the delivery overlapping with IP, and is smaller than the total budget of the project							

The phasing of the IP components and project components with respect to the IP time frame of 3 years is reflected in Table 2 below.

Table 2: Schedule of operations 2003-2005

Component	#	Project Title	2002	2003	2004	2005	2006
Promotion of SMEs	1	National and provincial support infrastructure		█		█	
	2	SME technical service support		█			
	3	SME training support		█	█		
Rural industry development	4	Women entrepreneurship in food processing	█	█			
	5	Rural cluster development		█	█	█	
	6	Agro-related metal working industry promotion		█			
Environment	7	Cleaner production demonstration for enterprise clusters at rural 'trade villages'		█			
	8	Hazardous waste management		█			
	9	Vietnam cleaner production centre	█	█	█		
Global Forum	10	UNIDO Global Forum		█			

Seen from the point of view of the high amount of ODA received by Vietnam as well as the strategic needs that, according to the government, are covered by the IP, fund mobilization has not been particularly successful. Several problems have also emerged due to the lack of synchronization in the provision of funding for multi donor sponsored activities, which led to implementation delays and other problems in the coordination and provision of inputs.

The preferred mode of funding followed by donors was strictly project related. A good degree of potential for programmatic synergies and for increasing outcomes at the target group level through an integrated, multi-sectoral and multi-funded approach was lost due to this funding mode.

Under the first three priority themes, the IP originally envisaged 9 projects; out of these only 3 projects were retained, 6 could not be funded and 3 new projects were developed and funded in the 3 years period. Under the fourth theme on "global forum" no resources were allocated. Some Global Forum activities were however carried out by the UCO, as noted above.

Some priority projects of high relevance could not be implemented due to lack of funds. It is worth noting in this respect the projects relating to hazardous waste management, development of rural clusters¹², projects on SME technical service support and SME training support. Although these full-fledged project documents were designed and developed in close cooperation and consultation with the local counterparts and were fully in line with Government policies and priorities they could not be funded yet.

¹² This project document was developed in close cooperation and consultation with local counterparts i.e. Vietnam Institute of Agricultural Engineering and Post Harvest Technologies, Department of Agro-Forestry, Product Processing, Rural and Salt Industries, Department of Agriculture and Rural Development in Nam Dinh. The project also received strong supports from the Ministry of Planning and Investment (MPI) and the Ministry of Agriculture and Rural Development (MARD).

In relative terms, however, funds mobilization can be considered successful. As of 1.1. 2003 funds available under the IP were USD 1.1 million. As of April 2004 funds available amount to USD 5.8 million, which means a 5.3 times increase in a two years period. The total IP estimate is USD 9 million for the next 3 years period and based on identified priorities with a good likelihood of obtaining funding.

Despite this successful trend, the main Government counterpart, MPI, agreed with the evaluation team that a more proactive role in funds mobilization could be played in the future. A joint government/UNIDO action plan should be developed in this respect.

6. Implementation, management and coordination

1. Due to funding constraints, the overall implementation figures were below expectations; furthermore, in some cases implementation delays occurred and capacity constraints at HQs were experienced. The counterparts appreciate the quality of inputs.

Implementation of projects on the whole is well under way and the quality of expertise is appreciated.

However average delivery figures during the 3-year period have been below initial expectations. This is due to delays in project approvals by UNIDO HQs and donors and to the relatively small total value of approved projects, particularly in the first 2 years of IP implementation. Figures are expected to pick up now that approvals have increased and that the total PAD value under the IP has gone up.

Initial implementation delays occurred particularly in the cases of the project for cleaner production, the reduction of pollution in Ho Chi Minh City, the project for supporting the national and provincial SME infrastructure. In the first case, the delays were due to capacity constraints at HQ and in the second case to late funding of one portion of the project budget.

The issue of capacity constraints at HQ needs to be addressed in order to ensure that projects are managed with the necessary technical quality, and at the required pace of delivery.

2. The UR and the UCO are unanimously considered effective, and the UR's role as Team Leader of IP has distinct advantages. The decentralization of administrative functions to the field is a good pilot case for UNIDO.

Based on interviews at HQ and in the field, the evaluation team noted that the aforementioned capacity problem was counterbalanced by the efficient and proactive role of the UR, who, among other functions, also covered with technical competence gaps in the technical delivery of services. This was possible in view of the dedication and special profile of the UR; it is however not a sustainable "way out" in the short and medium term.

The UR also played a proactive role in coordinating activities within the IP and in identifying synergies among components (see chapter on synergies).

Another high visibility coordination function carried out by the UR is the co-chairmanship with MPI and Japan of the SME Partnership group, which is a platform of consultation between Government and donors on SME/PSD issues. The last Forum held in November 2004 drew on the attendance of over 70 representatives from multi and bilateral donors as well as NGOs. The co-chairmanship constitutes an excellent observatory of planned and ongoing activities in the SME field. It is a platform for identifying the most suitable and value added approach for UNIDO SME support in Vietnam. It also gives UNIDO the opportunity to link its technical cooperation

activities with strategic and analytical issues of SME development such as, SME policy and trade facilitation.

One of the distinct features of the IP Vietnam is the UR serving the function of both Country Representative and IP Team Leader. The extensive meetings of the evaluation team with the team leader and the feedback provided by the IP team and counterparts alike showed that this approach can be extremely effective and of value added. A comparison with evaluations of integrated programmes in other countries and led under different modalities shows that the Vietnam approach has several advantages. The double function of the UR/TL ensures neutrality of approach, facilitates coordination, conceptual leadership, relevance of activities to country priorities, timely operational-programmatic adjustments based on direct country experience, knowledge and contacts. Valuable support is also provided to facilitate implementation and administration of funds.

Two Junior Professional Officers, who joined the UNIDO Country Office in October 2003 and February 2004 respectively, back the UR. They contribute as JPOs to the overall management of the IP and are involved in the design of the next phase, while specializing also as Associate Experts in specific technical aspects of the programme. Local staffs of UCO are also efficient. They are in charge of financial management, administration, logistic functions for the UR, the IP team, counterparts, UNIDO HQ officers and experts in the field.

All IP team members at UNIDO HQ and all counterparts in the field consider the UCO effective and the inputs provided, be they technical, conceptual coordination, or administration, are appreciated. The evaluation team noted that this positive aspect also entails an element of risk. The high expectations on the UCO will continue and increase in light of the growing size of UNIDO operations in Vietnam and the trend towards more decentralization and local level implementation. The sustainability of the Office will have to be ensured within the context of the development, promotion and implementation of the next phase of the IP.

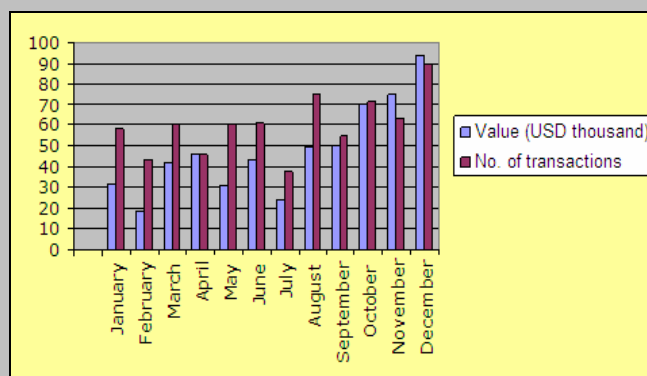
The administrative functions taken over by the UCO are worthy of special attention as they represent a pilot case for UNIDO. Based on unanimous feedback received, the decentralization of administrative functions to the field is a step in the right direction. The benefits of the scheme are (i) faster, more accurate reporting to HQs; (ii) faster payments to national experts and suppliers of equipment; (iii) considerable savings by way of foregone service charges to UNDP. It is worth noting that in 2004, 42% of the total IP was spent locally through the UCO.

The evaluation concluded that this is a good pilot case for UNIDO and that it should be replicated. However the quality, the integrity and qualifications of staff managing the local account as well as quality training are preconditions for the successful management of this function.

Box 2: Country level administration funds

Note of Mr. Scholtes to Mr. Suh providing explanations on how the system works:

- We received in August 2003 the permission to open a bank account in Hanoi, under the joint signatures of Van and myself. We selected Standard Chartered Bank on account of their international presence, competitive terms, and experience with the UN system in Vietnam. We opened there a USD and a VND corporate account;
- Van was sent on a management/accounting training course delivered by an international accounting firm in Hanoi, followed a few weeks later (September 2003) by an ad hoc training by ADM/FIN at UNIDO HQs.
- Official launch of the account 15 September 2003, by which date we requested our projects to clear all outstanding ARL balances and we instructed UNDP to discontinue payments to our account;
- Since then, payments to local suppliers (national experts, office equipment etc) were done either by bank transfer or cheque. Van notes every transaction in disbursement vouchers bearing the references of the payment and the supporting MOD. All operations require both Van's and my signature;
- Within 72 hours after the end of each month, Van compiles the data collected during the month and sends HQs four documents: a bank statement and a financial statement for both the USD and the VND accounts. The bank statement is released directly by the bank; the financial statement includes cash reconciliation balance, statement of expenditures, accounts recoverable locally (ARL) and a list of outstanding cheques (see the Feb 2005 transmission, as an example);
- HQ sees how much for have spent the previous month, and sends us an equivalent amount so as to maintain stable cash balance from one month to the next.



3. The modality of execution of UNIDO projects needs to be revisited in line with Government's decentralization requirements

A review of the modality of implementation of UNIDO projects is a matter of urgency and based on Government request. MPI made forcefully and repeatedly the point that UNIDO is expected to carry out projects based on "mixed execution", which is a way of getting close to the national execution model by UNDP and some bilateral donors. While the Government is aware of UNIDO's rules and regulations, which do not allow for national execution, it is proposed that some tasks be commissioned to the local counterpart.

The evaluation team considers it important to keep the momentum going and to strengthen the decentralization trend (decentralization of technical and administrative functions to the UCO Office) already started during the IP period under review. HQ should also avoid the "triplication" of project backstopping functions in three layers: UNIDO HQ, UR Office and CTAs. There is a need to further increase local expenditures, use of national expertise and to support national ownership and capacity building while keeping with UNIDO rules and regulations. In addition, continue providing international highly specialized expertise of value added.

4. Country level coordination and communication between counterparts requires strengthening to better ensure benefits of programmatic synergies at the level of beneficiaries.

The IP did not from the onset, envisage any formal IP coordination mechanism. Coordination was ensured by the UCO. Furthermore a number of cooperation instances among component projects was identified and implemented at the UR initiative. There is however scope for an improved dialogue with the main IP counterpart, MPI. Furthermore, a strengthened and more

structured coordination among the different counterparts of the IP. This would benefit the programme in two manners. First, synergies among components would benefit beneficiaries and increase levels of outcomes. For instance there is scope for further cooperation between the two CP related projects in Hanoi and Ho Chi Minh City and between the different SME related activities. The potential of more synergies between the SMTQ project and cleaner production related activities as well as SMEs is high and should be exploited further. In fact, better synergies in a partnership context should be one of the central features of Phase II. The second advantage of better communications would be preempting implementation problems and ensuring that, should implementation constraints arise, corrective action is taken in a timely manner. In general terms there is scope for improved joint monitoring by the IP counterparts and UNIDO.

7. Synergy and integration within the programme and with other bilateral and multilateral programmes in Vietnam

Cooperation among IP projects was rather modest but a broader one in future is expected; cooperation with other programmes was extensive, particularly if accompanied by tangible benefits

The IP document consists of four components with 9 projects. The components, while rather autonomous, allow for cooperation with synergy effects among their projects. However, as some projects have not been funded at all, implementation was delayed. The actual scope of cooperation and synergy among the IP projects under implementation is rather modest. Cooperation amongst themselves was limited to the subcontracting arrangement between VNCP and the HCMC Pollution Reduction project (to carry out CP training courses in HCMC) and the use of an Operational Manual prepared under Component 2.4 (Women entrepreneurship) for the preparation of an Operational Manual for Component 1.1 (SME infrastructure). Cooperation contracts have become more frequent between projects and counterpart organizations, such as:

- STAMEQ experts (not related to the UNIDO project) provided women entrepreneurs in Central Vietnam (supported by Comp 2.4) with training and training material on Standards Conformity Declaration; this cooperation was initiated by the Team Leader/UNIDO Representative in Hanoi
- One VNCP staff participated in ISO 14000 training (carried out by STAMEQ within the UNIDO regional Mekong project); this cooperation was initiated by the backstopping officer in UNIDO HQs.

In some cases the synergy effects have not materialized so far but there is high likelihood that they will be achieved. Some synergies between the STAMEQ project (its segment on STAMEQ governance) and the SME project are expected to result from the formulation of the SME National Action Plan. DPI Da Nang as member of the Steering Committee of Comp 2.4 (Women Entrepreneurship) is developing contacts with the Da Nang Technical Advisory Centre established by ASMED in order to mobilize their support for continuation of the Women Entrepreneurship programme in the province. Possibilities of cooperation with the SME project and others (Women Entrepreneurship, Cleaner Production, SMTQ) will become more tangible once the provincial focal points supported by the SME project are in place.

Cooperation with other bilateral and multilateral programmes has been rather useful. The most extensive cooperation contacts with other external programmes has been established and carried out by VNCP, which has provided training and other services in the area of cleaner production to a number of donor-funded programmes (DANIDA, SIDA, UNEP/GEF, Colenco/DONRE). In some cases VNCP provided services and, at the same time, had their

own staff trained by the cooperating project (the Worker Management – Factory Improvement Programme, jointly implemented by ILO and VCCI).

In coordination with the STAMEQ project, UNIDO and WTO organized jointly a National workshop on TBT, with participation of ITC, EC and NORAD. The Asian Development Bank is negotiating with STAMEQ on an SME development loan accompanied by technical assistance, which includes a plan of STAMEQ’s legal separation of its administrative and commercial activities. This may reinforce the recommendations on STAMEQ governance put forward by this project.

The Women Entrepreneurship project cooperated with bilateral Belgium and DANIDA projects. A special arrangement also initiated by the IP team leader, was made with the Kraft International Company who paid for a UNV to conduct training on production of cookies and pizza. Some development projects active in the area on other issues appreciated working with the WU organizations (supported by the UNIDO project) because strengthened organizations facilitated access to target beneficiaries, also in other development fields.



Practical training at the Women’s Union

The SME project made use of the Roadmap prepared by the ADB and good cooperation with the SME project was reported by JICA. However, as regards cooperation with other projects, the SME project has a special position. According to the inception report, the project is expected to support the SME Partnership Group co-chaired by ASMED, UNIDO and Embassy of Japan and develop “a donor coordination framework, relevant mechanisms and tools for monitoring progress”. Some activities in this respect were initiated by the project recently.

From the above examples one can infer that cooperation happens if both parties benefit from it. The most obvious examples are the subcontracts of VNCPC with other CP-related programmes in the country. However, VNCPC and its plan to establish an office in the South can also serve as an example that cooperation does not work if it faces a conflict of interests. Yet, if properly designed, cooperation can bring about benefits for both partners. In order to support and stimulate such arrangements it is advisable for institutional capacity building to aim at high-level professional competence in the core business and to cultivate readiness and competence for cooperation and strategic alliances in the related fields.

8. Programme results

“Result” is a generic term for outputs produced, outcomes and impact achieved. Conceptually it is assumed that integrated intervention of several projects with their outputs, outcomes and impact can “make a difference in development” in a particular problem area, measured through performance indicators. Given the limited resources available for the IP, their deployment in three rather autonomous components and an early stage of implementation of the pivot component (SME) it is not realistic at this stage to expect that IP Vietnam alone can induce country-wide or sector-wide changes. Even at this stage, however, it can and it has induced changes in areas of direct interventions.

This chapter provides an overview of the results achieved so far. The overview is structured according to the level and area of intervention as follows:

- policy level
- institutional level
- enterprise level

a) Results at policy level

Mixed results in policy advice: Government bodies adopted policy advice on Cleaner Production but implementation of recommendations on STAMEQ governance may take longer; it is too early to assess IP contributions to ASMED for SME National Action Plan.



Presentation of project results. DONRE HCMC

Cleaner Production Policies

The most significant results at policy level have been achieved in promotion of cleaner production (CP). VNCPD has been consulted by the Vietnamese Government and it has provided inputs to environmental legislation (policy advice). In the HCMC the IP provided inputs to a draft regulation on CP promotion. This was elaborated together with policy working groups after comments from various stakeholders were gathered. The impact of this draft regulation might well exceed the boundaries of Ho Chi Minh City, since the city has often showed a leading role in impacting both policies of other provinces and national policies.

SME and SMTQ Policies

IP projects have been contributing to Government activities in two other policy fields: preparation of the SME National Action Plan and SMTQ policy. The project activities in support to ASMED are still on-going and the results cannot be assessed. However, at this stage, if this first plan is well prepared with a participatory approach of all related stakeholders (ministries, local governments, business associations, SMEs), there is a possibility that the plan contributes towards a more enabling environment for SMEs.

Comprehensive advice was provided to STAMEQ on standard international practices with a number of recommendations to the organization, in relation to accreditation, the separation of commercial and regulatory activities. While these recommendations were accepted as valid and worthwhile, only a few of them have been acted upon so far. In some cases measures have been taken by STAMEQ to have the recommendations approved by the Government but the implementation of some (particularly on separation of commercial and regulatory activities) will probably take a longer time.

a) Results at institutional level

IP resources have been directed primarily at institutional capacity building. Very good results have been achieved in the case of VNCPD and WU organizations in Central Vietnam but financial sustainability of the results or their replication in the country may pose a challenge. Other capacity building projects are on-going, in one case with delays.

VNCPC and HCMC

The most advanced case of institutional capacity building by the Integrated Programme is VNCPC. 16 national CP experts are working at VNCPC, most of them have reached „intermediate“ skill level. VNCPC has developed an excellent reputation in Vietnam. This is reflected in other donors subcontracting the implementation of CP activities, in particular training and in-plant assessments, and VNCPC being included into the national environmental strategy until 2010. Besides, VNCPC itself contributed to capacity building and human resource development in other organizations and companies. It claims to have provided 3,366 person training days from 2001 – 2004. The training included university lecturer training, sector specific training, special skills training, and tailor-made training. VNCPC has also been strong in information dissemination and awareness raising.

In spite of good capacity building results in terms of professional competence and given the still limited demand for CP services from the enterprise side, the financial sustainability of VNCPC is not yet assured. Furthermore, the plans to establish a focal point in the South in order to increase service delivery in the provinces with a larger share of industry may have to be reconsidered as they need to be harmonized with the capacity building plans of the HCMC authorities. The project in HCMC prepared some ground for institutionalizing the CP activities through their own effort: the project recorded a total of 23 training courses on CP and energy efficiency, with various target groups (workers, managers, officials, specialists). Knowledge on CP practices was also widely disseminated through the mass media and brochures.

Women Unions in Central Vietnam (entrepreneurship development)



Meat processing self-help group in Tam Ky

Probably less visible but equally important is the capacity building of the Women Union organizations in Central Vietnam, training women entrepreneurs in food processing and organizing them in Self-Help Groups (SHGs). In three provinces the capacity building process has been almost completed. However, it still continues in the others. In the three provinces the capacity to train has been well developed and consolidated.

A comprehensive and user-friendly set of methodological tools exist for field based training courses as well as a pool of 30 WU staff trained and experienced in carrying out training needs analysis. A pool of 58 trainers was accredited to conduct the training. Good quality of the developed capacity manifests itself in the willingness of the women entrepreneurs to pay a token fee and in the fact that the WU already carried out some training without project support. Capacity to organize and support SHGs has also been completed in the three provinces. It includes some WU staff (altogether 28) trained on relevant principles and techniques and some tools, including the lease-purchase scheme allowing two or more members of a SHG to lease and share some equipment.

In professional terms the capacities developed by the project have been consolidated enough to extend the training and SHG activities to other villages of the three provinces without external professional support. However, replication of the project in other provinces will require some external financial support in spite of the fact that with additional experience from the other three provinces (Phase II) the local expertise will be fairly well developed to carry out most of the

replication tasks. If owned and pursued by central authorities (WU, MPI, etc.) a relatively small external financial support for country-wide replication would make a big difference. In effect, it would dramatically increase the use of developed capacities and thus make the current project truly efficient and effective. Furthermore, there is a significant socio-economic impact in rural areas and in empowerment of women in particular.



The evaluation team with the meat processing self-help group in Tam Ky

STAMEQ and ASMED

The other capacity building projects are at an early stage of implementation and though some important milestones have been reached (particularly on the way to upgrade the metrology and testing laboratories of STAMEQ) and awareness raising on accreditation was carried out for over 100 participants from government and industry, no project output has been completed so far. In view of the importance of ASMED for SME development, the delays in capacity building by the SME infrastructure project is a drawback causing dissatisfaction of the counterpart.

b) Results at enterprise level

Good results in implementation of CP particularly in well managed companies with ISO certification but the demand for CP services by companies remains low; experiment with CP circles for SMEs proved promising; women entrepreneurs in Central Vietnam assisted by the project improved considerably their performance and economic and social standing.

Results at enterprise level are achieved either through services and other interventions (such as policy measures) and provided primarily by institutions/organizations developed or strengthened by capacity building projects, or through direct support of projects at industry level usually for demonstration purposes.

IP Vietnam has applied both approaches. The former one prevailed in the case of VNCP and women entrepreneurs in Central Vietnam. The latter one prevailed in demonstrations for cleaner production in the HCMC. However other projects have not advanced enough to deliver services at enterprise level.

Introduction of Cleaner Production in companies in Northern Vietnam and HCMC

In the years 1998 – 2004 VNCPC conducted 38 direct assessments, 89 indirect assessments, 14 rapid assessments, 14 cleaner technology implementations, and 13 projects in the area of financial services. VNCPC claims that for participating companies the benefits included annual savings of USD 6,053,000 (with an investment of USD 1,295,000). Furthermore, CO₂ reduction resulting from energy savings amounts to 106,490 tons; reduction of waste water consumption of 6,827,000 m³ and of chemicals to 4,000 tons. Good results in implementation of CP measures were achieved primarily in well managed companies, particularly those with ISO certification.

However, CP services are provided at highly subsidized rates, and the number of enterprises in which CP projects are actually implemented has remained modest (approximately 60) due to low demand.

Similarly in the HCMC the CP demonstrations have continued in a limited number (6) of pilot enterprises three of which had already participated in the second phase. Based on the project's records, a total of 154 CP options were identified within the participating enterprises, out of which 78 were implemented. Unfortunately, there is no consistent reporting on the impact of the implemented CP options. Some data is missing; some is unclear so that the overall impact cannot be established.

In addition to demonstrations in large companies, the HCMC project introduced the concept of CP Circles (CPC) for SMEs, of which three are in operation. The experience of the cassava starch CPC visited by the evaluation team suggests that this a suitable approach not only to share experience on environmental issues, but also to increase the cooperation among producers. Member enterprises of the circle also share production capacity for example to meet unexpected peak demand and help each other out in case of shortages in raw material. It seems that the scope of this CPC exceeded the one that was originally foreseen and could be more accurately characterized as a producer's association. This is certainly a positive outcome.

Women micro-enterprises in Central Vietnam

Women Union organizations in Central Vietnam work with different type of target beneficiaries: women household and micro enterprises with just a few workers, usually family members. In the three provinces, where the capacity building was completed, 26 training courses on marketing, financing and technology in food processing were carried out with more than 600 participants (over 350 women entrepreneurs). 23 SHGs were established with 617 participants. In addition to sharing experience and mutual support some of the SHGs operate their own credit scheme, organize joint marketing, joint procurement of raw material and share orders among members, etc. Altogether 44 members of SHGs benefited from the lease purchase scheme. The above outputs and outcomes led to considerable changes in the performance of the supported entrepreneurs. Improved hygiene, upgraded quality of products with better taste and longer shelf-life, introduction of new products and improved marketing resulted in increased sales. The changes in technological processes and the use of machines increased productivity, reduced costs, spoilage and other waste.

A business review carried out by project staff (233 entrepreneurs trained by the project) reported on a considerable economic and social impact among women entrepreneurs.

72% of women entrepreneurs in the sample reported an increase in monthly sales. In essence, increase in sales was accompanied by increase in profits in a similar range.



As a result of the improved economic standing, 41% of women entrepreneurs in the sample increased their assets by purchasing some machines.

Though in absolute terms the improvements are modest, in terms of Vietnamese household businesses this is a remarkable improvement that reflects itself mainly in the status of women and their families. This is the reason why other women entrepreneurs show interest in participating in such a programme.

9. Recommendations at programme wide level

Recommendations to the Government, UNIDO HQ and the UCO:

1. The IP should establish specific, focused and result based linkages with UNDAF and the UNDAF results matrix, as well as with the directions of the Five-Year Socio-Economic Plan 2006-2010 of Vietnam. The UNIDO IP should be linked to UNDAF Outcome 1 "Quality of growth" and to some extent to Outcome 3, "Governance". The IP Phase 2 should build upon the synchronized programme cycles with the next UNDAF, which is due to start in 2006.
2. The IP should continue to be time bound and cover the period 2006-2009 in order to closely relate to the government planning process and UNDAF.
3. The IP document should constitute a results based programming and implementation framework. It should be formulated following the logical framework approach and include quantitative and qualitative result indicators at the output and outcome level. Building upon the experience acquired and taking into account the fast changing conditions and dynamism of Vietnam, the IP document should continue to allow for flexibility and operational adaptability.
4. The IP phase II should follow the good practices of the current IP in meeting local needs and ensuring a strong local ownership and local counterpart support throughout the programme cycle (formulation, monitoring, coordination and implementation). Reference should be made in particular to the entrepreneurship development projects in Central Vietnam and the CP project in Ho Chi Minh City. These projects should be built upon strong local ownership and needs based initiatives. Demand and need orientation were insured through a strong participatory approach with counterparts in project formulation, implementation, needs assessment studies and effective modalities of cooperation between local and international experts.
5. Considering that the establishment of a formal coordination mechanism is not feasible in Vietnam, the UR should play, together with MPI, a stronger coordination role between the different IP counterparts and stakeholders. Regular reviews of the progress of activities, monitoring and feed back systems should be strengthened to prevent arising of problems and to address critical issues, which may emerge. The potential for

synergies among component projects should be fully tapped through a more regular, structured communication and coordination system. Also, linkages between central and local/provincial counterparts should be strengthened and funding required for this purpose allocated.

6. Keeping in mind the regional integration challenges, the potential faced by the sub-region and by Vietnam in the context of the accession to WTO. The regional dimension in SMTQ and CP should be further promoted and strengthened subject to availability of funds.
7. The next Phase of the IP should continue to include a “global forum” component. UNIDO and the Government should consider co-funding the latter in light of the public good dimension of knowledge and information transfer.
8. The programme should be developed in close coordination and consultation with donors. Based on prevailing donors’ funding policies, it is expected that a project level funding approach linking special purpose funding with specific projects with clearly identifiable outputs and tangible project level outcomes will continue in Phase II. However, an effort should be made to better orchestrate the respective special purpose contributions. Funding of the programme as a whole should be mobilized to the extent possible in order to ensure that all priority components can go ahead in parallel and that the synergies of a programmatic, multidisciplinary and integrated approach are fully exploited.
9. The visibility of donor funded activities linked with the objectives pursued by the respective projects and the results achieved should be further enhanced.
10. The Government (MPI, MOF and other line ministries) should be more proactive in funds mobilization and an action plan for joint funds mobilization should be established.
11. In order to avoid misunderstandings and areas of potential disagreement, the distribution of implementation modalities and responsibilities should be clarified in detail, from the outset, in the project documents and be integral part of the funding agreements. The Government and UNIDO should develop and agree upon operational guidelines for the implementation of UNIDO projects in Vietnam.
12. As requested by the government, in line with prevailing practices in Vietnam and building upon experience in decentralized modes of implementation under the present phase of the IP. Maximum use of national expertise should be made of in future and subcontracting arrangements should be envisaged within and between projects. This approach will pose demands on the counterparts, which should be in a position to provide the necessary technical and managerial support for the successful implementation of activities.

Recommendations to UNIDO HQ:

13. In order to counterbalance capacity constraints at HQ, more extensive use should be made of a core group of experts/consultants acquainted with UNIDO procedures and practices. This could reduce the travel burden on staff members and support decentralization as well as local level implementation.
14. International expertise should continue to be used for punctual, value added advice on knowledge not yet available in the country as well as for establishing networks and partnerships and not just for administration and day-to-day management.

15. The UR should continue to provide conceptual, programmatic, coordination and implementation support to the IP. HQ should ensure the continuity and sustainability of the UCO both in terms of quality and critical mass of human resources. The increasing demands to the Office in terms of coordination with the Government, active participation in UN coordination and harmonization initiatives, donor relations, and decentralized mode of implementation will pose increasing challenges to the Office. The risk to “overstretch” the demands put on the office should be carefully considered and addressed. HQ should finalize the operational manual for field offices and continue to provide administrative training along the lines of the successful training of one UCO staff in financial management.
16. The decentralization of administration and financial functions to the UCO should continue and be replicated by UNIDO to other Offices subject to them having the same level of expertise and competencies.

10. Issues and recommendations with focus on Phase II

1. Work with specialized and market-oriented institutions and local government's departments

It is proposed to diversify UNIDO counterparts and to work increasingly with organizations and specialized institutions responsible for the subjects covered. The cooperation with specialized agencies, institutions and local government's departments (e.g. STAMEQ, INEST, DONRE) or mass organizations (e.g. Women's Unions in central Vietnam) proved to be particularly effective. They are not only close to the grass-root level, but are themselves often referred to as “think tanks” or specialists by the Vietnamese policy makers. Furthermore, the interventions supported by IP components meet exactly their real needs. In other words, capacity building of such institutions might increase the impact both at the policy as well as at the grass root level.

Examples of possible partners include the Vietnam Institute for Agricultural Engineering and Post Harvest Technology, the Food Processing Institutes, local Women's Unions, the Vietnam Chamber of Commerce and Industry (VCCI), the Youth Union, local Departments under the People's Committees of provinces and centrally administrated cities.

In order to maximize the benefits of this approach, partner institutions should be market-oriented, close to client's needs, local initiatives and policies. Furthermore, the services they provide with UNIDO support should not distort the emerging market of private consultants by subsidizing services that are already available in the market. Also, for the same reason, international experts in projects should whenever possible train local experts (“training of trainers”) rather than directly intervene as consultants at the end-user level.

In order to promote the bottom up approach for initiating and implementing policies and programmes, it is proposed that UNIDO should work increasingly with local departments under the People's Committees of provinces and centrally administrated cities (i.e. DPI, DOI, DARD, DONRE). Their institutional capacities should be built up and support provided for them to initiate and fund their own programmes on SME promotion, rural development, women entrepreneurship development, and environmental pollution reduction. This approach would create more opportunities and room for replicating the IP components in other provinces. Furthermore this would support them to advocate with the central government's organizations (line-ministries) the inclusion of these experiences/results into the national policies and programmes for wider application and implementation.

2. Follow a specialized sector specific approach of integrated services

Services provided by the IP should be of sector specific and specialized nature. Whenever such services do not fall into the core competence of UNIDO, services should be packaged and

offered in close cooperation with other specialized service providers. Such services may be commissioned within or outside the IP, using specialized UN Agencies, domestic and foreign enterprises, highly specialized outsourced expertise, selected Vietnamese institutions with high ownership and market orientation.

Priority should be given to local expertise, i.e. expertise based in the country, referring to international expertise only for very specific (not generic!), punctual high-level advice that can not be found within Vietnam.

As a priority, industries in one of UNIDO's area of expertise should be covered, in particular garment, footwear, food, agricultural produce processing, processed seafood and processed wood.

3. Address critical interrelated "quality growth" issues relating to industrial productivity and growth

The sustainability of industrial progress depends on Vietnam's ability to increase professional skills of worker's and managers. More so, to gradually move to more value added products, enhance product quality, productivity, to address environmental issues, safeguard the benefits of the workers, and protect consumers' health. Regional and international integration, including eliminating technical barriers to trade, plays also an important role in this process.

This calls for integrating a wide array of critical, interrelated issues of economic, social and environmental sustainability into the IP, as this approach is less costly and more effective than an array of unrelated or sequential activities.

4. Target enterprises with potential for quality growth

Particular attention should be paid to the selection of targeted enterprises in order to maximize the impact of the programme. At the SME level, private enterprises with export potential, in particular supply chain linkage potential, seem to be more receptive for improvements than purely domestic companies. Assistance to state-owned enterprises should be limited to SME companies that are possible candidates for restructuring, and foreign-owned enterprises should only be included in a programme as a role-model for other participants in the programme. The selection process should also consider that the mindset of the management (receptive for improvements) is a crucial success factor.

For rural enterprises, rural communities with a sufficient number of start-up enterprises and/or small entrepreneurs/micro entrepreneurs should be targeted that is, the approach to enhance social capital through economic development.

**UNDAF OUTCOME 1:
QUALITY GROWTH**



**IP OUTCOME: SOCIO-ECONOMIC PROGRESS THROUGH
SUSTAINABLE INDUSTRIAL DEVELOPMENT**



IP Objective 1: to support enterprise development in rural communities

IP Objective 2: to raise the competitiveness of export-oriented industries



- Projects Outcomes:
- Institutional support and management capacity, including in the area of implementation of policies, enhanced
 - Greater female participation in business
 - Off-farm employment opportunities created
 - Clusters of enterprises nurtured
 - Better production techniques and skills introduced in micro-business
 - Quality of products improved
 - Occupational health and food safety enhanced

- Projects Outcomes:
- Institutional support and management capacity, including in the area of implementation of policies, enhanced
 - A competitive core of mid-size enterprises strengthened
 - Productivity of enterprises improved
 - Cleaner technologies disseminated
 - TBT-ready enterprises



- Means of intervention: Partnerships and capacity building
- between highly-specialized projects through e.g. outsourcing of expertise
 - with Vietnamese line ministries: MPI, MOI, MARD, MONRE, MOST for policy interventions
 - with Vietnamese institutions: ASMED, STAMEQ, INEST, WU, DONRE, highly-specialized technology and technical institutes or universities
 - amongst UN Agencies: e.g. UNIDO-UNDP-ILO-UNESCO support to the implementation of Five-Year Socio-Economic Development Plan 2006 - 2010, Vietnam Agenda 21 initiative, Millennium Development Goals in Vietnam
 - with domestic and foreign private enterprises



Operational modalities:
=> Increased reliance on national resources and expertise, with strategic use of foreign expertise
=> Increased involvement of national partners in project management and control

11. Lessons learned

1. The Vietnam IP evaluation confirmed findings and lessons learned in evaluations in other countries, and in all regions concerning some key policy shifts. These need to be addressed. The policy shifts are:
 - Policy, programmatic and operational trends in the UN system: the key role of country level coordination and harmonization. In this context evaluations are observing a positive evolution in the UN culture.
 - The requirement to introduce consistently a result orientation in all country level technical cooperation activities. The need to develop output and outcome level performance indicators linked with the national millennium development goals, the UNDAF results matrix and the requirement for harmonized country level monitoring and evaluation.
 - The changing climate for donor development assistance and the trend towards budget and sector support by bilateral donors. The increasing role being played by development banks in the economic technical cooperation field, particularly in support to SMEs.
 - The trend towards national or “mixed” execution and the national policy requirements to increase local expenditures and the use of national expertise while providing international expertise for value added activities on knowledge and information, which is not available in the country. In this context the trend for a lesser use of traditional type of long term Chief Technical Advisor contracts and for national counterparts to fulfill administrative and day-to-day management functions.
2. In order to support countries in receiving information and having access to international best practices and knowledge, there is a need for enhancing the beneficial interrelationship between UNIDO technical cooperation and global forum activities. It is therefore important that IPs include a certain amount of funding for global forum activities. Considering the very nature of knowledge and information as public goods, funding should be ensured to the fullest extent possible by the seed money of the Organization and by the government.
3. The IP evaluation in Vietnam confirmed findings of other evaluations concerning prerequisites for successful activities. These are:
 - A high degree of counterpart competence, ownership and commitment.
 - The identification through participatory approaches of locally led activities based on strong motivation of the beneficiaries and their capacity for improvement.
 - The application of a comprehensive technical cooperation approach including technical as well as management and marketing issues, product quality and safety (food products), environmental issues, SME clustering, adaptation, development and transferring of tools and methodologies.
 - The approach of building upon previous areas of assistance while adjusting to present needs is effective and instrumental in increasing levels of outcomes.

4. SME development is commonly considered a “crowded” area of technical cooperation. Evaluations, including the Vietnam case, show that UNIDO has a role to play and a value added vis-à-vis other actors if it follows an approach of highly specialized and integrated services, both at the level of rural communities and of more modern/advanced enterprises. The approach should also be sector specific as opposed to “generic”. Services should preferably target the same sector and/or region and collectively cover interrelated issues of quality, productivity improvements, environment, human resources management skills, and safety. The means of intervention should be: partnerships between components within one IP (synergy), different institutions in one country cooperating and thus enhancing effectiveness, partnerships amongst UN Agencies and with domestic and foreign private enterprises within a CSR concept.
5. The IP evaluation confirmed the validity of the integrated programme approach. IPs raise UNIDO corporate visibility vis-à-vis government and donors and give the organization a competitive edge as a one-stop supplier of interrelated services along the lines described in paragraph 4 above.
6. The IP approach helps building “bridging” social capital. This can be brought about by overcoming traditionally fragmented institutional structures and expanding the scope of business relationships between enterprises and support institutions. The women entrepreneurship project in Central Vietnam is an excellent example in this respect. By linking together several projects, the IP has introduced women entrepreneurs to the existing quality system infrastructure in the country, technology inputs from the Vietnam institute of agriculture and post-harvest technology and in the next phase it also envisages to introduce women to the benefits of cleaner production techniques in their food processing activities. While there is scope for improvements and further strengthening of institutional linkages by the IP, the business outlook of women entrepreneurs has improved beyond the benefits strictly attributable to the specific women entrepreneurship development project.
7. For the first time since inception of the IPs, an evaluation was carried out with the full-fledged participation of an expert from the donor community. The lesson learned is that this approach is good and worthy of replication. The inputs provided by the expert were of value added for the evaluation team, as he was able to contribute a donor perspective while keeping full neutrality of judgment. The approach is also in line with UN and DAC policies on harmonization, collaboration of all stakeholders and on furthering collaborative approaches in evaluation. It also confirmed the feasibility of cooperation based on the fact that both the donor community and UN/UNIDO apply the same methodology (assessment of relevance, efficiency, effectiveness and application of RBM) as well as the fact that the same policy goals and thematic interests are shared. A replication of this practice is a concrete step in enhancing the credibility of the evaluation function in UNIDO and in moving away from a costly practice of multi-donor evaluations or, alternatively, of absence of donors in the evaluation exercise.

PART II : EVALUATION OF THE (SUB-)COMPONENTS

Component 1.1: Assistance to establish the national and provincial SME support infrastructure

Budget (excl. support costs) and expenditures (USD)

	TF agreement ¹³	Allotment	Donor	Expenditures 28 Feb. 2005	%
TFVIE03001	1,277,352	708,476	Finland	409,315	58
TFVIE04001	1,200,000		Italy	0	n.a.
Total	2,477,352	708,476		409,315	58

Funding

Total project budget amounts to USD 3,810,000 (incl. support costs), out of which Phase I is USD 2,360,000. Agreement on funding was reached with Finland in 2003 and Italy in 2004. The above TFVIE03001 was funded by Finland. Funding by Italy was delayed. In March 2005 the Trust Fund Agreement between Italy and UNIDO was signed and the transfer of funds was awaited.

Design

A detailed and well-articulated project document had to be updated in view of institutional changes; affiliating selected outputs/activities with funding by a specific donor proved to be a drawback

Purpose of the project is to improve national and provincial policy and institutional framework for SME development. The project document was prepared on the basis of in-depth knowledge of the problem area (SME support infrastructure) in the country and elaborated in exceptional detail both as regards conceptual approach, outputs to be produced and specification of activities. The document follows consequently the logical framework, establishes transparent relations between inputs, activities and outputs and incorporates adequate indicators.

In view of the complexity of the SME infrastructure, to be supported by the project (SME Department, SME Development Promotion Council, provincial focal points, etc.), the project document envisages two long-term international experts (Senior Policy Advisor/CTA and Programmes and Networking Advisor). In addition, one Information Management Advisor, Organization Development and Training Advisor, as well as short-term international experts are envisaged. The international component in the original project document appears rather high (to some extent it was already reduced through a budget revision).

The project document also reflects request of the two donors to distribute among them areas of support (outputs/activities). The disadvantage of such a refined project document, a detailed work plan and allocation of donors' funds to specified activities, (denoted as Part A and Part B) is its rigidity in case of changes in external conditions. This is actually what happened: first, before the project actually started the MPI Department for SME Development (SMED) – the key entity of the institutional infrastructure to be supported by the project - was merged with the MPI Department for Enterprise to form the Agency for SME Development (ASMED). Secondly, funding by Italy was delayed thus preventing the launch of activities envisaged for funding from that particular source of funds.

¹³ Including support costs

As envisaged in the project document, once the CTA arrived in August 2004 the planned activities were reassessed. The changes were taken care of by the Inception report. The amended project document as reflected in the Inception report remains a comprehensive planning document acknowledged by the quadri-partite meeting in October 2004. However, in view of the delay in funding one part of the budget, it is probable that the work plan and priorities will have to be reviewed again once the awaited Italian contribution is made available.

Relevance

In spite of some institutional changes and new requirements the capacity building project remains relevant; some new requirements may be incorporated as project priorities

Government decree No 90/2001/ND-CP on "Support for Development of SMEs" laid foundation for the creation of an SME support infrastructure. This would include the SME Development Promotion Council as advisory body to the Prime Minister, the Department for SME Development (SMED) as a semi-autonomous body under the MPI, and provincial focal points. The Decree is a commitment to support SME and private sector development. The UNIDO project to assist creation of the SME support infrastructure was selected by the Government as top priority to address actual capacity building constraints of the institutions established under the Decree 90.

Since the time of initial project formulation (2002) some institutional changes occurred. The constitution of ASMED in July 2003 with broader functions than SMED and relevant changes for the project were reflected in the Inception report. When the Inception report was reviewed at the quadri-partite meeting (27 October 2004) the National Project Director felt that "...generally, the review had shown the project interventions planned at central and provincial levels were relevant"¹⁴.

However, some additional new needs have arisen: preparation of the SME Development Plan and updating the Enterprise Registry. Project support to the preparation of the SME Development Plan (see Implementation and Results below) is of particularly high relevance, as the SME Development Plan should become a part of the National Five-Year Socio-Economic Development Plan 2006-2010.

During discussion with the evaluation team the NPD felt it would have been better if the project had started at the time it had been formulated. This is beyond doubt. However, shortly before the quadri-partite meeting ASMED had 37 staff (excluding 19 professionals in the Technical Assistance Centres). It currently has over 70 predominantly junior staff. Training and capacity building of ASMED therefore seem to be even more needed than before.

Ownership

ASMED is keen to discharge national ownership over the project and demands larger responsibility to drive the process and manage the resources; application of UNIDO Financial Rules and Regulations still needs to be clarified.

ASMED is the Government Implementing Agency discharging the national ownership function. It reports to Ministry of Planning and Investment (MPI) which is responsible, among others, for elaboration of development strategies and policies and for providing guidance to other Ministries and Provincial Governments to ensure conformity with the national strategy. The responsibilities include coordinating and facilitating SME support according to decree No 90/2001/ND-CP. Thus, ASMED has an excellent institutional backing for its activities.

¹⁴ Minutes of the quadri-partite meeting

The Project Management Unit (PMU) consists of four staff of ASMED, with the Director General of ASMED acting as the National Project Director (NPD).¹⁵ Nomination of the General Manager of ASMED as National Project Director is a powerful and rational arrangement how to establish strong linkages between ASMED and the project and a framework for a strong ownership of the project by ASMED.

The PMU is keen to discharge national ownership over the project, to drive the process of defining work plans and resource requirements. This entails, but is not limited to, a stronger control over the budget. Co-signing of all decisions by NPD and CTA/UCO is not considered sufficient¹⁶. PMU as well as MPI/FERD demand a larger share of management and control over project resources, sometimes referring to the national execution modality of the UNDP-funded projects as a modality to learn from and to apply some of its elements ("mixed execution"). This needs to be recognized as a problem to be addressed.

Implementation

The project was delayed and initial activities affected by it, with regards to funding by one of the donors; new ASMED priorities included in project implementation; working relations between PMU and CTA disarranged

The starting date of the project (June 2004) was delayed by 16 months due to difficulties to coordinate funding from two sources and delay in transfer of the contribution by one of the two donors. The most important effect of the delay in funding by one donor is the fact that some activities (assigned for funding by the delayed contribution) could not be started up to now. This has influenced both the scope of activities and the results.

Furthermore, at the quadri-partite meeting (October 2004) it was agreed upon that the project should assist ASMED in some new immediate priorities, first of all in preparation of the SME Development Plan. Another urgent task is the Business Registration database. It was also requested that maximum use should be made of available national expertise and that inputs of international expertise reduced in some areas where Vietnam has got enough capacity.

As a follow up of these recommendations the project organized support to ASMED for the preparation of the plan using primarily national expertise complemented by limited inputs of international experts (at the time of the evaluation mission the work was on-going). Besides, a short-term Information Management Advisor was recruited to assist the National Business Information Network.

While the services of the Information Advisor were assessed as useful (with the qualification that as soon as possible support in hardware, software and manpower for data inputting is needed), the assessment of the role of the CTA by the NPD is an issue of concern. The main counterpart's view seems to be that the CTA is involved too much in operational management and administrative works of the project.

The issue of needing to revisit the project's overall implementation approach has clearly emerged. ASMED, under the present constellation and circumstances, requires priority assistance in the following areas: establishment of an enterprise database; training and HR development and high level advice on specialized issues, international best practices etc. The day-to-day management role the coordinating function with other national bodies as well as with donors should primarily be a role for ASMED.

¹⁵ The SME Promotion Division of ASMED is not represented in the PMU but it can be mobilized by the PMU Head for project activities as any other human resources of ASMED.

¹⁶ For example, ASMED considered funds allocated to subcontracts with national organizations preparing inputs to the SME Development Plan as inadequate (small) but the contracts, though after some delay, were co-signed, apparently to avoid blocking the process.

Synergy effects resulting from cooperation within and outside the IP

Currently cooperation with other IP projects is limited; discussions with other external projects started but fine-tuning of relation to the SME Partnership Group is required

So far the project has had limited possibilities for cooperation with other UNIDO IP projects. The operational manual prepared by the Component 2 project (Entrepreneurship Development Programme for Women) was used for preparing operational manual for this project. Some synergies with the STAMEQ project are expected to result from the formulation of SME National Development Plan and possibilities of cooperation with some projects will increase once the provincial focal points supported by the project are in place.

As regards to cooperation with projects outside the Integrated Programme, the project made use of the Roadmap prepared by the ADB and good cooperation was reported by JICA. In addition to ADB and JICA there are several other multilateral and bilateral agencies involved in SME promotion. Upon instruction of MPI, UNIDO acts as co-chair — together with the Embassy of Japan and ASMED - of the SME Partnership Group, which was established in 2000 and reactivated in 2003. The last meeting of the Group in November 2004 drew an attendance of over 70 participants. From the beginning, the SME Partnership Group encouraged formation of smaller working groups of donors to engage in more substantive exchanges around areas of common interest. So far such groups have not been spontaneously constituted.

According to the Inception report adopted at the quadri-partite meeting the project is expected to support the SME Partnership Group and develop “a donor coordination framework and relevant mechanisms and tools for monitoring progress”. Some activities were initiated by the project recently with involvement of some ASMED staff; these activities encountered positive response of some of the bilateral projects but at least two Co-chairmen of the SME Partnership Group (UNIDO, ASMED) have expressed some reservations about such activities should they aim at substituting the role of the Partnership Group proper. It is therefore desirable to fine-tune the relation and reporting mechanisms between the project-initiated activities, and the Chairmanship of the Partnership Group.

Results

Some milestones reached in supporting ASMED in preparation of the SME Development Plan; partial results awaited within weeks; project results have so far been below expectations of the NPD

None of the 6 project outputs have been completed so far. This is not surprising given the fact that all outputs are of long-term capacity building nature. Furthermore, the project has been effectively operating only since the adoption of the inception report at the quadri-partite meeting at the end of October 2004 and some activities will start only after the second donor contribution is available.

In compliance with the agreement reached at the quadri-partite meeting the project focused on supporting ASMED in preparation of the SME Development Plan. Several milestones were reached in this process. The project prepared an elaborate proposal for the organization of a participatory SME Plan formulation process with project support. The proposal met general concurrence of the NPD¹⁷ who formulated some specific ideas for its implementation in terms of nomination of the drafting team, use of supporting national consultants and short-term international experts, etc. Comments were provided by an international short-term consultant and the CTA on the Outline of the Plan (prepared by ASMED) and a workshop with

¹⁷ “First of all, on behalf of ASMED, I would like to show my appreciation of your endeavors and goodwill in getting the project give assistance to ASMED towards the formulation of the Plan....In general your proposal is suitable for our need of assistance....” (NPD to CTA, 15 Dec 2004)

stakeholders was organized with project support in January 2005. In order to support elaboration of inputs to the Plan by Government organizations/ministries, selected provincial governments and representatives of the business community, a set of agreements with these organizations were prepared by the project and 11 of them were signed. The agreements provide for establishment of task groups to elaborate – with the support of national experts - on specific SME-related issues and support programmes. This arrangement aims at supporting the work of the organizations with the purpose to enhance quality of their inputs. (It should be noted that in a few cases the offered financial support for the working groups – approximately USD 2000 per organization - was not considered sufficient and the agreement was not signed.) One of the cooperating organizations is the Vietnam Chamber of Commerce and Industry (VCCI), which established five sub-groups representing different categories of business associations. The evaluation team interviewed the sub-group leaders and the assisting national experts and learned about very active and engaged participation of the business community in the workshop deliberations on the Plan and in the formulation of proposals. While this experience need not be the same in the other 10 organizations it seems that the design and organization of the process increased its participatory dimension and facilitates a straightforward transfer of the views, proposals and recommendations to the central drafting team in ASMED (the national experts are part of the drafting team).

Actual quality of the results of the working groups could not be assessed as the process was still on going. Thus, the ultimate effectiveness of the arrangement is yet to be verified. If successful, it will represent a significant partial result of the project.

The project also prepared a draft questionnaire for the provinces but it was not finalized, approved or sent to the provinces because the questionnaire was submitted to PMU later than originally planned.

As most of the capacity building activities have not been started and results of the support to Plan formulation have so far not been tangible, the project results have so far been below expectations of the NPD.

Sustainability

Too early to assess

It is too early at this stage to assess sustainability of the project, as results have not been produced yet. It is however, apparent that, sustainability of this type of capacity building project depends very much on the sustainability of the supported organization and its degree of absorption capacity of project inputs and services. It may be a very sensitive process but for the success it is imperative that the project adopts a strictly servicing approach with full respect for the primary role of the national organization in the process of development cooperation. Given the importance that ASMED attaches to the Business Registration and training, it is apparent that these areas will have to be given a high priority once complete funding is available.

Recommendations

Project management (NPD,CTA)

1. In the short term, consider project support to the preparation of the SME Development Plan as the top priority and mobilize project staff (national experts) to speed up preparation of project inputs in order to meet the set deadlines.
2. Clarify relations between donor coordination activities initiated by the project and the Chairmanship of the SME Partnership Group

3. ASMED should facilitate, encourage and create opportunities for all of its staff involved in SME field to participate in, conduct, make full use of and own activities/outputs of the project. The project should provide support and create opportunities/incentives for ASMED's staff to be involved in carrying out activities of the project.
4. The training and capacity building of ASMED's staff offered by the project should be carried out in the on-the-job training approach. The international advisors and national experts of the project should act as advisors and facilitators in the learning process and work closely with the ASMED's staff to help them solve their problems rather than teach them and produce reports for their consideration.

UNIDO

5. Review with the NPD the most urgent needs of ASMED and revisit the project's overall implementation approach. Clarify application of UNIDO financial regulations with the aim of extending, within UNIDO's rules, national management of project including its resources. Consider establishing the post of a National Project Manager (NPM) in the project to take care of operational management.

UNIDO, ASMED (plus quadri-partite meeting)

6. Once the additional funds are paid review the work plan and, if required, adjust the project document to ensure that it meets the current requirements of ASMED.

Component 1.2: Market access support for Vietnam through strengthening of capacities related to metrology, testing and conformity

Budget (excl. support costs) and expenditures (USD)

PAD No	Allotment	Donor	Expenditures as of 28 Feb 05	%
USVIE03083	985,000	Switzerland	287,151	29
Total	985,000		287,151	29

Funding

Funded by Switzerland; complementing a regional project funded by NORAD¹⁸

Design

Excellent background information, standard pattern of outputs, complementarities with the regional project envisaged

The project document presents an excellent and comprehensive background of the problem area of trade facilitation in the context of WTO negotiations. Within this context the purpose of the project is to reduce technical barriers to Vietnamese export trade. The outputs reflect a structure of interventions that has already become a standard pattern well proven in a number of other projects (metrology labs - testing labs - quality management systems - corporate governance of the central Standardization, Metrology, Testing and Quality - SMTQ - body). Elaboration of interventions under each output is guided by detailed needs analysis to be carried out either under this project or under the regional project.

Complementarities of the national and the regional project are envisaged; the regional project aims primarily at needs analysis, awareness raising and some training on ISO and HACCP systems.

Relevance

In full conformity with trade facilitation strategies; required support to STAMEQ organizations verified by needs analysis; assistance to NAFIQUVED laboratories curtailed

The project addresses problems which are internationally recognized as technical barriers to trade and fits in the internationally agreed upon Trade Related Technical Assistance (TRTA). Thus, it is in full conformity with international development strategies.

In the particular case of Vietnam, the Directorate for Standards and Quality (STAMEQ) and the International Laboratory Accreditation Cooperation (ILAC) signed Mutual Recognition Agreement (MRA). The national Agency on Sanitary and Phytosanitary Quarantine (set up in 1994) is acknowledged by the EU, US, Japan, Korea to be of equal standard. These facts may question the need for technical assistance to Vietnam in this field. However, both the gap analysis carried out within the regional project and the review of actual local capacities by project experts indicated that some quality of the required SMTQ services is not warranted. In spite of MRA some laboratories do not meet international standards and need upgrading in order to ensure market acceptance of their test certificates.

¹⁸ TFRAS02003 Market Access and Trade Facilitation Support for Mekong delta Countries through Strengthening Institutional and National Capacities related to Standards, Metrology, Testing and Quality (SMTQ), budget USD 908,520

A survey of 20 large Vietnamese companies carried out under the regional project revealed that

- Apart from testing in “own” laboratories, additional testing is carried out mainly in the customers’ and/or independent laboratories
- testing costs amount up to 2% of total costs
- upgrading testing laboratories is viewed by almost 50% of the surveyed companies as an area requiring assistance to facilitate export; marine products exporters require assistance in implementing HACCP¹⁹

The state management regulation on product and goods quality is undergoing a review and any advice on the SMTQ system as envisaged and provided under Outputs 4 and 5 is very timely.

Most of the interventions are targeted at STAMEQ but some assistance was offered also to NAFIQAVED, the laboratories of the Ministry of Fisheries. Offer of assistance to these laboratories met with varying interest on their part and in two out of three laboratories the cooperation did not start at all. This can be interpreted as an indication of low relevance of the assistance for the two labs.

Ownership

Ownership by STAMEQ is strong, with backing by the General Manager; ownership by NAFIQAVED not assessed

Main project counterpart is the Directorate for Standards and Quality (STAMEQ) established in 1962 which has a number of centres under its umbrella for standards formulation, product certification, management systems certification, metrology, training and consultancy services.²⁰

The numerous centres under STAMEQ are autonomous only to a limited extent; in fact the system is rather centralized, including financial management, delegating authority to manage financial resources in the framework of the business plan that has to be approved by the general management of STAMEQ.

The strong centralistic position of STAMEQ general management makes it easier for the national project management to manage and organize project activities in the organization. This is further facilitated by strong interest of the General Manager of STAMEQ in the project and his support for project activities, including those dealing with STAMEQ governance.

As STAMEQ has no authority over NAFIQAVED, it turned out to be more difficult for national project management to discharge the ownership and management function in that segment of the project. The evaluation mission did not have the time and possibility to meet NAFIQAVED management to assess their interest in the on-going assistance.

Implementation

Rather smooth, except for some delay in delivery of equipment; longer term planning of visits needed; satisfaction with international experts

In financial terms, the implementation reached approximately one third of the planned delivery. So far, deliveries consisted mainly of equipment (70%) and international expertise (26%). In

¹⁹ It should, however, be noted that a larger share of companies consider non-technical areas as obstacles to trade, such as high export taxes, customs procedures, bilateral trade agreements, shipping and transport infrastructure.

²⁰ QUACERT is the certification body accredited for ISO 9000 and ISO 14000 by the Joint Accreditation Australia/New Zealand. QUATEST is the body administering the testing laboratories. Vietnam Metrology Institute (VMI) is the organization responsible for establishing, maintaining and improving national measurement standards, verifying and calibrating measuring instruments.

financial terms most of the assistance has been so far directed at metrology, chemical and microbiological laboratories. As a standard practice an expert would visit a set of laboratories, undertake gap analysis, prepare a list of equipment and training requirements, suggest which laboratories could be upgraded for international certification and prepare work plans. As the sum of proposals made by individual experts would exceed the available budget, the UNIDO Project Manager in consultation with national project management would consolidate the requirements.



The evaluation team with STAMEQ project management,

While all the equipment is provided by the national project, some of the expert missions are funded by the regional project. The national project management suggested that coordinated work plans for both projects be prepared to obtain a better overview of the forthcoming expert visits.

The deliveries and installation of some equipment has taken longer than envisaged in the work plans prepared by the experts, so that the process of preparing the laboratories for accreditation may also take longer than originally planned.

One of the experts faced problems in fixing visits to chemical labs of NAFIQAVED. In spite of intervention by STAMEQ, the General Director of NAFIQAVED refused to receive the expert because the laboratories “were too busy”. In the end, one NAFIQAVED laboratory showed keen interest in cooperation and was retained in the pool of assisted laboratories.

Beside assistance to laboratories the project progressed considerably in carrying out activities for Outputs 4 (accreditation system) and 5 (STAMEQ governance). Activities for Output 3 (training on ISO, HACCP etc.) started recently.

STAMEQ expressed satisfaction with the professional level and contributions of all international experts and managed to cooperate well with all of them despite the fact that in one case the circumstances (visits cancelled) caused a temporary tension. The STAMEQ management particularly appreciated the readiness of the international expert for continuous dialogue on the issues of corporate governance and understanding for STAMEQ constraints.

Working contacts with UNIDO headquarters and the UNIDO Country Office in Hanoi are perceived as very good.

Synergy effects resulting from cooperation within and outside the IP

Linkages established both within and outside the IP; active role of the IP Team Leader

STAMEQ cooperated with two IP projects:

- I. STAMEQ experts provided women entrepreneurs in Central Vietnam (supported by Comp 2.4) with training and training material on Standards Conformity Declaration; this cooperation was initiated by the Team Leader/UNIDO Representative in Hanoi
- II. One VNCP staff participated in the ISO 14000 training (carried out under the regional project)

As regards to cooperation with programmes outside the Integrated Programme, UNIDO and WTO organized jointly a National workshop on TBT, with participation of ITC, EC and NORAD.

The Asian Development Bank is negotiating an SME development loan accompanied by technical assistance that includes the plan of STAMEQ's legal separation of its administrative and commercial activities. This may reinforce the recommendations on STAMEQ governance put forward by this project.

Results

None of the project outputs have been completed, but some milestones have been reached particularly in corporate governance and upgrading of laboratories; slow implementation of recommendations on corporate governance

Metrology testing facility (Output 1)

Advice was provided to 6 metrology laboratories (training requirements, list of equipment to be procured). Equipment has been ordered.

Advice was provided also on layout of premises, ambient requirements, and on the air-conditioning system, etc. The laboratories are reported to have made commitments to prepare the premises and to order spare parts for the air-conditioning for 5 years.

Two laboratories of the Vietnamese Metrology Institute (VMI) were selected for accreditation (mass and temperature). As the delivery of equipment is delayed by three months, the application for accreditation originally envisaged for July 2005 will have to be postponed.

Testing facilities (Output 2)

12 textile and chemical testing labs and 20 microbiological labs were visited/reviewed and improvements recommended. Three laboratories were selected for international accreditation: textile laboratory of QUATEST 1 (STAMEQ), chemical laboratory of NAFIQAVED (Ministry of Fishery) and one microbiological laboratory of QUATEST.

In the textile laboratory (serving clients mainly from the army, police and some exporters) advice was provided on the quality system and on infrastructure (area) for textiles properties testing.

In the chemical laboratory of NAFIQAVED (currently testing mainly soft drinks, fish sauce, confectionery products) the scope of accreditation was agreed upon and the equipment, consultancy and training requirement were specified.

Three workshops were conducted for laboratory staff, including staff from two private laboratories.

Management systems (Output 3)

So far 10 people were trained on ISO 14001 (Lead Auditor) under the regional project, 8 of them passed the exam. Training of trainers for ISO 9000 and ISO 14000 and training of Internal Auditors for HACCP and GMP are in an advanced stage of preparation (co-funded by the regional project).

SMTQ governance (Outputs 4 and 5)

i) An expert provided advice²¹ on international practices with recommendations, among others, on:

- organization of accreditation (recommending preference for a single body – Board of Accreditation - BOA)
- establishment of National Accreditation Council (NAC) and its positioning towards the BOA
- separation of commercial activities (QUATEST, QUACERT) from STAMEQ.

While the recommendations were accepted as valid and worthwhile, only a few of them have been acted upon so far (for example, the WTO/TBT office was moved closer to the central management of STAMEQ). In fact, some relevant legal documents²² were prepared and adopted without making use of the expert, thus missing the opportunity to influence the reform in the desired direction.

In some cases measures have been taken to have the recommendations approved by the Government (adopting the principle of a single accreditation body in the country). Implementation of some of the recommendations (particularly on separation of commercial activities from the regulatory body) will probably take a longer time.

ii) Awareness raising on accreditation for over 100 participants from government and industry

Sustainability

STAMEQ has an important role in the institutional framework and its sustainability is beyond doubt. As PMU claims that STAMEQ organizations (particularly the laboratories) enjoy stability of the core staff, it can be expected that sustainability of project results in capacity building will be favorably influenced by this fact.

Should the commercial activities be separated from STAMEQ, it is highly probable that QUACERT (certification services) will easily achieve also financial sustainability. However, testing services may face difficulties in operating on commercial principles, also due to expected competition of other laboratories emerging in the country. By demonstrating good laboratory practices as a condition for accreditation, the project will contribute to upgrading competitiveness not only of the laboratories directly supported by the project, but also of those who may emulate the good practices.

²¹ Technical report, Mission to Vietnam (24 Oct-21 Nov 2004) , based on the work of Mr. John .A. Gilmour; November 2004

²² Prime Minister's Decision No. 140/2004/QĐ-TTg, Government Decree No. 179/2004/ND-CP

Recommendations

UNIDO, PMU

1. Prepare a plan coordinating inputs and activities of the national and regional projects to allow for longer-term planning of expert visits
2. Advocate a speedy MOST/Government decision on having only one accreditation body in Vietnam

PMU, STAMEQ

3. Once the above decision is made, speed up adoption and implementation of the project proposal on the accreditation system (including establishment of the National Accreditation Council)

UNIDO

4. In order to facilitate maintenance of the equipment procured by UNIDO ensure that, wherever applicable, availability of a suitable local maintenance and repair organization ranks high among the criteria for selection of equipment
5. Continue advocating the need for separation of commercial activities from STAMEQ
6. In support of recommendations 2), 3) and 5) mobilize other interventions (ADB, EC, DANIDA) and suggest incorporation of the recommended principles and measures in the SME Development Plan currently under preparation by ASMED

Component 2.4: Entrepreneurship development programme for women in food processing in Central Vietnam I and II

Budget (excl. support costs) and expenditures (USD)

PAD No	Allotment	Donor	Expenditures	%
USVIE99138	287,345	Belgium	263,824	92
DPVIE01008	376,448	UNDP	375,909	100
Sub-total	663,793		639,733	96
TFVIE02002 Phase II	251	Finland	251	100
TFVIE04002 Phase II	484,419	Finland	296,873	61
TFVIE04A0 Phase II	93,888	Finland	18,233	19
Sub-total	578,558		315,357	55
Total	1,242,350		955,090	77

Funding

The original project for three provinces (Da Nang, Thua Thien Hue, Quang Nam) was funded by Belgium and Japan; the Japanese contribution was channelled through UNDP. Extension of the project (Phase II) to other three provinces (Ha Tinh, Quang Binh, Quang Tri) is funded by Finland.

Design

Appropriate concept stressing needs analysis and reflecting experience from a previous project

The project in Central Vietnam built upon experience of a similar UNIDO project implemented some time ago by UNIDO in the Northern Vietnam. Salient design features of the project are: targeting household female entrepreneurs; ownership by provincial organizations of the Women Union (WU); combination of strengthening capacity of local infrastructure with direct support to women entrepreneurs (WE); packaging of training, advisory services and facilitation of access to credit; delivering training in modules (marketing, financing, food technology); detailed baseline study and training needs analysis as standard steps in the process.

Structure of project outputs in both phases is similar; all outputs are supported (complemented) by indicators. Output 1 ("Strengthened Capacity at the Da Nang WU for project implementation") is not properly formulated and as such, could not be considered as project output (once the implementation is completed, there would be no project output). However, according to the indicators, the Output 1 – in addition to indicators such as "All project staff of PCU are in place and working well..." - includes some capacity building to be used also after the project is completed (such as Vocational Training Centre strengthened). This segment of Output 1 is a true project output.

Relevance

High relevance due to gender dimension and focus on tailor-made capacity building for poverty alleviation; in the longer term, some target beneficiaries may not cope with competition of modern industry however others will upgrade the business and move to the formal sector

The project has high relevance due to its objectives aiming at poverty alleviation in rural areas and due to its gender dimension. Its relevance for UNIDO, is derived from the capacity building outputs of the project, their sustainability, suitability for replication rather than from a number of directly supported and upgraded women entrepreneurs. Furthermore, services supporting

entrepreneurship development among women in Central Vietnam using the same comprehensive and multi-disciplinary approach hardly exist so that the need for developing such services is particularly high. There are no other cooperation programmes working in this specific field in the target provinces. However, some of the participating enterprises benefit from other donor-funded initiatives (for example from a project funded by the Netherlands to assist rural enterprise households in using biogas).

Relevance of the project is high in spite of the fact that not all supported women entrepreneurs in the longer term will be able to cope with competition of modern industry or changes in consumer habits. On the other hand, as the experience from the services provided so far signals, at least some women entrepreneurs will manage to expand the business significantly enough to upgrade it to the SME category. Furthermore, Phase II awards attention to upgrading product quality which may further improve the possibilities of the female entrepreneurs to sustain and grow.

Ownership

Strong ownership by local counterparts with effective access to target beneficiaries; support by provincial governments

Counterparts of the project are provincial organizations of the Women Union, a countrywide organization with significant outreach. In each province there are more than 100 village organizations of WU that organize, among others, public awareness raising campaigns (such as on family planning, health, etc.) and various training courses. In each province the WU organization has office facilities with 20-30 staff. Out of them approximately 2-4 are in charge of organizing training activities. Some provincial WU organizations have Vocational Training Centres (VTC), a very basic facility for organizing practical training for women (such as on food preparation, tailoring, hairdressing, computer training) and providing advice on job seeking.

All three WU organizations visited by the evaluation team manifested a very strong ownership of the project. Leadership of the WU organizations expressed keen interest in the project due to its merits and also as a factor facilitating organization of other activities in the villages (health care, family planning, etc.) particularly by using the project's self-help groups. Support to the project is indeed genuine.

Steering Committees (one for each phase, meeting every 6 months) comprise representatives of relevant provincial organizations and Governments including the Department of Planning and Investment (DPI) which makes it possible to mobilize other support for the target beneficiaries (credit, land, etc.) DPI in Da Nang expressed, with reference to the results achieved, full satisfaction with and support to the project and advocated its replication.

Implementation

Implementation has been smooth and dynamic, with features of continuous improvement; satisfaction with UNIDO services

Phase I is almost completed; Phase II entered in financial terms into the second half of implementation. Major UNIDO inputs and services during Phase I consisted of international expertise (40%) involved in training and capacity building and training (27%) followed by national expertise (14%) and equipment (12%). Phase II has a similar structure of expenditures.

Evaluation focused on provinces supported under Phase I. Project offices (consisting of one Project Officer on project payroll) were hosted by each of the three WU provincial organizations. Besides, a National Project Manager (NPM) was stationed with a driver at the project office in Da Nang. On the counterpart side, in each province there was a coordinator for the project nominated by the WU, one of them (in Da Nang) acting as National Project Director.

Implementation proceeded smoothly; the counterparts have been fully satisfied with UNIDO services and methodological tools (delay in delivery of some equipment was addressed and solved). The part-time CTA (working on split missions) played a significant role in conceptualizing the project and advising on how to mobilize interest of the stakeholders. In combination with the active role of the NPM and NPD the project management proved to be very dynamic, with features of continuous improvement and spontaneous initiatives (transfer of smokeless technology for rice paper production in the target villages; contacting the Vietnam Institute for Agricultural Engineering and Post Harvest Technology on developing a drying system for rice paper; advice from a local law office on registration of labels, etc.) This feature of continuous improvement spilled over and continues in Phase II, with building on and further upgrading experience of Phase I. This applies also to a rather elaborate Management Information System (MIS) which provides useful information on project outreach, on clients' profile, impact of project services, etc.

TPR meetings have been conducted annually. At the last TPR meeting (2004), upon request of the FERD/MPI representative, a few target beneficiaries (trainees) participated at last TPR meeting (2004) and reported on their benefits from the project.

Support provided by the IP Team Leader and the UNIDO Project Manager was generally highly appreciated as prompt and professional.

Synergy effects resulting from cooperation within and outside the IP

So far there has been limited cooperation with other IP projects; cooperation with external organizations has been more frequent.

Upon initiative of the IP team leader the Phase II project established contact with STAMEQ whose staff provided both training and training material on Standards Conformity Declaration. DPI Da Nang (as member of the Steering Committee) is establishing contacts with the Da Nang Technical Advisory Centre established by ASMED (and currently recruiting staff). The baseline study report was also shared with the CTA of the ASMED project since this report covered the MSME sector in the provinces where the SME project is likely to be active.

There has been cooperation with on-going bilateral Belgium and Danida projects, along with local/provincial organizations (the Da Nang Food Technology College, Food Industry Research Institute). The Da Nang Food College made use of the training tools developed by the project.

A special arrangement, also initiated by the IP team leader, was made with the Kraft International who paid for a UNV to conduct training on production of cookies and pizza.

Some development cooperation projects active in the area on other issues appreciated working with the WU organizations which has been strengthened by the project and with the project as these structures have facilitated access to target beneficiaries also in other development fields.

Results

Good results both in capacity building and in direct support to women entrepreneurs; factors of success: precise needs analysis, good and user-friendly methodological tools; training schedules suitable to women entrepreneurs; strong ownership by the Women Union

This chapter describes and evaluates results (outputs, outcome, impact) achieved during Phase I, with information on some milestones achieved under Phase II. The report on Phase I distinguishes between results in institutional capacity building and results of direct support to target beneficiaries (women entrepreneurs).

a) Phase I: Results in institutional capacity building

i) Capacity to train

Capacity to train women entrepreneurs in food processing was well developed and consolidated. For the field-based training courses (carried out in the villages) there exists:

- A comprehensive and user-friendly set of methodological tools which allow for tailor-made design and implementation of the training courses (questionnaires for a detailed and extensive training needs analysis; manuals and handouts for training modules on marketing, financing and food technology for 7 common food products)
- A pool of 30 WU staff trained and experienced in carrying out training needs analysis
- A pool of 58 trainers (from WU, the Rural Resources Centre and local organizations, including the Food Technology College) accredited to conduct the training; they were accredited on the basis of their compliance with a set of criteria (university graduation, previous training experience, good results as trainees in the training of trainers course, good results in probationary training, etc.)

Good quality of the developed capacity manifests itself in the willingness of the women entrepreneurs to pay a token fee²³ (without being paid any daily subsistence allowances) and in their high attendance (95%) at training throughout the whole training course. Furthermore, the WU already carried out some training without project support (13 courses of the marketing module, 3 days each, for 390 participants in total).

In addition to the field-based training carried out in villages, the project strengthened the capacity of the Vocational Training Centres by establishing within their premises Rural Resources Centres, simple training facilities equipped by the project particularly in cooking, bakery and meat processing operations. Knowledge and skills of 17 bakery trainers were upgraded through two training courses. The evaluation team could see the equipment made available but it could not assess the quality and scope of use of this capacity. There are some signals that it is difficult to mobilize interest of women entrepreneurs for the Centre-based training (most of the trainees participating in a course in Hue during the visit of the evaluation team were young school leavers/graduates).

ii) Capacity to organize and support Self-help Groups (SHG)

Guidelines on establishing and supporting SHGs were prepared and their application demonstrated. In all three provincial WU organizations some staff (altogether 28) were trained on relevant principles and techniques. The WU acquired experience how to support SHGs by linking them to credit organizations, by intervening with the People's Committee in favor of land acquisition, for funding a common label, etc.

One of the tools supporting operations of the SHG is the lease-purchase scheme allowing two or more members of a SHG to lease and share some equipment. The fund allocated for the scheme is rather modest²⁴ but the scheme is very much appreciated by the women entrepreneurs and repayment is reported by the NPM as flawless. So far project staff administered the scheme. It is necessary that the WU organization masters management of the scheme before the project is completed in June 2005. At the time of the evaluation mission (March 2005), the project planned to hand over administration of the lease-purchase scheme to the WU organization and to train their staff in operating it with a new simplified manual.

²³ 5000 VND, approx. 3 USD

²⁴ 116 million VND, approx. USD 7400

b) Phase I: Results of direct support to target beneficiaries (women entrepreneurs)

i) Based on a detailed survey of 2048 women entrepreneurs²⁵ in 18 out of 29 districts of the three provinces, 56 training courses were carried out of 577 women entrepreneurs (392 attended all three training components). This is well above the target set by the project document.

Additional or complementary training courses were conducted for interested groups of participants, such as on stabilizing the color and reducing smell of fish sauce (15), on labels and trade marks (247), etc.

ii) 23 SHGs were established with 617 participants; in addition to sharing experience, some of them operate their own credit scheme, organize joint marketing, joint labeling, joint procurement of raw material, etc. Regular meetings also have a social function; some of the SHGs also act as pivots for other activities of the Women Union (Box 1).



Start-up entrepreneur in meat processing, Quang Nam

Box 1: Meat Processing Self Help Group in Tam Ky town, Quang Nam: Mutual support with each other.

The Meat Processing Self Help Group in Tam Ky includes 14 members, 2 men and 12 women. All of them produce various kind of "gio", a Vietnamese specialty comparable to cold-cuts or sausages.

All members of the group participated in two training courses on marketing and meat processing techniques offered by the DP/VIE/01/008 Project in October 2004. Each training day lasted about 2.5 hours in the afternoon. The group also visited Da Nang Vocational Training and Job Introduction Centre of the WU of Da Nang to learn about modern meat processing techniques, including the use of machines. Some of them also participated in the purchase - lease scheme of meat processing machineries.

After attending the training courses and participating in the self help group, all members of the group have improved their meat processing skills and techniques, replaced borax by polyphosphate for their meat processing to protect consumers' health, improved their awareness of HACCAP and food security, committed themselves to use polyphosphate for their meat processing and to fine any member violating this commitment, marketed successfully their products, mutually supported with each other in terms of technique and finance, exchanged experience among members of the group, accessed loans guaranteed by WU. Thanks to the mutual support of the group members, one member of the group successfully started up her enterprise in meat processing. Initially she was very reluctant to start up the enterprise. However with the technical and financial support from other two members of the group and orders shared from other group members, she gradually learnt the meat processing techniques, and was able to sell an increasing quantity of products in the market. Customers appreciate the quality of her products. Now, she claims that her daily income has increased from VND 10,000 to VND 30,000.

Currently, 11 members of the group participate in the purchase - lease scheme of meat processing machineries. The project initiated the scheme and financed it some USD 4,300 to buy 26 machineries for grinding and cutting meat. The scheme works in such a manner in that at least 2 women entrepreneurs apply together to lease one machinery. All women entrepreneurs participating in the purchase - lease scheme have to pay monthly rental fee to the WU of Quang Nam for 3 years and they have the right to own the machinery whenever they completely pay back the total rental fee. The purchase - lease scheme helps them to reduce their manual labor substantially and improve their product quality because of using machineries instead of traditional manual tools. As a result, more women entrepreneurs who are not yet members of the self-help group would like to join the group and participate in the purchase - lease scheme.

All members of the group wish to continue attending other training courses organized by the project, make visits to other meat processing producers to learn more advanced skills and techniques, diversify their products, and participate in the purchase lease scheme. They even want to produce collectively instead of producing individually, create a common trade mark for their products, market and sell their products to supermarkets, restaurants, thus becoming a real network of meat processing producers.

²⁵ According to the survey these women entrepreneurs employed 6830 workers, mostly family members (=3.3 worker per entrepreneur)



Soya milk production equipment acquired through the lease purchase scheme, Da Nang



Improved fish cake, Da Nang

iii) Altogether 44 members of SHGs benefited from the lease purchase scheme; in March 2005 altogether 39 pieces of equipment (grinders, filters, etc.) were on lease. The scheme is appreciated and could be further expanded had it not been for the conditionality of a joint guarantee by at least two SHG members.

iv) To promote transfer of technology from another province (identified during one of the study tours) two pieces of husk-burning double-stoves for rice paper production were built by the project; after a short time of demonstration the technology was replicated by at least 7 other rice paper producers (Box 2).

Box 2: Huong Ho Rice Paper Group, Huong Tra district, Hue: Small change in stove technology but high increasing in the productivity and improvement in the livelihood.

Ms. Nguyen Thi Hien (35 years old) participated in three training courses on marketing, financial management and rice paper processing techniques offered by DP/VIE/01/008 Project from April 2003 to May 2004. The duration of each training course was 10 to 15 days and each training day was about 2.5 hours in the afternoon or evening when women entrepreneurs were away from their work. Besides participating in the training courses she also had a chance to visit other rice paper producers in Quang Nam and received technical and financial support from the project to install a demonstrated husk-burning stove for producing rice papers. Although the cost for installing the husk-burning stove for producing rice papers introduced by the project is small and around USD 40, the results achieved are visible and substantial.

By using the new husk-burning stove and applying the new rice paper processing skills, her productivity has doubled, the cost for wood has been reduced by half, quality of her products has increased and more products have been sold. The working environment has improved because now there is no hot air and less smoke as compared to previous working conditions. After applying the new technology, she can now use husk instead of wood for her stove. Now her household enterprise creates sustainable jobs for other three family workers. As a result, she claims that her average family income per month earned from producing rice paper has increased from VND 1,500,000 to VND 2,500,000. With better production costing and higher income, her family can save and invest more for their children in terms of education and health care.

Ms Hien is also a member of a self help group - a concept initiated by the project. Her group has a total of 28 members, all of whom are women entrepreneurs producing rice papers. The group usually meets once a month. The tangible benefits that Ms Hien and other members gain from participating in the group are to exchange skills and experience of producing rice papers among members of the group; to share orders with or receive orders from other women entrepreneurs of the group in case of excess or shortness of orders, to collectively bargain the selling price of their products in case of increased price of inputs; to provide or receive support from other women entrepreneurs of the group for working capital; to receive news and information disseminated by the Women's Union; and to access loans of the Social Policy Bank with the guaranty of Women's Union. As a result, other 7 women entrepreneurs in the group have already installed the new husk-burning stoves for producing rice papers to replace the old ones. The group can be proud of achievements so far because they receive more and more orders from *me xung* sweet producers in Hue and sell more of their products in the market and, more importantly, they are able to compete with Nguia Bay Rice Paper Factory located nearby their village. In the year 2003 when the factory started, almost all women enterprises producing rice papers in the village faced serious problems in selling their products and competing with the factory.



Husk burning stove for rice paper production, Huong Tra District

v) There were other diverse benefits for different sub-groups of women entrepreneurs: over 100 women entrepreneurs visited more advanced enterprises which turned out to be a strong impulse and motivation to upgrade their own businesses; two dozen women entrepreneurs could display their products at local trade fairs and get new customers; a number of women entrepreneurs were assisted in accessing credits and investment loans; a few women entrepreneurs were supported in land acquisition, etc.²⁶

vi) The above outputs and outcomes led to considerable changes in the performance of the supported entrepreneurs, improved hygiene, and upgraded quality of products with better taste and longer shelf-life. The introduction of new products and improved marketing resulted in increased sales, changes in technological processes, the use of machines increased productivity, reduced costs, spoilage and other waste. Business review carried out by project staff among 233 entrepreneurs trained by the project reports²⁷ considerable economic and social impact among the supported women entrepreneurs. 72% of women entrepreneurs in the sample reported an increase in monthly sales, half of them increased sales by more than 50%. The highest average increase of sales was reported by soya milk (87%), fish sauce (58%) and rice noodle producers (55%). Increase in sales was accompanied by increase in profits in a similar range. As a result of the improved economic standing 41% of women entrepreneurs in the sample increased their assets by purchasing some machines.

The evaluation team cannot verify the above quantitative indicators of the economic impact but visits of a number of target beneficiaries and members of SHGs provided a good feedback on the project results. Though in absolute terms the improvements are modest (according to the survey increases in average monthly sales oscillate between USD 50 and USD 150), in terms of Vietnamese household businesses this is a remarkable improvement that reflects itself also in the status of women and their families. This is the reason why other women entrepreneurs (a few were interviewed by the evaluation team), showed interest in participating in such a programme.

Furthermore, the SHGs cultivate the spirit of cooperation. From discussions with the members of the SHGs, the evaluation team felt that the SHG members perceived this as a value in its own right.

c) Phase II: Some milestones reached

A detailed training needs analysis in 15 out of 27 districts of the three (new) provinces was carried out among 3896 entrepreneurs, employing 5240 workers (1.34 worker per entrepreneur

²⁶ Besides, over 130 participants attended training courses at the Da Nang Rural Resources Centre but most of them were school leavers and did not belong to the group of supported women entrepreneurs

²⁷ Self-evaluation report, November 6, 2004

which signals much smaller household enterprises than those in provinces of Phase I). Training programmes and their strategies were formulated, with new elements on product quality.

Training of trainers was carried out for 60 participants.

Training on SHG was carried out and 45 SHGs were formed, additional ones were in the process of being established.

Thus, a considerable part of capacity building was completed while most of the direct support to women entrepreneurs is still ahead.

Sustainability

There is good professional and managerial competence to sustain the services developed but some financial support is needed for countrywide replication; target beneficiaries motivated to sustain the results they achieved

a) Sustainability of developed capacities

In professional terms the capacities developed by the project are consolidated enough to extend the training and SHG activities to other villages of the three provinces without external professional support. Limited external support (at best by the current CTA) would be needed to replicate the programme country-wide in other provinces. In financial terms, however, the sustainability of the programme is not guaranteed. In pre-project times, when organizing training courses for women, WU used to reimburse participants to reimburse their cost of travel etc. As mentioned earlier, in the case of this training the daily allowances are not paid and the participants are ready to pay a training fee. The fee is, however, too small to recover the costs of training in those cases where it is necessary to subcontract trainers outside of the WU. This applies to food technologists and partly to trainers on financing. Thus, the WU can and does continue training in other villages in marketing only. The required financial support to carry out training of all three modules would be very small and efforts should be made to mobilize the funds preferably through special contributions of local authorities. (The regular budget allocated to WU is too small and its training component is envisaged only for training of WU staff.)

Replication of the project in other provinces will require some external financial support in spite of the fact that with additional experience of Phase II the local expertise will be fairly well developed to carry out most of the replication tasks (such as training of trainers, transfer of experience, etc.). If owned and pursued by the central authorities (WU, MPI, etc.) a relatively small external financial support for countrywide replication would make a big difference: it would dramatically increase the use of developed capacities and thus make the current project truly efficient and effective.

b) Sustainability of upgraded economic and social status of direct beneficiaries

It is in the interest of the target beneficiaries themselves to maintain and upgrade the results they achieved with the project support. From meetings with them the evaluation team can infer that many of those who appreciate the improved situation will indeed make efforts to sustain results. Some of them already started implementing plans for extension of their business and are on the way to upgrade them to the level of registered small or medium enterprises. At the same time it must be acknowledged that the household women entrepreneurs will face increasing pressure of modern industry. Changing consumer habits in the long term can be expected to change as the experience in Vietnam's urbanized areas shows. Some of them will be able to adjust and find a market niche, as the experience of the rice paper producers in the Huong Ho villages suggests. However, some of the women entrepreneurs in the long term may not be able to handle these challenges.

Focus on product quality, client satisfaction and competitive price will be the key factors of staying in business. Products with distinctive regional features which can not be produced on industrial scale with the same quality and/or have export potential will be more likely to be successful on a longer term. Strengthening the capacity of producer associations, especially in the area of marketing in order to help them to sell to larger distributors and establishing geographical indications for local specialties will also be an important success factor.

Phu Thuan Fish Sauce, Phu Vang District, Hue: Big investment in fish sauce processing technology

Ms. Nguyen Thi Van has been producing fish sauce on a small-scale basis directly at her home for many years. Fish sauce is used as a condiment in the Vietnamese cuisine. Phu Thuan fish sauce is a local specialty from the region of Hue.

The most famous fish sauce in Vietnam is produced on PHU QUOC Island in the southern part of the country, which is internationally protected by a geographical indication.

Fish sauce is essentially produced through fermentation of fish in closed recipients, which lasts several months.

Following three training courses on marketing, financial management and fish sauce processing techniques offered by the project, Ms. Nguyen Thi Van drafted a proposal to expand and build up a new fish sauce processing workshop together with two other women from the same community. She and her two partners also received technical support from the project to build up and operate a new fish sauce processing workshop.

She leased 500 m² of land from Phu Thuan Commune People's Committee, borrowed US\$ 12,500 from the Agriculture and Rural Development Bank and the Social Policy Bank and also mobilized another US\$ 12,500 from friends and her family.

Her current production facility, which she runs together with only one of the initially two partners, includes two concrete tanks to produce fish sauce. Her husband is a fisherman and provides the raw material for producing fish sauce. She claims that productivity and quality of products of her enterprise have increased, more products have been sold, some seasonal workers have been employed, and manual work has been substantially reduced. Products of her enterprise have been examined and she has obtained a quality certificate from the local authorities. With help of the project, she also has started packaging and labeling her products. She hopes that she can pay back the loans soon and receive more supports from the project and local authorities to find out more customers.

Registering Phu Thuan fish sauce as a geographical indication would help local producers to protect the name of "PHU THUAN FISH SAUCE", and facilitate the sale on a larger scale basis nationwide and to the Vietnamese community living abroad.

Recommendations

PMU, UNIDO

1. Phase I: ensure sufficient training of relevant WU staff on MIS and in particular on administration of the lease-purchase scheme.
2. Phase II: transfer/make use of positive experiences from Phase I (such as study tours to more advanced enterprises, etc.); focus on further upgrading product quality; consider the possibility of introducing and applying labels of geographical indication
3. Phase I, II: continue and further develop a mechanism for sharing experience from advances of Phase II with provinces (WU organizations, RRCs, trainers, SHGs, etc) assisted under Phase I
4. In general, if there are such optional choices, focus on products with distinctive regional features that cannot be produced on an industrial basis with the same quality and/or have export potential.
5. Promote among SHGs establishment of producers' associations. Where this is possible, consider assisting regional producer's associations in establishing geographical indications, if appropriate, with the help of other donor funded initiatives.²⁸

²⁸ For example, the SPC in the Field of Intellectual Property funded by Switzerland

6. In case of operating in the same province(s), establish cooperation with the SME Policy Component once the SME project proceeds to build up capacities at provincial level. There are also some possibilities for cooperation with the Cleaner Production projects.

Government, WU, UNIDO

7. In Phase I provinces make financial arrangements for extending the training and SHG activities to other villages of the provinces; in support of this objective include these activities as part of the local Poverty Alleviation programmes and liase with the Da Nang Technical Advisory Centre. In particular advocate the Da Nang People's Committee and its organizations (DPI, DOF) to develop and fund its own programme on support for rural WEs in the food processing sector and/or handicraft industries and make the best use of the developed capacities of Da Nang WU to implement the programme.
8. Make arrangements at the central level (WU, MPI) to replicate the programme in other provinces, making use of the local capacities developed under Phase I and Phase II, with limited support of international expertise; for the forthcoming promotional workshop to be held in June 2005 prepare a substantiated estimate of the funding required for such a programme.
9. In the next phase of the Integrated Programme consider a component supporting the replication and extending the coverage to include handicraft villages, in particular for handicraft targeting export markets (including tourists).

Component 3.2 Reduction of industrial pollution in HCMC, Phase III

Budget (excl. support costs) and expenditures (USD)

PAD No	Allotment	Donor	Expenditures 28 Feb 2005	%
TFVIE00005	409,432	Sweden	400,151	98
Total	409,432			

Funding

No remarks.

Design

Over-ambitious and complex project document had to be adjusted following a mid-term review mission.

Main purpose of the third phase of the project is to show preventive approaches to environmental problems through reducing the consumption of natural resources, minimizing waste at sources, improving management practices, introduce efficient clean technologies that can significantly improve environmental and economic performance.

The initial project document proved to be over-ambitious and too complex. Due to this, too many international consultants were used at the beginning. Responsibilities between the different stakeholders were not clearly defined, which led to confusions. Reorientation was decided at field level together with the expert sent by UNIDO for this purpose²⁹. Following this mid-term management review, the project has been reduced to a more manageable size and the focus has been narrowed down to traditional CP demonstrations. In the following, only two international consultants were used, and the rest of the work was done by national consultants.

Relevance

The project is in line with both national³⁰ as well as local environmental policies and meets expressed demands of the local government in Ho Chi Minh City.

The evaluation team learned that until approximately 1994, little attention was paid to mitigating and treating pollution. The location of enterprises in residential areas in HCMC is a legacy of the past. In the first phase, after the government had issued an environment protection law, the pollution mitigation focused mainly on the principle of “end of the pipe” treatment of pollution, which called for big investments with no direct financial benefits to the enterprises, and did not allow for a contribution to the pay-back of investments. Furthermore, this form of pollution reduction resulted in merely transforming one form of pollution into another (for example liquid waste into solid waste). Recognizing those shortcomings, and aiming at a more sustainable approach of pollution reduction, the local government started cooperation in the area of CP/CT from 1997 onwards with various donors (besides UNIDO: Australia, Japan, UNDP, and ADB).

In order to address the problem of pollution, the city has requested a total of 1,275 enterprises to relocate to “industrial clusters” with waste water treatment, of which 485 enterprises have relocated so far.³¹ The remaining enterprises are encouraged to apply CP/CT, respectively sanctioned for environmental violations, or closed. Land of relocated and/or closed enterprises will be used for less polluting commercial purposes while maintaining employment possibilities in those areas.

²⁹ Mid-term Project Management Review dated 30.10.2003 conducted by Niels Hoegstedt

³⁰ See detailed overview under component 3.1 VNCPC

³¹ Interview conducted with the Vice-Director of DONRE

Main challenges for the successful implementation of CP/CT are a lack of enforcement of environmental regulations (partially due to very limited resources of DONRE³² and limited sanctions), a lack of training (the training at university is not yet much practically oriented), and a general lack of awareness about the benefits of CP, a lack of funding, and a limited number of CP experts. It is unclear whether the lack of CP experts is due to a very limited market for CP services or to a lack of qualified consultants. It was also said that – for unclear reasons – some existing CP providers were not willing to work with the project.

The project has been covering the policy side, provided general awareness rising, and local capacity building. It can thus be concluded that the project has been highly relevant.

Ownership

*The project is well embedded into DONRE, clearly nationally driven, and the local partner (DONRE) expresses a strong local ownership.*³³

The evaluation team was received by Mr. Nguyen Van Chien, Vice-Director of DONRE and by a delegation of the People's Committee of Ho Chi Minh City, lead by its Vice-Chairman Mr. Nguyen Van Dua. Both of them expressed a continuous, strong interest in continuing cooperation in the field of CP/CT. Generally, the People's Committee of Ho Chi Minh City seems to be highly committed and proactive to resolving environmental challenges through assisting enterprises in applying cleaner technology.



Cleaner Production in Pulp and Paper company, HCMC

Implementation

Good cooperation with UNIDO as well as the technical input provided was highly appreciated. After some initial difficulties, the cooperation between UNIDO and DONRE went smoothly and effectively. The day-to-day operations were managed locally by a Vietnamese coordinator without support from a permanent CTA, but the project received occasional interventions by foreign technical specialists

The project, funded by SIDA, was initiated in 1997 and is now at the end of its third phase. Phase I focused on assessing the sustainability of CP measures through tracking the progress in six demonstration sites in pulp/paper production, textile and dyeing, and food processing.

Phase II, concluded in late 2002, continued with CP demonstration, provided training courses and also worked on the level of public awareness raising.

Phase III started in December 2002 and emphasized CP capacity building, developing and promoting CP services in HCMC, working at the policy level³⁴, and provided continuous efforts in building public awareness.³⁵ Overall, the third phase focused more on institutionalizing CP.

³² DONRE is responsible for the inspection of around 30,000 enterprises, but the Environmental Management Division has currently only a staff of 26 officials.

³³ Confirmed by Mid-Term Project Management Review, page 4

³⁴ Draft Regulation on Promoting Application of Cleaner Production in HCMC, submitted to the People's Committee of HCMC in March 2005

³⁵ Self-evaluation report, February 4, 2005, page 2; presentation NPC to the evaluation team on March 16, 2005

According to the Mid-Term Project Management Review, the management of the project was initially not optimal. Reasons included that the first project coordinator had to be replaced, the (part-time) Chief Technical Advisor could ultimately not make himself available for the project management responsibilities envisioned from him, the back-stopping officer at UNIDO changed, and the roles and responsibilities between the different stakeholders in the project were not clear enough. The evaluation did not have the possibility to independently verify those conclusions.

UNIDO input consisting of international expertise (47%), national expertise (33%) and training (10%) was highly appreciated.

The local project coordinator, the national experts³⁶, and the evaluation team has met made a very qualified and committed impression. The way the project works in order to achieve the objectives seems to be appropriate and effective.

The local overhead of the re-designed project, in particular for project management, is very low compared with other projects of this dimension, mainly because the project does not have a CTA. This leads to a high level of efficiency.

Synergy effects resulting from cooperation within and outside the IP

Cooperation with other donor-funded initiatives not assessed. Within the IP, limited synergies achieved; the level of cooperation with VNCPC in Hanoi did not materialize as envisaged.

There have been a very limited number of linkages to other projects within the IP. Generally, the cooperation between VNCPC in Hanoi and the project leaves much room for improvement. Although VNCPC has been involved in three training courses as co-trainers, synergies between the two projects were not used to the desired extent. The evaluation team was unable to clearly identify the reasons behind this.

Regarding opening a branch office of VNCPC in the south, the evaluation team learned that DONRE would not be supportive to any independent operations of VNCPC in HCMC. For a future phase, it is extremely important to clarify the link between VNCPC in Hanoi and the project in order to create synergies and avoid duplications. It would not be desirable to have two separate, competing CP centres implemented by UNIDO operating within the same IP.

Also, the possibility to provide CP services to industrial zones in surrounding provinces (Binh Duong, Dong Nai, Long An) could be explored.

Possible future synergies outside the IP or for a future IP could be identified in the areas of productivity/quality management for the participating factories, as well as in the area of labor-related services (for example occupational safety and health). Such services could be provided in close cooperation with other donor-funded initiatives.

Results

Overall, the project has met the expectations. Tangible results reported in the participating 6 enterprises as well as for the production facilities in the three operating CP Circles. However, CP services are provided at highly subsidized rates, and the number of enterprises in which CP projects are actually implemented has remained modest due to low demand. Monitoring and reporting do not follow a common format for all enterprises.

³⁶ Also confirmed by Mid-Term Project Management Review, page 4

a) Input to draft policy on CP promotion

Project results include the policy side input to a draft regulation on CP promotion. This was elaborated together with policy working groups after comments from various stakeholders were gathered. The evaluation team has seen both the letter of DONRE to collect opinions, as well as the draft policy document submitted to the PC of Ho Chi Minh City. The impact of this draft regulation might well exceed the boundaries of Ho Chi Minh City, since the city has often showed a leading role in impacting both policies of other provinces and national policies.³⁷

b) Training

On the training and education side, the project recorded a total of 23 training courses on CP and energy efficiency, targeting various target audiences (workers, managers, officials, specialists)³⁸. Knowledge on CP practices was also widely disseminated through the mass media and brochures³⁹. Due to the limited scope and time available for this evaluation, the team was not able to verify the records on training and awareness raising activities submitted by the Project Coordinator.

c) CP Demonstrations

CP demonstrations in enterprises have continued in 6 pilot enterprises⁴⁰ three of which had already participated in the second phase. Based on the project's records, a total of 154 CP options were identified within the participating enterprises, of which 78 were implemented. The NPC explained that the data in the final report was collected by the enterprises, and was then inspected by experts. The evaluation team was unable to cross-check data. However, while verifying some of the data reported in the final report, the evaluation team found that the reporting does not follow a consistent format, although this had been recommended by the Mid-Term Project Management Review. Some data is missing, unclear, and for some of the factories, only the impact for selected measures taken rather than the overall picture is shown. Some of the data is expressed in terms of percent of reduction (without providing the absolute figures). The same is true for reporting on the financial impact. While the evaluation team was informed about changes, there was no photographic documentation on the status before and after the implementation of CP measures. Overall, the project monitoring leaves much room for improvement.

The evaluation team also visited Xuan Duc Joint-Stock Company. As a former state owned company, Xuan Duc was equitized in the year 2000 with the government still holding a 30% stake. The company has 230 employees, produces 12,000 tones of paper per year with 5 machines (one additional machine has been purchased). Xuan Duc used to figure on the "black list" of the city government before the year 2000. 1997, the company underwent a first CP assessment and started participating in the UNIDO programme in 1999. The company felt that the results of the CP demonstration were "encouraging", both from a financial and environmental aspect. While working with the project, they have established a CP team with 10 members both including workers and managers who – together with the UNIDO CP experts- have identified a total of 20 CP Options of which – according to the project's records - 15 have been implemented so far⁴¹. They highly appreciated the professional support received from the project's experts. According to the interview held with the company's management, the total cost savings accounted for an equivalent of more than USD 65,000. They have also applied for a loan of approximately USD 32,000 from the pollution reduction fund and USD 125,000 from the revolving fund.

³⁷ For example in the area of administrative reform

³⁸ Presentation of NPC on March 16, 2005 to the evaluation team

³⁹ Some examples of brochures in English and Vietnamese were provided to the evaluation team

⁴⁰ Linh Xuan Paper, Xuan Duc Paper, Tan Binh Cooking Oil, Thien Huong Noodle, Saigon Textile, Thanh Cong Textile

⁴¹ See Final Report, page 51 - 56

During a factory visit, the evaluation team attended a demonstration of the improvements made, without however being able to verify the status before (baseline data) and after or any of its environmental or economic impacts. During the visit, the evaluation team witnessed a low level of implementation of labor safety and health standards. One worker, for example, was removing paper waste from a basin manually. Virtually no worker is wearing any protective equipment (for example dust masks, shoes, gloves) despite a potentially harmful working environment. Also, the implementation of fire standards leaves much to desire, in particular the escape routes for workers on the second floor, directly under a pile of highly inflammable production material. Another area of improvement is the general housekeeping. Assistance could for example, be provided in implementing fully or partially the 5S concept, which would certainly have a considerable impact on the company's productivity.

The evaluation team strongly feels that this is a good example where combining CP services with assistance in other areas would make much sense. Although the evaluation team agrees that this was not foreseen in the scope of the present project, this factory has a crying need for assistance in the area of production management, quality management, as well as occupational health and safety. For a possible future phase, the project might consider packaging CP with other services, in close cooperation with other active projects, including those implemented by other UN Agencies such as ILO.

d) CP Circles

Furthermore, the project recorded that 4 CP Circles (CPC) have been established (electro plating, starch production, rubber processing and pulp/paper processing). One circle (electro plating) ceased operations after some of the participating enterprises were relocated. The evaluation team visited one CPC (for production of cassava starch) and learned from the members of this CPC that they found this a suitable approach not only to share experience on environmental issues, but also to increase the cooperation among producers in general. The evaluation team learned that member enterprises of the circle have not only benefited from technical experience, but also share production capacity for example to meet unexpected peak demand and help each other out in case of shortages in raw material. It seems that the scope of this CPC exceeded the scope that was originally foreseen and could be more accurately characterized as a producer's association. This is certainly a positive outcome.

The evaluation team visited two cassava starch producers (members of the CPC) and was told that the application of CP/CT had significantly reduced their water and energy consumption. Also, a positive impact on product quality had been recorded (namely the reduction of sour starch). During the interview with the evaluation team, the enterprises found it difficult to determine the financial impact. For example, while it seems clear that by using a closed water cycle to wash the raw material and replace the water only monthly instead of daily, a significant reduction of fresh water consumption was achieved, the financial impact of this remained unclear. While the CP experts calculated the part of cost savings based on the water price of the public supply, the evaluation team was told that the respective enterprises actually use water well. Thus, the financial impact was partially calculated based on water savings under the assumption that the enterprises use the public water supply, which they actually did not. In this case, the financial savings would probably only consist of the electricity for the water pump (as it has been rightly calculated for the Rubber Circle, page 12 final report). One of the enterprises the team visited had also installed a waste water treatment facility.

As the real – not hypothetical – financial impact is the most relevant selling argument to convince enterprises to apply CP methods, particular attention should be paid to properly determine the financial benefits of energy and raw material savings.⁴²

⁴² Final Report on Industrial Pollution Reduction in Ho Chi Minh City – Phase III TF/VIE/00/005 established by the Project Coordinator.

Having said this, the evaluation team is aware that the reduction of the use of well water (ground water) achieved has a significant impact on the environment.

Sustainability

Technical sustainability given, concerns regarding financial sustainability. New policies adopted with the project's support and the proposed stronger enforcement penalties for environmental regulations, such as fines for company directors, will pressure enterprises to apply CP technology, which will have a positive impact on the sustainability of inputs. Also, services are already provided to a large extent by local experts. The problem of financial sustainability remains, as enterprise contributions to CP services remain modest.

In addition, also under the viewpoint of sustainability, the evaluation team has some concerns whether the cassava processing enterprises visited are economically viable in the long-term. The same is to a certain degree true for the Xuan Duc paper factory, which, in order to remain competitive, would probably have to significantly increase output and product quality in order to survive. As those enterprises serve as "demonstration cases", the selection process for CP demonstrations should in the future consider the aspect of longer-term economic viability of participating enterprises.

Recommendations for a new phase

To UNIDO HQ, and VNCPC and HCMC counterparts:

1. The monitoring and the reporting on results achieved should be improved; in particular the reports on CP implementation should follow a consistent format and include all relevant data for the demonstration companies. Also, the situation before (baseline) and after implementing CP measures should be clearly documented.
2. The link between the VNCPC project and a future CP component in HCMC should be clarified to avoid duplications and create synergies.
3. The possibility to diversify delivery mechanisms for CP services other than just CP demonstrations should be explored, for example by adding a system of local help desks.
4. Consideration should be given to packaging CP with other services, such as labour-related services, productivity improvements, quality management, and export promotion through linkages with other bilateral/multilateral project/programmes in the country.
5. Based on a request expressed by the Vice-Chairman of the PC in HCMC, an intervention in the area of solid/hazardous waste should be considered.
6. Based on a request expressed by the Vice-Chairman of the PC, consideration should be given to increasing the revolving fund to support CP/CT implementation from USD 1.7 Million to USD 6.7 Million and a possibility of extending the scope to other areas relating to increased competitiveness of Vietnamese enterprises in the light of regional and international integration should be considered.
7. The base of enterprises targeted by the programme should be expanded. As enterprises in industrial zones are requested to comply with certain environmental standards, the demand for CP Services from enterprises in industrial zones should be explored. This could also be done through a form of cooperation with HEPZA (Ho Chi Minh City Export Processing and Industrial Estates Authority) and/or expansion to the surrounding provinces, especially to industrial parks.

Component 3.3 Vietnam Cleaner Production Centre (VNCPC)

Budget (excl. support costs) and expenditures (USD)

PAD No	Allotment	Donor	Expenditures 28 Feb 2005	%
USVIE 96063	2,376,575	Switzerland	2,376,574	100
USVIE04063	172,768	Switzerland	162,557	94
<i>Phase I+II</i>			2,539,131	99
USVIE04064	796,460	Switzerland	133,695	17
Total	3,345,797		2,672,826	80

Funding

No remarks

Design

The project document considers lessons learned from two previous phases of support to VNCPC and the results of the independent evaluation mission conducted in early 2003. However, it seems in many parts rather overly ambitious and too broad, given the limited human resources available.

Following an independent joint-in-depth evaluation mission in early 2003⁴³, a project document has been established for a new project, initially planned to start in August 2004 and finish in August 2007. However, due to various delays in the approval process of the document, which required changes to the design and the budget, the project actually started only in January 2005. The project document is supplemented by a “business plan”, which reflects the project’s aim to increasingly reach financial sustainability.

The project document includes a broad range of new activities, some of them only indirectly related to CP (for example CSR, hazardous waste, environmental management systems integrated with other management systems, financial engineering, etc.). CP assessments, which are purely “consulting”, should be gradually provided through private consulting providers. However, the feasibility of the approach has yet to be seen, as the emergence of such providers will depend on the extent of income generation through CP assessments. According to the current experience of VNCPC in collecting fees for services, this seems not a very realistic approach.

As Vietnam’s industrialization and modernization progresses further, the tendency seems to go in the direction that enterprises seek highly specialized, sophisticated advice from several service providers rather than generic advice on all areas from one consultant. In fact “diversification of services” goes against the international trend of specialization in the consultancy business. Furthermore, it can be questioned whether VNCPC has enough resources and technical capacity to do all of the envisaged activities “à la carte” with at the level of quality requested, or whether it would not have been more realistic to focus on the core areas CP/CT. Finally, although the new project plan includes now additional, potentially more sellable and profitable services than CP assessments, the financial targets seem rather overly optimistic, especially in the context of the challenges the project could face in a developing economy in transition.

⁴³ Report by Mr. Jürg Klarer (seco), Tran Minh Chi (government representative), Mario Marchich (UNIDO) dated June 16, 2003

Relevance

New government policies, as well as pressure from international customers, create increasing pressure on Vietnamese enterprises to comply with environmental standards. Despite this, the demand from the enterprise side for CP services is still quite limited. But it can be expected that various external factors will favorably impact the demand for CP services. The ongoing relevance in the light of government policies and expressed needs of the Vietnamese partner is given.

High industrial growth has increased the pressure on the environment. Air, water and solid waste pollution are an important source of environmental emissions and cause significant damage, especially to urban neighborhoods. Land degradation continues, while biodiversity is threatened.

Aware of this problem, the Vietnamese Party and Government have recognized that environmental protection will play a pivotal role for a sustainable economic development⁴⁴. The Government has taken decisive measures to prevent and inhibit pollution combined with promoting pollution treatment⁴⁵. The Government is also aware that besides awareness rising, levying fees from factories discharging waste water⁴⁶ and enforcement of environmental regulations⁴⁷ play an important role in changing company behavior. Stricter enforcement of environmental laws will also increase pressure on companies to comply with environmental laws.

In order to relieve the pressure on urban neighborhoods, the Government has also issued a policy to eventually relocate polluting enterprises from cities to industrial parks in suburban areas, to apply CP technology in enterprises, and to close down polluting enterprises that are unwilling or unable to relocate.⁴⁸ Companies might opt for staying and addressing environmental problems, where the costs are lower than the costs of relocation.

Another problem is that many sectors still receive substantial subsidies; in particular, the prices for water and energy are still too low. It can however also be expected that due to financial pressure on the government budget, indirect subsidies on input resources (such as energy, water, raw material) will be reduced.

Moreover, economic integration has increased the demand for CP services in specific export oriented companies participating in supply chains of multi-national suppliers⁴⁹. In order to stay competitive in an open market economy, enterprises will have to become more productive and invest significantly in more modern technology.

Stricter enforcement of environment laws, economic integration, increasing pressure from customers, reduction in subsidies for energy and natural resources have altogether a positive impact on the future demand for CP services, which at the current time is still quite modest.

Overall, it can be said that in the light of both recent changes in government policies and in the socio-economic environment the project is increasingly relevant.

⁴⁴ Political Bureau Directive No. 36-CT/TW issued on 25 June 1998 emphasising that environmental protection is a significant basis for ensuring sustainable development and successful implementation of the country industrialisation and modernisation;

⁴⁵ Prime Minister Decision No. 256/2003/QĐ-TTg on 02 December 2003 on approval of the environmental protection strategy to the year 2010 and orientations to the year 2020;

⁴⁶ Decree Nr. 67/2003/ND-CP on environmental protection fees for industrial waste water.

⁴⁷ Decree No. 121/2004/ND-CP on 12 May 2004 of the Government on providing regulations for punishment of administrative violations in the environmental protection field.

⁴⁸ Decree Nr. 64/2003/QĐ-TTg dated 22 April 2003, which contains measures to address the issue of polluting enterprises, including promoting Cleaner Production Technology and relocating polluting enterprises from residential areas to industrial parks;

⁴⁹ Codes of Conducts of multi-national companies, such as for example „IWAY“ concept of IKEA

Ownership

VNCPC has a strong local ownership and is recognized by the government as a centre of excellence in the area of CP/CT

The high commitment and support of the local partner (INEST) under HUT, expressed by the General Director and the Managing Director of VNCPC who are both faculty members of INEST, has been an important success factor for the establishment of the VNCPC. The General Director and the Managing Director clearly play the leading role in the day-to-day operations of VNCPC, although in some areas (e.g., marketing, donor relations, fund-raising, providing documentation), the CTA still has a predominant role.



Export products at a company assisted by VNCPC, Hanoi

Implementation

The new project has started in January 2005. Support of UNIDO in general and the CTA in particular is highly appreciated. The cooperation between the two partners is smooth and effective.

The new project “Promotion of new cleaner production services in Vietnam through the VNCPC”, which was initiated in January 2005, will focus on further strengthening VNCPC in the line of cleaner technology, while at the same time strive to ensure the financial and institutional sustainability. Besides this, the project has started building capacity in the area of sustainable production (for example “labor related services”) in cooperation with other donor-funded projects and specialized consultants. The new project also aims at pursuing a regional approach, by providing capacity building efforts by VNCPC in Laos and Cambodia.

The General Director of VNCPC expressed great satisfaction with regards to the support provided by UNIDO in general and the CTA in particular. According to the General Director of VNCPC, the CTA is fully committed, very experienced and knowledgeable, and has been very supportive. He felt that cooperation was going smoothly, and the UNIDO office was responsive to his needs. They found the access provided to the expert network, information databases, and other resources through the NCPC network as useful. According to the General Director of VNCPC, the role of the CTA in this project was particularly helpful in the following five areas:

- Facilitating linkages of the project with other donor-funded initiatives;
- Assisting in “fund-raising” and marketing the services of VNCPC to potential customers;
- Coordinating with UNIDO headquarters and the donor;
- Building management capacity in VNCPC, in particular in the area of planning and quality management of consultancy services of the centre as well as of other service providers in the CP network (for example cost estimations, break-down of costs, writing proposals);
- Building up a regional approach;

- Regularly providing updated documentation in the area of CP.

It might be questioned whether after nearly 6 years of implementation, the employment of a full-time expatriate CTA is still appropriate. Considering the above the evaluation team observed that the employment of a full-time, resident CTA is still useful and outbalances the costs involved.

However, in the sense of maximizing the use of resources, the evaluation team recommends that the CTA focus increasingly on technical capacity building, know-how and technology transfer (both in Vietnam and the region) rather than marketing in order to allow the Vietnamese partner to play a more important role in coordination, marketing CP services, internal management, etc.

One weak point currently deserving attention is the lack of a state-of-the art managerial and financial accounting system that provides a clear overview about the financial parameters of VNCPC (as stated in the business plan).

Synergy effects resulting from cooperation within and outside the IP

The project is well linked to other projects addressing environmental issues, both inside and outside the IP, although many of those initiatives still rely on the personal relationships of the CTA.

There is a need for clarification on how VNCPC will link into a possible new phase of the project “Industrial pollution reduction in Ho Chi Minh City” funded by SIDA.

Synergies have been created in two ways. Firstly, VNCPC has provided training and other services to a number of donor-funded initiatives in the area of cleaner production. Secondly, VNCPC staff has been trained by and has provided training to other projects.

Examples include:

- Providing CP assessments and training to Nam Dinh Waste Management Projects (implemented by DONRE/COLENCO),
- A staff member has been trained as a lead auditor in ISO 14001 by STAMEQ under the regional project TFRAS02003,
- Two staff members have been trained and have provided services to the Worker Management – Factory Improvement Programme, funded by seco, US Department of Labor and US Department of State, and jointly implemented by the International Labour Organization (ILO) and the Vietnam Chamber of Commerce and Industry (VCCI);
- VNCPC has also provided services and participated in a number of other donor-funded CP projects in Vietnam and the region (DANIDA, SIDA⁵⁰, UNEP/GEF, etc.);

Where services outside the area of cleaner production and cleaner technology are not in the core competency of VNCPC, notably in areas such as social accountability and occupational health and safety, ISO 14001 certifications, they are building up basic capacity.

The evaluation team felt that extending the scope of activities of VNCPC might be overambitious, and distract VNCPC from its core tasks. It is thus recommended that the training in areas outside cleaner production and cleaner technology be limited to a level that allows VNCPC consultants to develop a general understanding and basic knowledge of the relevant

⁵⁰Including project VNCPC „Industrial pollution reduction in Ho Chi Minh City” funded by SIDA.

issues, while actual services in these areas be provided in close cooperation with specialized institutions (e.g. VCCI, STAMEQ, Vietnam Productivity Centre, and private consulting providers).

Working with local authorities, especially the People's Committee of Hanoi, where VNCPC is located, could contribute towards further strengthening the policy framework for CP and thus contribute towards increased sustainability of the outputs.

Results

Overall, VNCPC has met expectations in the area of public awareness raising/information dissemination, training, policy advice, and CP assessments/consulting work. However, CP services are provided at highly subsidized rates, and the number of enterprises in which CP projects are actually implemented has remained modest due to low demand.

VNCPC has developed an excellent reputation in Vietnam. This is reflected in other donors subcontracting the implementation of CP activities, in particular training and in-plant assessments, and the VNCPC being included into the national environmental strategy until 2010.⁵¹ Also, VNCPC has been consulted by the Vietnamese Government to provide inputs to environmental legislation (policy advice)⁵².

VNCPC has also reached a good level of visibility. Brochures and a webpage disseminate information to a broad range of interested audience.⁵³

The records of VNCPC⁵⁴ state further that:

- Numerous training activities have taken place. VNCPC recorded 3,366 person training days from 2001 – 2004. Those trainings included university lecturer training (CP methodology, proactive didactics), sector specific training, special skills training, and tailor-made training.
- 16 national CP experts (two under part time employment) are working at the VNCPC; most of them have, according to the General Director of VNCPC and CTA, reached an “intermediate” skill level.
- VNCPC has also been strong in information dissemination and awareness raising. In seminars, 1,700 person-days of general information in CP/CT have been provided in 19 cities. Furthermore, the project has supported television spots, a radio on-line forum, numerous articles, brochures, leaflets, and guidelines.
- From 1998 – 2004, VNCPC recorded⁵⁵ to have provided 38 direct assessments, 89 indirect assessments, 14 rapid assessments, 14 cleaner technology implementations, and 13 projects in the area of financial services.⁵⁶ The relatively small number of CP implementation might also have financial reasons and be due to a limited investment support for companies (financing).

⁵¹ DANIDA, SIDA, UNEP/GEF, CIDA; CP assessments and training for DONRE/COLENCO Hazardous Waste Management Project.

⁵² VNCPC claims to have in particular supported the development of provincial CP action plans, comments on decree 67/CP on wastewater fees, drafting of the CP national action plan. Due to the limited scope of the evaluation team was not able to verify the impact of this support.

⁵³ <http://www.un.org.vn/vncpc>

⁵⁴ Due to the limited scope and time of the evaluation, the evaluation team was not able to independently validate those records.

⁵⁵ Presentation to the evaluation team on March 18, 2005

⁵⁶ According to the SER, page 3, VNPC conducted 71 in-plant assessments for 60 companies in the period from April 2001 – December 2004

- According to the project records, which the evaluation team has not verified, benefits for the participating companies as per December 2004 included annual savings of USD 6,053,000 (with an investment of USD 1,295,000). Furthermore, CO2 reduction resulting from energy savings amounts to 106,490 tons; reduction of waste water consumption of 6,827,000 m3 and reduction of chemicals 4,000 tons.
- The main benefits of CP as demonstrated consist in increased competitiveness of and reduction of environmental pollution in participating enterprises.

Sustainability

While technical sustainability is given, the targets for financial sustainability in the near future seem rather optimistic.

While the evaluation team feels that technical sustainability (i.e., the results of awareness raising, capacity building, the input provided to government policies) is given, the financial sustainability of VNCPC raises concerns. The financial parameters of the business plan seem overly optimistic, given the still limited demand for CP services from the enterprise side, which might further decrease once VNCPC increase its rates to a level that covers real costs.

The evaluation team expects that on a longer term, international aid to Vietnam will gradually be phased out, once the country has reached a certain level of economic development (as it can currently be observed in China). This will deprive the VNCPC from an important source of revenues now earned through providing services to donor-funded projects. While at the current time, selling services to other donor-funded projects may increase the overall impact of the project through linkages, it does not contribute to the long-term financial sustainability if VNCPC draws an important part of revenues from providing services to other projects depending on foreign aid.

Given the importance of disseminating cleaner production as an undersupplied public good, the evaluation team considers that a certain degree of subsidy is justified.

Recommendations

1. Related services in the area of sustainable production should be “packaged” and provided through a network of specialized other service providers, rather than through internal consultants;
2. The dependence on the CTA in the area of coordination with donors and other projects, “marketing” of services, fund-raising, should be gradually reduced by transferring those responsibilities to the General Director of VNCPC, while the CTA should focus on technical capacity building and know-how transfer;
3. The modalities of the planned expansion to the southern part of Vietnam should be discussed and reassessed, and consider a possible new phase of component of the project in HCMC. Until this is done, the establishment of a branch office should be put on hold;
4. In order to increase the sustainability of the outputs, the project should advocate to the Hanoi People’s Committee the development of a CP policy in promoting and financing CP application.
5. The centre should urgently establish a financial and managerial accounting system and train one of its staff/hire a specialized staff in charge of accounting. The financial accounting system should be based on Vietnamese Accounting Standards (VAS).

ANNEXES

Annex I: Terms of Reference (Summary)

DATE: 08 December 2004

Terms of Reference
INDEPENDENT EVALUATION of
Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO,
2003-2005
Industrialization and modernization along the Socio-Economic Development Strategy:
Towards sustainable growth in the SME sector

The independent evaluation

Independent programme evaluation is an activity carried out during and/or at the end of the cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, effectiveness (outputs, outcomes and impact) and sustainability of the programme. The evaluation assesses the achievements of the programme against its key objectives, as set in the Programme document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

Purpose

The purpose of the Vietnam Integrated Programme (IP) independent evaluation is to enable the Government, UNIDO and donors:

- To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact.
- To provide an analytical basis and recommendations for the focus and (re)design for the continuation of the programme under a Phase II.

The evaluation is conducted in compliance with UNIDO evaluation policy.

Method

The evaluation will be conducted at two levels: evaluation of the programme components and evaluation of the programme as a whole.

The evaluation will be carried out through analyses of various sources of information including desk analysis, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

The following components will be evaluated in-depth (the numbering refers to the IP document):

Component 1: Promotion of SMEs

1. Assistance to establishing the national and provincial SME support infrastructure
2. Vietnam: Market Access Support through the strengthening of Capacities related to Metrology, testing and Conformity

Component 2: Rural industry development

4. Entrepreneurship Programme for Women in Food Processing in Central Vietnam. Phase I (Da Nang) and Phase II (Ha Tinh)

Component 3: Environment

9. The Vietnam Cleaner Production Centre was the subject of in-depth evaluation in March 2003. This evaluation will verify follow-up action taken on the recommendations of the in-depth evaluation.
9. Reduction of Industrial Pollution in HCMC

A. Programme-wide evaluation

The programme-wide (IP) evaluation will address the following issues:

1. Relevance and ownership
2. Funds mobilization
3. Programme coordination management
4. Programme formulation
5. Synergy benefits derived from programme integration
6. Results at the programme-wide level (contribution to industrial objectives of the country)

B. Evaluation of (sub-) components

In-depth evaluation of the selected components will address the following issues:

1. Ownership and relevance:
2. Efficiency of implementation
3. Effectiveness of the component
4. Impact

Composition of the evaluation team

The evaluation team will be composed of the following:

- Ms. Donatella Magliani, Team Leader.
- Mr. Jaroslav Navratil, Senior Evaluation Consultant (with background in evaluation).
- Government nominated representative, well acquainted with industry-relevant institutional framework of the country.
- One representative of the donor community will participate in the evaluation mission on behalf of the programme's donors. He/she will contribute to the elaboration of findings and recommendations of the evaluation.

Members of the evaluation team should not have been directly involved in the design and/or implementation of the programme/projects.

The UNIDO Representative office will support the evaluation team.

Donor representatives from the bilateral donor Embassies will be briefed and debriefed.

Annex II: Acronyms and Abbreviations

ASMED	Agency for SME Development
CP	Cleaner Production
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CTA	Chief Technical Advisor
DANIDA	Danish Agency for Development Assistance
DFID	Department for International Development (UK)
DONRE	Department of National Resources and Environment
DPI	Department of Planning and Investment
FERD	Foreign Economics Relations Department, MPI
GoV	Government of Vietnam
HCMC	Ho Chi Minh City
HE	Household Enterprise
HQ	Headquarters (UNIDO)
ICOR	Incremental Capital - Output Ratio
ILO	International Labour Organization
INEST	Institute for Environmental Science and Technology
IP	Integrated Programme
MARD	Ministry of Agriculture and Rural Development
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOLISA	Ministry of Labour, Invalids and Social Affairs
MONRE	Ministry of Natural Resources and Environment
MOST	Ministry of Science
MPI	Ministry of Planning and Investment
MSME	Micro, Small and Medium Enterprises
NCAW	National Committee For the Advancement of Women
NEPS	National Environmental Protection Agency
NORAD	Norwegian Agency for Development Cooperation
NPC	National Project Coordinator
NPD	National Project Director
NPM	National Project Manager
ODA	Official Development Aid
PC	People's Committee
PCU	Project Coordinating Unit
PO	Project Officer
QUACERT	Vietnam Certification Services

QUATEST	Quality Assurance and Testing Centres
RRC	Rural Resource Centre
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprise
SMEPC	SME Promotion Council
SMTQ	Standards, Metrology, Testing and Quality
STAMEQ	General Directorate for Standards and Quality
TA	Technical Assistance
ToT	Training of Trainers
UCO	UNIDO Country Office
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
VCCI	Vietnam Chamber for Commercial and Industry
VMI	Vietnam Metrology Institute
VNCPC	Vietnam National Cleaner Production Centre
VND	Vietnamese Dong, the country's national currency
WE	Women Entrepreneur
WTO	World Trade Organization
WU	Women's Union

Annex III: References

General Statistical Office (GSO), 2004. Result of the Survey on Household Living Standards 2002. Statistical Publishing House. Hanoi.

General Statistical Office (GSO), 2004. Statistical Yearbook 2003. Statistical Publishing House. Hanoi.

Socialist Republic of Vietnam (SRV), 2002. Comprehensive Poverty Reduction and Growth Strategy. Hanoi.

Socialist Republic of Vietnam (SRV), 2004. Implementation of Socio-Economic Objectives during the Period 2001 - 2005 and Pre-requisites for the New Period 2006 - 2010. Government Report for the 2004-CG Meeting. Hanoi.

Steering Committee of Comprehensive Poverty Reduction and Growth Strategy, 2004. Vietnam: Growth and Reduction of Poverty. Annual Progress Report of 2003 – 2004. Hanoi.

United Nations in Vietnam, 2003. Millennium Development Goals: Closing the Millennium Gaps. The United Nations Country Team Vietnam, MDG Progress Report 2003. Hanoi.

Vietnam Development Report 2004, 2003. Poverty. Joint Donor Report to the Vietnam Consultative Group Meeting. Hanoi.

Communist Party of Vietnam Central Committee (CPV), 2001. Strategy for Socio-Economic Development 2001 - 2010. National Political Publishing House. Hanoi.

Socialist Republic of Vietnam (SRV), 2001. Five-Year Socio-Economic Development Plan 2001 - 2005. National Political Publishing House. Hanoi.

United Nations Development Programme (UNDP), 2004. Vietnam Development Cooperation Report. Labour - Social Publishing House. Hanoi.

United Nations in Vietnam, 2004. United Nations Common Country Assessment for Vietnam. Labour - Social Publishing House. Hanoi.

Official Gazette of Vietnam. Various Editions. Hanoi.

United Nations Industrial Development Organization (UNIDO), 2002. Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO 2003-2005: "Industrialization and modernization along the Socio-Economic Development Strategy: Towards sustainable growth in the SME sector". Hanoi.

United Nations Development Programme (UNDP), 2003. "Country Evaluation: Vietnam Assessment of the Development Results". UNDP Evaluation Office. New York.

Various project documents, reports, minutes and self-evaluation reports provided by 5 Projects and UCO.

FAO and UNDP, 2002. Gender differences in the Transition Economy of Vietnam: Key Findings from the Second Vietnam Living Standards Survey. Hanoi

Component 1.1 Assistance to establish the national and provincial SME support infrastructure

Project document TFVIE03001 and TFVIE04001 "Component 1: SME promotion, Project 1: Assistance to Establish the National and Provincial SME Support Infrastructure", Hanoi, January 2004

Inception report, prepared by N. Tas, SPA/CTA, Hanoi, 7 October 2004

Minutes of the quadri-partite meeting, 27 Oct 2004

Inception report (revised), prepared by N. Tas, Hanoi, 12 November 2004

Proposal for discussion for the organization of the SME Development Action Plan formulation process, Dec 2004

Cooperation Agreements (Terms of reference)

Outline of the SME Development Action Plan, versions 1-4

A Government Action Plan for SME Development, comments by Simon Armstrong, project consultant

ASMED Website Upgrade v 1.0 , report by Stefan Bosnjakovic, project consultant, December 2004

Draft for discussion with ASMED leader: Brief Survey of Provincial Level SME Development Activities, March 2005

Updates on the SME Partnership Group Activities (reports to the four CG meetings)

Draft Operational Manual

Monthly reports by CTA

Self-evaluation report, 4 February 2005

Component 1.2 Market access support for Vietnam through strengthening of capacities related to metrology, testing and conformity

Project document USVIE03083 "Vietnam: Market Access Support through the Strengthening of Capacities Related to Metrology, Testing and Conformity," April 2004

Project document TFRAS02003 Market Access and Trade Facilitation Support for Mekong delta Countries through Strengthening Institutional and National Capacities related to Standards, Metrology, Testing and Quality (SMTQ),

Industry Sector Analysis: Growth Prospects and Trade Potentials, prepared by C. Aleta, September 2003 (TFRAS02003)

Technical report, Mission to Vietnam (24 Oct-21 Nov 2004), based on the work of Mr. John A. Gilmour; November 2004

Support to Metrology, Standardization, Testing and Quality, Technical report: Third Mission to Vietnam, November 2004 , 20 November 2004

Mission report – Metrology, by Mr. A. Vellingiri, December 2004

Technical report: Second Mission of Consultant in Microbiology Testing, TF/RAS/02/003/11-58 , Dr. Upali Samarajeewa, 24 October 2004

Project Management Unit report, not dated

Self-evaluation report, 4 February 2005

Prime Minister's Decision No. 140/2004/QD-TTg

Government Decree No. 179/2004/ND-CP

Component 2.4 Entrepreneurship development programme for women in food processing in Central Vietnam I and II

Project documents “Entrepreneurship Development Programme for Women in Food Processing in Central Vietnam”, September 2001, Phase I, Phase II

Self-evaluation report, 6 November 2004

Minutes of the Final Tripartite Review Meeting, Da Nang, 8 December 2004

End-of-assignment reports, J.C.Viray, CTA, 14 December 2004

Self-evaluation report, 4 February 2005

Management Information System, PCU Ha Tinh, October 2004

Back-to-Office Mission Report, Tezer Ulusay de Groot, 16 December 2004

Technical report: Result of training needs assessment of women entrepreneurs in food processing in Quang Nam, Thua Thien Hue and Danang, prepared by Culaton-Viray J, Pooch D., Minh NT, Phuc LTD; June 2002

Technical report: Result of training needs assessment of women entrepreneurs in food processing in Ha Tinh, Quang Binh and Quang Tri, prepared by Culaton-Viray J, Cao Duc Chinh, Nguyen Dinh Hoa, August 2004

Technical report: Baseline survey report on women entrepreneurs in food processing in Ha Tinh, Quang Binh and Quang Tri

Component 3.2 Industrial pollution reduction in Ho Chi Minh City Phase III

IP Programme Document, “Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO 2003-2005, Industrialization and modernization along the socio-economic development strategy: towards sustainable growth in the SME sector” UNIDO, August 2002

Industrial Pollution Reduction in HCMC – Phase III, Mid-Term Project Management Review, prepared by Nils Høgsted, Project Management Specialist, Danish Technological Institute, October 30, 2003

Draft Regulation on Promoting Application of Cleaner Production in Ho Chi Minh City, People's Committee of HCMC, prepared by DONRE with assistance from Project in 2004

Mission Report for the study-cum tour to India from 18 - 26 July 2004, prepared by delegation, Ho Chi Minh City, August 2004

IP Self Evaluation Report for Industrial Pollution Reduction in Ho Chi Minh City Phase III, February 4, 2005, prepared by Nguyen Vinh Qui, National Project Coordinator; UNIDO, SIDA, DONRE, Turning Waste into Profit, Ho Chi Minh City, 2004

Draft Concept of Services to be provided under the new Project including minutes of meetings conducted on February 23, 2005, established by Nils Høgsted and Bertrand Collignon, March 2, 2005

Technical Assistance to the Revolving Fund and the IPMF Administered by HIFU, Ho Chi Minh City, Final Draft Report v. 2 prepared by Jürg Klarer, January 12, 2005

Final Report Industrial Pollution Reduction in HCMC – Phase III, prepared by Nguyen Vinh Quy, Project Coordinator, March 16, 2005.

Component 3.3 Cleaner technology promotion, implementation and transfer in Vietnam through VNCPC

Vietnam National Cleaner Production Center, Report of the Independent Joint In-depth Evaluation Mission, June 16, 2003, prepared by Jürg Klarer, seco Consultant; Trinh Minh Chi, National Consultant; Mario Marchich, Senior Evaluation Officer UNIDO

Programme Document, “Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO 2003-2005, Industrialization and modernization along the socio-economic development strategy: towards sustainable growth in the SME sector” UNIDO, August 2002

Business Plan Cleaner Technology Promotion VNCPC, 2004 – 2007, February 11, 2005, prepared Ministry of Education and Training, Hanoi University of Technology, Institute for Environmental Science and Technology

Vietnam Cleaner Production Centre, Annual Report 2003

IP Self Evaluation Report for Vietnam Cleaner Production Centre, February 4, 2005, prepared by Bertrand Collignon, UNIDO AE

Vietnam Cleaner Production Centre, Assessment Report Cleaner Production for Viet Tri Plywood and Forest Processing Company, written by the CP team of the company (undated)

Annex IV: List of Organizations and Persons Met

Date/Time	Descriptions	Venue
Wed. 09/03		
11.00	Mr P. Scholtès, UR and UCO team	UNIDO Hanoi, 72 Ly Thuong Kiet, Hanoi Tel: 8224490
14.00	Mr Luu Quang Khanh, Deputy Director, and Ms Dang Kim Thoa, Expert, Foreign Economics Relations Department (FERD), MPI	MPI, 2 Hoang Van Thu, Hanoi Tel: 8232042
Thu. 10/03		
10.00-12.00	Representatives from Donors group in Hanoi: Ms Nguyen Thi Huyen (SIDA) Ms Barbara Jaegglin-Sprenger (SECO) Mr Patrick Englebert (Belgium) Mr Le Dai Nghia (Finland); Mr P. Sequi, Ms A. Pravi (Italy) and Ms Nguyen Phuong Mai (UNDP)	UN Conference room A, 72 Ly Thuong Kiet, Hanoi
15.00	Ms Rose Marie Greve, Representative, ILO Vietnam	ILO, 48-50 Nguyen Thai Hoc, Hanoi Tel: 7340900
16.00	Mr Jordan Ryan, UNRC, UNDP Resident Representative Mr Subinay Nandy Deputy Resident Representative	UNDP, 72 Ly Thuong Kiet, Hanoi Tel: 9421495, x: 215
Fri. 11/03		
08.30-09.30	Ms Nigul Tas, CTA of ASMED Project	Project, 2 Hoang Van Thu, Room: 456 Tel: 7338171
09.30-11.00	Mr Nguyen Le Trung, Deputy Director, Agency for SME Development (ASMED), MPI, Ms Phan Thanh Ha, NPC	4 th floor, Building A, MPI
11.00	Ms Nigul Tas, CTA (continued)	Project, 2 Hoang Van Thu, Room: 456
15.00	Mr Pham Hoang Tien, Deputy Director, SME Promotion Centre, VCCI Ms Nguyen Thi Tuyet Minh, VCCI Mr Nguyen Ngoc Tuan, VCCI Mr Vu Quang Thinh, national expert - MCG Management Consulting	VCCI, 9 Dao Duy Anh, Hanoi Tel: 5742016
Sat. 12/03		
13.30-15.00	Ms J.C. Viray, CTA, Ms Le Thi Dieu Phuc, Phase I NPM and Mr Cao Duc Chinh, Phase II NPM	Women Union Office, 12 Dong Da, Hue
15.00-17.00	Ms Loc, Chairwoman, Hue WU, Ms Nguyen Thi Tuyet, Phase I NPD and Ngo Thi Nu, Phase II NPD	Women Union Office, 12 Dong Da, Hue
17.00-19.00	CTA Ms J.C. Viray, and Phase I NPM Ms Le Thi Dieu Phuc, and Phase II NPM Mr Cao Duc Chinh (continued)	
Sun. 13/03		
09.00-10.30	Phu Thuan Fish Sauce Ms Nguyen Thi Van - WE	Phu Vang District, Hue
10.30-12.00	Huong Ho Rice Paper Group Ms Nguyen Thi Hien - WE Ms Nguyen My Dung - WE Ms Le Thi Thuy - WE Nguyen Cuu Thi Hien - WU of Huong Ho	Huong Tra District, Hue
12.00-13.30	Huong Toan Rice Noodle Group Ms Nguyen Hoang Anh - WE Ms Nguyen Thi La - WU of Huong Toan	Huong Tra District, Hue

Date/Time	Descriptions	Venue
Mon. 14/03 09.00-10.30	Ms Le Thi Tam, Chairwoman, Da Nang WU Ms Nguyen Thi Tuyet, Phase I NPD	WU, 2 Phan Chu Trinh, Hanoi Tel: 0511 810 948
10.30-11.30	Mr Lam Quang Minh, Vice Director, DPI Ms Nguyen Thi Tuyet, Phase I NPD	DPI, 70 Quang Trung, Da Nang Tel: 0511 886 244
13.30-17.00	Soya Milk: Ms Nguyen Thi Thu - WE Shrimp paste: Ms Loi - WE Fish Cake: Ho Thi Chi - WE	Da Nang
Tue. 15/03 09.30-10.30	Ms Mot, Chairwoman, Quang Nam WU Ms Nguyet, PO	WU, 16 Tran Phu, Tam ky, Quang Nam Tel: 0510 810 588
10.30-13.00	Meat Processing Self Help Group in Tam Ky Ms Nguyen Thi Xuan Huong, Ms Nguyen Thi Dieu Minh, Ms Nguyen Thi Thu Vang (Mr Tran Dinh Hieu), Ms Tran Thi Hoa, Ms Truong Thi Hong Cam, Ms Nguyen Thi Cu, Ms Mai Thi Hue, Ms Tran Thi Bich Le, Ms Huynh Thi Hiep, Ms Nguyen Thi Vu, Ms Nguyen Thi Duyen (Mr Tran Xuan Hung), Ms Phan Thi Thanh Hoa (Mr Truong Van Phac), Ms Le Thi Kim Thoa, Ms Nguyen Thi Thu Ha WU Branch of Tam Ky Ms Nguyen Thi Ngoc Anh Ms Nguyen Thi Thu Hien	Tam Ky, Quang Nam
17.00-18.00	Ms J.C. Viray, CTA and Ms Phuc, Phase I NPM	Da Nang
Wed. 16/03 09.00	Mr Nguyen Van Chien, Deputy Director, DONRE HCMC Ms Do Hoang Oanh, Deputy Head of Planning Division, DONRE Mr Nguyen Vinh Quy, NPC	DONRE, 63 Ly Tu Trong, D 1, HCMC (Quy: 091 820 8828)
13.30-16.30	Mr. Huynh Ngoc Duc - Vice Director - Xuan Duc Pulp and Paper Company	Thu Duc, HCMC
17.00	Mr Nguyen Van Dua - Vice Chairman of HCM PC Mr Nguyen Van Phuoc - Vice Director of DONRE Mr Tran Nguyen Hien - Head of Environment Protection Division, DONRE Trang Trung Son - Vice Head of Infrastructure Development Division, DPI Huynh Kim Phat - Vice Chairman of HCMC PC Office	PC, 86 Le Thanh Ton, District 1, HCMC
Thu. 17/03 08.00 - 11.00	Cassava Companies Mr Nguyen Ngoc - Director of Minh Quoc HE Mr Le Van Khuou - Director of Hoa Sen HE Mr Pham Van Huynh - Director of Hao Hiep HE	Thu Duc, HCMC
Fri. 18/03 11.00	Mid-point review with UCO	UNIDO Hanoi, 72 Ly Thuong Kiet, Hanoi Tel: 8224490
13.00	Dr Tran Van Nhan - Director General, Institute for Environmental Science & Technology Prof Heinz Leuenberger, CTA of VNPCP project	VNCP, Building C10, HUT, 49 Dai Co Viet, Hanoi Tel: 8681618
Mon. 21/03 09.30-11.30	Mr Doan Van Bang - Vice Director - Xuan Hoa Company Ms Dang Thanh Thuy - Head of General Affairs Division	Vinh Phuc, Hanoi
15.00	Mr Pekka Seppala, Counsellor, Embassy of Finland	Embassy, 31 Hai Ba Trung, Hanoi Tel: 8266788

Date/Time	Descriptions	Venue
Tue. 22/03 09.00 - 11.00	Mr Ngo Quy Viet, Director General, STAMEQ, Ms Nguyen Thu Ha, Vice Director and Ms Nguyen Thi Thanh Van, Senior Officer, Planning and Cooperatation Department	STAMEQ, 8 Hoang Quoc Viet, Hanoi (Ms Van: 0904128185)
Wed. 23/03 09.00 - 11.00	Mr Nguyen Ngoc Phuc, Director General, ASMED, MPI	ASMED, Room 248, Building A, 2 Hoang Van Thu, Hanoi Tel: 8433032
Thu. 24/03 09.00-13.00	Joint de-briefing meeting with UCO Vietnam, Government Counterparts, and donors Ms Pham Kim Thoa, Expert FERD/MPI Mr Nguyen Duy Le, Deputy Director and Ms Pham Thi Lien, Expert, External Finance Department, MOF Mr Vu Thien, Expert, Ministry of Foreign Affairs Mr Pietro Sequi and Ms Alessandra Pravi, Embassy of Italy Ms Barbara Jaegglin, Embassy of Switzerland Ms Nguyen Thi Huyen, Embassy of Sweden Mr Vu Ngoc Anh, UNDP Mr Nguyen Vinh Quy and Ms Do Hoang Oanh, TF/VIE/00/005 Project Ms Nguyen Thu Ha and Ms Nguyen Thi Thanh Van, US/VIE/03/083 Project Mr H. Leuenberger and Mr Tran Van Nhan, US/VIE/04/064 Project Ms N. Tas, Ms Pham Thi Thanh Ha and Ms Lai Thai Nguyen, TF/VIE/03/001 Project Ms Le Thi Dieu Phuc and Ms Nguyen Thi Tuyet, DP/VIE/01/008 Project Ms Jovita Viray, Mr Cao Duc Chinh and Ms Ngo Thi Ngoc Nu, TF/VIE/04/002 Project Ms D. Magliani, Mr J. Navratil, Mr D. Keller and Mr Tran Quoc Trung, IP Evaluation Team Mr Philippe Scholtès, Mr Nobuya Haraguhi, Ms Tran Tuyet Van and Mr Christoffer Gad, UCO	Melia hotel, 44B Ly Thuong Kiet, Hanoi (Yen: 091 353 5626)