



**TOGETHER**  
*for a sustainable future*

## OCCASION

This publication has been made available to the public on the occasion of the 50<sup>th</sup> anniversary of the United Nations Industrial Development Organisation.



**TOGETHER**  
*for a sustainable future*

## DISCLAIMER

This document has been produced without formal United Nations editing. 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 (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

## FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

## CONTACT

Please contact [publications@unido.org](mailto:publications@unido.org) for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at [www.unido.org](http://www.unido.org)

## Independent evaluation **VIET NAM**

Assistance to establish the national and provincial SME support infrastructure





UNIDO EVALUATION GROUP

**Independent evaluation**  
**VIET NAM**

**Assistance to establish the national and  
provincial SME support infrastructure**

Independent evaluation of the UNIDO projects:  
TF/VIE/03/001, TF/VIE/04/001, TF/VIE/06/002



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
Vienna, 2007

Distr. GENERAL  
OSL/EVA/R.6  
29 May 2007

Original: ENGLISH

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 or 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 of the Government of Viet Nam and of UNIDO.

This document has not been formally edited.

## Contents

Acknowledgements	iv
Abbreviations	v
Glossary of terms	vi
<b>Executive summary</b>	<b>viii</b>
<b>1. Introduction</b>	<b>1</b>
A. Background and introduction	1
B. Methodology	2
<b>2. Project planning and achievements</b>	<b>5</b>
A. Project funding and administration	5
B. Project planning	6
C. Project achievements	8
<b>3. Assessment of project results</b>	<b>11</b>
A. Relevance	11
B. Ownership	13
C. Effectiveness	13
D. Efficiency	21
E. Impact	22
F. Sustainability	23
G. Horizontal issues	24
H. Strengths and weaknesses of the project	27
I. Issues with regards to phase II	28
<b>4. Recommendations and lessons learned</b>	<b>31</b>
A. Recommendations to UNIDO	31
B. Recommendations to the Government	32
C. Recommendations to the Donors	33
D. Lessons learned	33
<b>Annexes</b>	
Annex A: Terms of reference	35
Annex B: Programme of visits	45
Annex C: Interview guide	49
Annex D: Bibliography	53

## **Acknowledgements**

The evaluators acknowledge, with thanks, the support and information provided by numerous persons at UNIDO Headquarters and in Viet Nam. Their contribution to this effort was invaluable.

## Abbreviations

<b>ADB</b>	Asian development Bank
<b>ASMED</b>	Agency for SME Development
<b>CTA</b>	Chief Technical Advisor
<b>DANIDA</b>	Danish International Development Agency
<b>DPI</b>	Department of Planning and Investment
<b>EU</b>	European Union
<b>FSS</b>	First Stop Service
<b>GSO</b>	General Statistics Office
<b>GTZ</b>	German International Cooperation Agency
<b>ILO</b>	International Labour Organization
<b>JICA</b>	Japan International Cooperation Agency
<b>MPI</b>	Ministry of Planning and Investment
<b>PC</b>	People's Committee
<b>PG</b>	Provincial Gateway
<b>PNA</b>	Programs and Networking Advisor
<b>SME</b>	Small and Medium Enterprises
<b>SMEDPC</b>	SME Development Promotion Council
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>USAID</b>	United States Agency for International Development
<b>VCCI</b>	Viet Nam Chamber of Commerce and Industry
<b>VNCI</b>	Viet Nam Competitiveness Initiative



## Glossary of terms

<i>Term</i>	<i>Definition</i>
Baseline	The situation, prior to an intervention, against which progress can be assessed.
Effect	Intended or unintended change due directly or indirectly to an intervention.
Effectiveness	The extent to which the development objectives of an intervention were or are expected to be achieved.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
Impact	Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Indicator	Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances.
Logframe (logical framework approach)	Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.
Outcomes	The achieved or likely effects of an intervention's outputs.
Outputs	The products in terms of physical and human capacities that result from an intervention.
Relevance	The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government and donor's policies.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.

## Executive summary

The project “*Assistance to Establish the National and Provincial SME Support Infrastructure (TF/VIE/03/001, TF/VIE/04/001, TF/VIE/06/002)*” supports the Vietnamese Agency for Small Enterprise Development (ASMED), under the Ministry of Planning and Investments, in establishing and strengthening the national and provincial SME support infrastructure. A mid-term evaluation was carried out in March 2007 in order to assess the results of the project and analyse the lessons learned. The evaluation was seen as an input into the preparation of a second phase project.

Implementing agencies have been the Agency for SME Development (ASMED) under the Ministry of Planning and Investment (MPI) and Provincial Authorities. The project was funded by Finland, Italy and Norway and its total budget was US\$ 3.3 million, including UNIDO support cost. Implementation started in August 2004 and is expected to come to an end in December 2007.

A major focus of the project was to strengthen capacities of ASMED and the SME Development Promotion Council (SMEDPC) in formulating and implementing policies that will lead to an environment conducive to SME development. A substantial accomplishment has been the preparation of the first 5-year SME Development Plan. Moreover, ASMED has benefited from a wide range of capacity building measures as well as from organizational frameworks and an improved technological infrastructure.

The evaluation team finds that **the project is timely and relevant**, based on real needs and priorities and in line with national policies and strategies, including the Strategy for Socio Economic Development (SED) 2001 – 2010, which calls for a socialist oriented market economy and the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). There is also an uncontested relevance in view of Viet Nam’s recent accession to the WTO. Generally, it complements the efforts of the Government to foster a market economy, attract FDI and to carry through the Public Administration Reform.

The Immediate Objective has been achieved in the sense that **the project has improved national and provincial policy and institutional frameworks for SME development**. Concrete examples are the fact that ASMED has been strengthened as an institution, the development of the 5 Year SME Development Plan has been accomplished, the Business Registration Reform is underway, the Inter-ministerial circular No. 02/2007/TTLT/BKH-BTC-BCA, dated 27 February 2007 guiding the coordination mechanism for agencies processing business registration, tax registration, seal carving permit granting for enterprises established and operating under the Enterprise Law has been issued and the first Provincial Gateway has been launched.

The project has reached a high level of **Effectiveness in achieving its outputs**:

**ASMED is today recognized as a functional organization** endowed with qualified staff, efficient operating procedures, work plans, an intranet, office systems and carrying out a wide variety of activities, directly relevant to its mandate. Although being a new organization and with a large mandate, ASMED has made substantial progress in assuming its functions and is today fully recognized by its many national and international partners. Nevertheless, its experience is still limited and there is a need for strengthened capacities, both in quantitative terms and in terms of capacities for policy making, advocacy and donor management.

**The SME Development Council (SMEDC) has, still to prove its usefulness**, in order to be recognized **as a SME advisory body**. So far, the SMEDPC has not been very active and this has also meant that the component has not been very resource intensive for the project, which was to support ASMED's secretariat functions. Still, members of the Council have been supporting the SME development agenda and are considered to have been instrumental in enabling a relatively quick approval of the SME Development Plan

**Valuable research has been generated but there is a need for more SME related research** in order to assist and guide policy makers. Principally, research activities should be outsourced but the capacity of ASMED to define research areas and initiate research activities needs to be reinforced. This is particularly important in Viet Nam, where support to SME development is still seeking legitimacy and the ability to demonstrate effects on employment generation, economic growth and poverty reduction is and will be crucial. ASMED has, so far, carried out a useful review of business licensing requirements and a study on SME Credit Guarantee Funds is forthcoming.

**One (out of up to five) Provincial Gateway is about to start operations.** The staff of this Gateway still needs to be trained in various aspects of operating the Gateway, in order to be able to provide relevant information to SMEs. The remuneration of the staff at the first Gateway is also an outstanding issue. The component has encountered delays in the fielding of experts and the four remaining Gateways are still to be established and locations identified. A new Program and Networking Advisor was expected to be fielded shortly.

**The ASMED Business Portal is operational** and highly appreciated by various stakeholders. It contains a wide variety of information, useful to SMEs, the Government and donors. There will, however, be a need for continuous updating and maintenance and ASMED capacities to do this need to be strengthened.

**An awareness-raising programme about the benefits of entrepreneurship and the SME support infrastructure is still to be launched.** This is important as the role of SMEs in socio-economic development is not widely known and because there is a big potential to further develop the sector, in view of the relatively small number of

registered SMEs and many remaining existing constraints in the business environment. The component will benefit from the Business Portal and the Provincial Gateways, as instruments for information dissemination.

**The capacity of ASMED to manage a business registration reform has been enhanced.** Preparatory activities for a business registration reform have been implemented; the business registration reform process has been designed, an implementation plan has been developed and a technical assistance proposal for a next phase has been prepared. A very good level of collaboration has been established with various stakeholders.

**In summary, project components have been relevant and worthwhile.** Although it is not yet possible to see direct effects of the work of the SMEDPC and the Provincial Gateway(s), it seems legitimate to have set out to mobilize high-level and inter-ministerial support, through the SMEDPC, for the SME development agenda and to pilot a provincial SME support infrastructure such as Provincial Gateways. There have been good results in terms of capacity building of ASMED and the development of the 5 Year SME Development Plan has contributed to this. Other major accomplishments are the development of the Business Portal and the initiation of the Business Registration Reform. In addition, a major unforeseen activity was the support the project provided to the APEC summit and although this was time consuming and diverted the project from undertaking some planned activities, it was a good experience for ASMED and gave ASMED credibility and visibility.

It is **too early to assess the developmental impact** of the project and this might anyhow be difficult since this is a policy oriented project and only one of many projects with similar objectives and activities working with ASMED and in the SME field. Moreover, indicators of achievements related to the Immediate Objective “To improve the national and provincial policy and institutional frameworks for SME development” were missing. However, as the project has contributed to a more conducive business environment and improved access to information, positive effects should be forthcoming and future research and a more results-oriented approach should be able to demonstrate this.

The opinion of the evaluation team is that **ASMED has reached a level of organizational sustainability** but that the **sustainability of some components**, such as the Business Portal, the Business Registration Reform and the Provincial Gateways **still needs to be ensured** and that continuous support from central and provincial authorities and from UNIDO will be needed.

A very **good level of cooperation** has materialized between the ASMED and the project staff, at all levels, and the project is highly appreciated. UNIDO’s and the CTA’s past experiences in the field of SME policy and development and from addressing these issues in Viet Nam have contributed to this. There has been a high level of implication of ASMED management. Furthermore, the project has promoted

teamwork and participatory processes and this has led to a **high degree of national ownership** of many outputs and processes.

**ASMED has many donors and there is a need to improve its capacities to negotiate, manage, monitor and evaluate donor financed programmes and projects.** The project was actively supporting the establishment and operation of “thematic working groups” under the SME Partnership Group. Still coordination needs to go beyond an exchange of information and aim at an optimum utilisation of existing resources in order to achieve strategic objectives. The project fits well into the Integrated Programme (IP) of UNIDO in Viet Nam, with its focus on the SME sector but synergies could have been developed with other projects.

Generally, **the quality of UNIDO services has been high** and this concerns experts and consultants as well as backstopping personnel. UNIDO Headquarters has taken an active interest in the project and rendered useful backstopping assistance and assisted with fundraising. The reporting and financial management have been of high standards and changes in plans and budgets adequately documented.

The **project design was logical** and there was a **clear results orientation** and synergies between most components. There has been **efficiency in implementation** and a large majority of the foreseen outputs have been produced. Contributions planned have been provided but sometimes with delays. The donor funding disbursements were not always synchronized and the implementation has been stretched from 2 to 3 years. Staffing constraints at ASMED remain a problem and project staff is sometimes obliged to carry out tasks that should normally be undertaken by ASMED staff. Cost-effective approaches have been promoted such as the Business Portal as a source of information and guidance to SMEs and the use of national experts when the required expertise was available in Viet Nam.

### **Strengths**

- The project is timely in that it addresses strategic policy issues and constraints in the business environment, at a time when Viet Nam is moving towards a market economy
- UNIDO’s solid knowledge of and experience from SME development, core competence in the area of SME policy making and a comparative advantage vis à vis other donors
- UNIDO’s long term experience with SME issues in Viet Nam led to a timely and relevant project
- A CTA with a long experience of SME development and of Viet Nam
- The project is integrated in ASMED’s structure and activities and no parallel structure was created for the implementation of activities.
- There is a close collaboration with and deep involvement of ASMED management
- There are Synergies between most project components

- The Counterpart Agency and the Counterpart Ministry is directly involved with policy making, thus the project is suitably “housed”
- Two and, later on, three donors enabled the project to address various problem areas in a comprehensive and collaborative manner
- The project was designed around outputs and there is a clear results focus
- A good level of collaboration with other Government agencies has materialized
- The project is not very demanding for ASMED as it has its own staff

### Weaknesses

- The project was designed and approved in 2002 but the counterpart department was not in place before 2003. Thus the mandate of ASMED was not known when the project was formulated which made it difficult to foresee activities and capacity building needs and to formulate results-oriented targets and indicators
- The lack of synchronisation between Finnish and Italian disbursements caused delays in implementation and some outputs are still to be produced
- The UNIDO administration has been more cumbersome with two and later on three donors
- ASMED is somewhat under-staffed and under-budgeted, in relation to its mandate and functions, and this has had repercussions on implementation
- The sustainability of some of the initiated services is not yet ensured
- Few synergy effects have been developed with other UNIDO IP projects
- The coordination with projects of other agencies has been limited
- The collaboration with the business community has been limited

## A. Recommendations to UNIDO

- UNIDO should **continue the support to ASMED** in order to make the agency fully functional and sustainable and develop new capacities in line with evolving needs of the SME sector. As an example, ASMED needs to be strengthened in order to guide various stakeholders in preparing annual work plans in relation to the SME Develop Plan and in order to monitor the implementation of this Plan. A next phase should also include assistance to the revision of Decree 90.
- A **participatory problem identification and objectives formulation LFA workshop**, with the participation of all major stakeholders and including representatives of the business community, should form part of the process to formulate a project document for a new phase.

- **For all components with capacity building objectives, a capacity needs assessment should be done** at the start of the project or phase and indicators for capacity building developed.
- There should be **a more structured approach to capacity building** of ASMED – based on an in-depth and comprehensive capacity needs analysis, incorporating the identification of needs and methods to build capacities for policy making, the design of SME support programmes, the initiation of needs-based and pro-active research (for policy making and advocacy) and management of donor assistance programmes for increased relevance and alignment to the SME Development Plan.
- There should be **intensified efforts to build capacities of managers and staff of Provincial Gateways**. Areas to be covered are capacities to do surveys on SME needs and their need for information. There should also be comprehensive training on the Business Portal.
- The results of the pilot **Provincial Gateway should be assessed** in terms of its actual and potential contribution to SME development and sustainability of the services.
- **The next phase should introduce a Sectoral focus** and the development of sectoral policies and pilot components for sector development such as the cluster development approach.
- As capacities of the provincial departments, under the People's Committees are weak, a next phase **project should assist ASMED to develop a framework for reviewing projects that are promoting SME development at the provincial level and identify benchmarks and best practices**. The next step should be to **formulate a national strategy for the development of provincial capacities for SME promotion and for the development and implementation of provincial SME Development Plans**.
- **Funding should be secured for the second phase of the Business Registration component**.
- The project proposal for **export-oriented cluster development and business matching**, constituting the **second phase of TF/VIE/04/001 should encompass capacity building of ASMED to pilot this kind of SME support programmes**. The appropriateness of endowing business associations with testing facilities needs to be further examined and the scope for collaboration with UNIDO's SMTQ project with STAMEC assessed.

- The project document, for a next phase, should justify why resources from a specific country are being targeted
- All IP project documents should be specific on how, if at all, synergies can be developed with other IP projects.

## B. Recommendations to the Governments

- SME advocacy should be intensified and build on research findings and incorporate experiences from other countries.
- Research (at national, provincial and project levels) on the linkages between SME development and employment generation and poverty reduction needs to be initiated, in order to provide evidence on the crucial role of the SME sector.
- The implementation of the 5 Year SME Development Plan should be closely monitored and resources should be devoted to this. The formation of SME Focal points in other (relevant) ministries should be encouraged.
- The Business Portal should clearly focus on information needed by SMEs. Linkages to Business Associations, at geographical and sectoral levels should be established.
- The 5 Year SME Development Plan should function as an instrument for donor coordination and management and all projects should directly contribute to the implementation of the Plan.
- The Decree 90 should be revised, to be in line with recent developments and clearly identify the role and mandate of Departments of Planning and Investment (DPIs) in relation to SME development.
- Capacity building for SME development at the provincial level should be addressed in a more comprehensive and systematic manner and the effectiveness of the Provincial Gateways and of support programmes of other donors should be monitored and evaluated. Provincial stakeholders need to be guided on the development and implementation of provincial SME development plans. Market development, clusters, value chains analyses are relevant areas to look into.
- ASMED should actively encourage a closer involvement of the business community in identifying priority needs of the SME sector.



## C. Recommendations to the Donors

- **Continue the “general level” support to ASMED** in order to consolidate the positive achievements of the first phase and take advantage of the “platform” that has been established and that enables effective and efficient support to the development of the SME sector.
- **Align project proposals**, including proposals for a new project phase, to the **5-Year SME Development Plan** and ASMED Strategic Plan.

## D. Lessons learned

As this project has, in the view of the evaluation mission, been a successful project with an efficient and effective implementation and belonging to an area where UNIDO has core competence and long experience, the lessons learned are more on the positive aspects of the project. We would thus like to highlight what we consider to be **critical success factors** of a project primarily addressing policy issues and other constraints in the business environment.

- A long UNIDO experience in a country and in working with a specific problem area, enables UNIDO projects to be relevant, timely and effective
- A committed counterpart with influence at the policy level and with the proper mandate (SME policy making and advocacy) are essential prerequisites for effectiveness, ownership, continued relevance and sustainability of outputs and outcomes
- Benefits from external expertise and the sharing of experiences from other countries can be substantial. Joint decision making, of UNIDO and the Government and co-signing for decisions regarding the use of funds can be acceptable alternatives to national execution
- A continuous dialogue between the Government and UNIDO, enables a project to respond to changing and priority needs
- A CTA with extensive experience from the country and the sector, qualified international and national experts and active backstopping from the Field Office and UNIDO Headquarters, ensure effectiveness and efficiency in implementation
- A results-oriented project document with an output-based budget (as opposed to one based on activities or inputs) and with established verifiable targets and

indicators enables a results based management and facilitates joint decision-making with the Government and the donors

- A policy oriented project can have a strategic impact on the development of a sector

*A results-based and well-implemented project benefits the host country and gives credibility and visibility to UNIDO!*



# 1

## Introduction

---

### A. Background and introduction

The project “*Assistance to Establish the National and Provincial SME Support Infrastructure (TF/VIE/03/001, TF/VIE/04/001, TF/VIE/06/002)*” aims at assisting the Government of the Socialist Republic of Viet Nam in strengthening the national and provincial support structures. To these support structures belong; the Agency for SME Development (ASMED) and the SME Development Promotion Council (SMEDPC). Moreover, it was envisaged that linkages would be established with a network of Provincial Gateways in up to 5 provinces. Project support to ASMED includes capacity building assistance to policy formulation and policy implementation in selected SME-related areas such as business registration and business licensing.

The delivery of UNIDO inputs was planned for two phases. Phase I started in August 2004 and is coming to an end in December 2007. The design and funding of Phase II was made conditional to the results achieved in Phase I and the recommendations of an independent mid-term evaluation.

Vietnamese implementing agencies are ASMED (the Ministry of Planning and Investment) and Provincial Authorities in 5 selected provinces, while UNIDO was the executing agency. The UNIDO contributions were financed by the Governments of Finland, Italy and Norway.

The purpose of the mid-term evaluation was to enable the Government, UNIDO and the donors to;

- (a) Assess the efficiency in implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- (b) Assess the outputs produced and the outcomes achieved as compared to those planned and to verify prospects of development impact.
- (c) Provide analytical basis and recommendations for the focus and design for the continuation of the project under Phase II.

(d) Draw lessons on the wider application for the replication, of the experienced gained in this project, for other countries.

The mid-term evaluation was carried out in March 2007 by two external consultants; Ms. Margareta de Goys, international expert and team leader and Mr. Hoang Thanh, national expert. None of the members of the team had been involved in the design or implementation of the project.

## **B. Methodology**

The evaluation was conducted in compliance with UNIDO's evaluation policy and carried out in line with the Terms of References (ToR) elaborated for the evaluation and which can be found in Annex A. Main review issues were relevance, ownership, effectiveness, efficiency, impact and sustainability.

The evaluation exercise incorporated 10 days fieldwork in Viet Nam during which the evaluation team met with a large number and wide variety of stake holders; including Government counterparts, staff of the UNIDO Field Office, UNIDO experts, Government partners, representatives of business associations, donors active in the SME field and persons with specific insight of SME development issues in Viet Nam. In addition, the team leader had pre-departure briefings at the UNIDO Headquarters in Vienna. A full list of people consulted is given in Annex B. In order to facilitate information collection and analyses, interview guidelines were prepared and used during the interviews. These interview guidelines can be found in Annex C.

Furthermore, the consultants consulted a large number of documents and data, produced by the project or of direct relevance to the project and made several "visits" to ASMED's Business Portal, which had been developed with substantial contributions from the project. The list of documents consulted is found in Annex D. A visit was placed to the locality of the first Provincial Gateway, in Thai Nguyen.

By combining multiple sources and types of information (triangulation) to verify and substantiate the assessments, the validity of the findings has been ensured.

## Fact Sheet

**Project No:** TE/VIE/03/001 (Finland), TF/VIE/04/001 (Italy), & TF/VIE/06/002 (Norway)

**Title:** Assistance to Establish the National and Provincial SME Support Infrastructure

**Total UNIDO budget:** US\$ 3,810,000 (planned), Phase 1: Euro 1,200,000 (Finland), US\$ 1,200,000 (Italy), US\$ 626,000 (Norway); approximate total funded amount is US\$ 3,300,000, (including UNIDO support costs)

**Starting Date:** August 2004

**Expected completion date:** December 2007 (Phase I)

**Originally expected completion date:** August 2006 (Phase I)

**Responsible national organization:** Agency for SME Development (ASMED) under the Ministry of Planning and Investment (MPI)

**Objective of the Project:** To strengthen national and provincial policy and institutional frameworks for SME development.

**Planned Project Outputs:**

---

1. Agency for SME Development – ASMED under MPI is operational and capable of supporting the development of SMEs
  2. SME Development Promotion Council –SMEDPC is operational and capable to advise the Government on the needs of SMEs and the effectiveness of support programmes
  3. SME development research programmes are designed and initiated to assist policy makers to make better informed decisions based on needs of SMEs
  4. Linkages with Provincial gateways are established
  5. An information service that will inform SMEs of legal, regulatory, administrative requirements, available Government support and ODA programmes for SMEs is set up within ASMED
  6. An awareness raising programme to inform the public of the benefits of entrepreneurship and SME support infrastructure is launched
  7. Business Registration Division has significantly enhanced capacity in managing the envisaged business reform and able to mobilize necessary resources
-



# 2

## Project planning and achievements

---

### A. Project funding and administration

The project had, at its origin, a planned total budget of US\$ 3,81 million for the two Phases. For Phase 1, which is the one currently evaluated, the original budget was US\$ 2,4 million. An additional component, financed by Norway and encompassing preparatory activities for a Business Registration Reform was added on in 2006. The actual distribution of the budget between the different donors has been as follows:

Finland: Euros 1.2 million

Italy: US\$ 1.2 million

Norway: US\$ 0,6 million

The Finnish contribution was received by the time the project started, in August 2004, while the disbursement of the Italian contribution was delayed until June 2005. The Norwegian component was, as mentioned above, not originally foreseen and the funds were received in July 2006. It was not possible for the donors to pool their resources as each needed to be accountable for specific components or outputs. At the same time, many of the components were not self-contained and this has caused delays in project implementation.

The project basically aimed at building institutional capacities of ASMED. The areas of support were divided between the two original donors, which were to be responsible for specific activities/outputs. Output-based project budgets were developed.

The funds have been managed by the UNIDO Field Office in Viet Nam with decentralized administrative and financial procedures. A system of Co-signing of decisions and cost approvals, by the National Project Director and the CTA has given ASMED a satisfactory level of control and influence over the allocation and use of resources. The evaluation team is of the opinion that the level of funding was suitable and in line with the project's tasks and the absorptive capacities of ASMED.

Project reports refer to two *periods* of the project; Period 1 implemented between August 2004 and August 2005 and Period 2 from September 2005 to December 2006. For Phase 2



the implementation has been high and amounted to 90 per cent. It seems likely that the funds will be fully utilised by the end of the project, in December 2007.

All parties involved, including ASMED management and staff of UNIDO's Headquarters and of its Field Office in Hanoi have contributed to the fund mobilization efforts.

## **B. Project planning**

The project built on previous UNIDO implemented technical assistance projects in Viet Nam and primarily the MPI/UNIDO project "Support to Private Sector Development: Modelling the National SME Promotion Agency and Private Sector Promotion Council", completed in May 2001 and the knowledge and experience that UNIDO had accumulated about the SME sector in Viet Nam. The project was, at the same time, innovative in that it focused on new areas and specifically, assistance to SME policy and support infrastructure.

A joint MPI/UNIDO project (NC/VIE/00/013) was developed to plan UNIDO's future support and a joint MPI/UNIDO team commenced work in October 2000. The preparatory work was undertaken in two phases; the first phase defined the necessary institutional structure, its objectives and needed activities and the second phase involved the definition of the technical and financial assistance, to be provided by various developmental partners in order to establish an effective structure. The team used a participatory approach and collaborated with a large number of stakeholders. The present project is one of the projects developed by this MPI/UNIDO team.

The project has benefited from a detailed and analytical project document that provided an historical overview, described the institutional framework, identified various constraints for SME development and proposed remedial actions. The document followed a logical framework approach and incorporated a Log Frame Matrix with causal relationships between input, activities, outputs and outcomes. Indicators of achievement were formulated at various levels.

Nevertheless, the evaluation team finds that objectives and outputs could have been more precise and results oriented. As an example, objectives are formulated as activities; "to promote" and "to improve" instead of clearly indicating the long term or immediate benefits the project will contribute to or which will be directly derived from the project. We find this same tendency, of not clearly indicating the expected "result" for many outputs; "SME development related research programmes are designed and initiated", "an awareness raising programme is launched". As to the Immediate Objective "To improve the national and provincial policy and institutional frameworks for SME development" it would have been an advantage if the Indicators of achievements had provided guidance on how the improvements would be measured or verified or how capacities would be improved. Another finding is that indicators could have been formulated in more quantitative and qualitative (for instance specifying the foreseen improvements) terms in order to enable the verification of the achievement of outcomes and outputs.

As for component 7, the evaluation team finds that the logic is missing between the Output: “Business Registration Division has significantly enhanced capacity in managing the envisaged business registration reform” and the Indicators of Achievement: “Government (MPI leadership) approves the implementation plan submitted by ASMED” and “Funding is secured for implementing the planned business registration reform nationwide”.

Even though it is likely that the capacities of the staff of the ASMED Business Registration Division seconded to implement the component 7 have been strengthened through “on the job training” and guidance by the team of international experts, the evaluation team would have preferred to see this qualified and to have been provided with information on how the capacities have actually been strengthened. The indicators “Government approves the implementation plan” or “Funding is ensured” do not provide information about the achievement of capacity building objectives.

The fact that the Government approved the implementation plan and that funds have been committed, tells us something about the quality of the plan, political and Government ownership and efficiency in the implementation of project activities, but is not, in itself an indication of ASMED strengthened capacities. However, for the remaining six components, there existed a casual relationship between inputs, activities, outputs and outcomes.

Generally, it would have been useful if a capacity needs assessment, coupled with the development of indicators for capacity building had been carried out at the beginning of Phase 1. At the end of Phase 1, the results could then have been assessed against these indicators and the needs for further capacity building, for the next phase, identified.

During the lifetime of the project there have been various changes in outputs and activities. This is due to the fact that the project environment changed and there was a need to adjust to new conditions. A major event was the fact that the Department for SME Development (SMED) of the MPI was merged with MPI’s Department for Enterprise to form the Agency for SME Development (ASMED), with an enlarged mandate and resources. Thus, the functions of ASMED, which became the project’s counterpart was broader than for the originally envisaged counterpart; SMED. ASMED was endowed with responsibilities for SME development, State Owned Enterprise (SOE) reform and restructuring and business registration. Out of these areas, the project chooses to involve itself with SME development and business registration.

Another development was that other technical assistance projects, supported by; GTZ, Danida, EC, etc., initiated collaboration with ASMED and started projects, with similar objectives and activities to those of the UNIDO project and with considerably higher budgets.

The inception report provided a good overview of the situation and the evolving challenges and made recommendations as to how the project should position itself. It also attempted to establish a baseline with respect to the capacities of the national

SME institutions and to indicate areas where there was a potential for cooperation with other projects.

The needs for revising the project document were also elaborated on in the inception report, the proposed changes were adopted at the subsequent Quadri-Partite Review Meeting, held in October 2004 and the Inception Report was revised as per the recommendations of the meeting. De facto, the revised Inception Report has functioned as a revised project document.

Furthermore, at the first Quadri-partite review, ASMED requested the project to carry out a number of activities, that had not been foreseen in the original project document and to cancel a few that had been planned. An activity to be added was assistance with the drafting of a SME Development Strategy while the assistance towards the development of procurement procedures for goods and services were deleted and the scope of the Information Management Advisor was reduced. On the other hand, national staff for updating business registration data was added on.

Other major changes took place in 2006, when ASMED requested the project to support the APEC meetings and to add a business registration component (Component 7). Although not directly contributing to the achievement of the project's objectives, the evaluation team endorses the project rendering assistance to the APEC meetings and being able to respond to a direct request of assistance, by the Government. The APEC exercise constituted a good learning experience for ASMED staff and gave ASMED visibility and credibility.

To venture into the business registration reform was a logical follow-up of activities already undertaken and addressed a real need for streamlining of procedures. Moreover, it was logical, for the MPI, to start addressing needs to reform procedures of one of its own departments (business registration falls under the mandate of ASDMED).

The original duration of the project was 2 years but due to various delays, in funding disbursement and the fielding of experts, the duration has been stretched to a little above 3 years. Budgets and work plans have been changed accordingly and there has not been any significant increase in cost.

## C. Project achievements

The Development Objective of the project was *“To contribute to long-term growth and sustainable development of the SME sector in terms of contribution to national GDP and employment generation”*. The Project's Immediate Objective was *“To improve national and provincial policy and national frameworks for SME development”*.

The project has efficiently and effectively assisted ASMED to become a functional and recognized organization and more specifically in terms of developing organizational procedures, training its staff, the establishment of a knowledge and information base – the Business Portal - and has initiated linkages with one provincial focal point. Moreover, and maybe the most important, ASMED has been able to develop and promote SME policies.

The project has thus been able to improve national policy and frameworks; which should, in the long term, contribute to economic growth and employment generation. In line with the above, the project can be expected to contribute to its immediate objective *“To improve national and provincial policy and national frameworks for SME development”*. An assessment of the project’s achievements and results follows in more detail below.



# 3

## Assessment of project results

---

### A. Relevance

The project is timely and relevant and has concentrated on areas of priority for ASMED and for the Vietnamese Government. Beyond any doubt, the project has contributed to changing the perceptions of the SME sector, at national and provincial level and to highlight the potential of the SME sector in a (national and international) market economy and in taking advantages of opportunities that will open up after the WTO accession. The project is also relevant in view of the decentralization policy of the Vietnamese Government and the administrative reform agenda.

In fact, the support to SME development is relevant, for the Government of Viet Nam, from many angles; the SME sector is expected to absorb redundant labour from restructured State Owned Enterprises (SOEs); the SME sector is seen as an engine of growth and as a means for employment generation and poverty reduction and SME development is expected to contribute to more efficient enterprises which is deemed important in the light of WTO accession. It is also relevant in view of the ongoing market liberalization and *the creation of a level-playing field for all enterprises*<sup>1</sup>.

Moreover, it finds its relevance in many government policies and strategies such as the Strategy for Socio Economic Development (SED) 2001 – 2010 with the call for a socialist oriented market economy and the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) as well as Viet Nam Agenda 21, approved in 2002. The CPRGS calls for “the building of capacity for organizations at the central and local levels in charge of managing and supporting SMEs” and “development of specific policies in creating a supportive environment for production and business activities, providing credit support.... etc..”. The evaluation finds that all these aspects have been addressed by the project.

A strong emphasis of the project has been addressing the legal and regulatory framework and to reduce the regulatory and administrative burden of SMEs. These are necessary and important measures in the promotion of a conducive business environment.

---

<sup>1</sup> Enterprise Law 2005

The project can also be seen as a response to Government **Decree No. 90** on support for SME development. The Decree 90 laid the foundation for the establishment of the SME Promotion Council, as an advisory body to the Prime Minister and the Department for SME Development (SMED), as a semi-autonomous body for policy coordination and SME support, at the level of the Ministry of Planning and Investment (MPI) and the selected focal points at the provincial level.

The UNIDO project provides direct support to the implementation of the Decree 90, primarily through the strengthening of the two, existing national SME support institutions, ASMED and the SME Development Promotion Council, and in establishing provincial support structures for SME development.

In addition, the project is in line with the Paris Declaration on Aid Effectiveness and the donors' commitment to strengthen partner countries national development strategies and associated operational frameworks.

In line with the above, it seems logical that SME development was put forward as a priority area by the Government when discussing the content of the UNIDO Integrated Programme. There was a strongly felt need to access information about the SME sector and to strengthen capacities for SME development. At a later stage, the business registration reform was perceived necessary and urgent by most stakeholders as a central registry and consolidated form of business registration would decrease time and cost for all parties. Transparent procedures and the availability of reliable enterprise information were also felt to be important for attracting foreign direct investment (FDI) and for a functioning stock market.

The project has been able to assist ASMED in areas where there was a priority need for assistance and in addressing main constraints for SME development. The fact that the project got (rare) office space within MPI can be seen as a sign of the priority given to the project.

The support has covered areas that were in line with ASMED's mandate and competence and in view of its mandate, ASMED was the suitable counterpart agency for this project. There are other identified constraints, for SME development, that have not been addressed by the project, such as labour skills and productivity, but probably this and many other issues should be addressed by other agencies.

In line with the discussion above, the project was relevant in the view of government strategies and policies and in line of its need for assistance. Another issue, however, is whether or not the project was relevant from the perspective of the enterprise sector. We would argue that this was the case since the representatives of business associations consulted, all manifested their support to the various reforms that had been initiated so far. At the same time, as the private sector is being developed and business associations are growing and taking on representative and advocacy functions, a more direct involvement of the private sector in the development of policies directly affecting it, is to be recommended.

Finally, the project can also be regarded as relevant to UNIDO, since it falls within UNIDO core competence areas, such as SME support, private sector development and policy advice.

## B. Ownership

Ownership is closely related to institutional stability and institutional strength. The fact that Project was designed and approved in 2002 but that ASMED, the counterpart agency, was not in place before 2003 and the fact that, at the time of project formulation, it was not known what mandate ASMED would have, was not conducive for national ownership. It is also evident, that in the beginning of the project, national ownership was quite weak but it has become equally evident that ASMED has, little by little, adhered to the project, in its totality and assumed ownership over the project and its outputs. One proof of this is the close collaboration that has developed between ASMED and project staff and the close involvement of ASMED's management in project execution.

The new directions of the project, such as the focus on the development of the 5 Year SME Development Plan and the Business Registration Reform, were clearly in line with ASMED's priorities and are fully ASMED products. In the case of the 5 Year Development Plan, the project aligned itself to the Government's need to develop such a plan and the Plan has been adopted and will function as the national development strategy, for the sector

As concerns the 5 Year SME Development Plan, the participatory process adopted for its formulation, with the involvement of 10 Ministries, 2 central agencies, provincial authorities and representatives from the business community ensured a widespread national ownership of this product.

Generally, ASMED has integrated the Project and all of its components into its structure and operations and assumed ownership over activities and outputs. National contributions, such as office premises, have been delivered, although with some initial delays.

## C. Effectiveness

Effectiveness concerns the extent to which objectives were achieved, or are expected to be achieved. The project document provides objectives at various levels; a **Development Objective**; *To promote the long-term growth and sustainable development of the SME sector in terms of contributing to national GDP and employment generation*, an **Immediate Objective**; *To improve national and provincial policy and institutional frameworks for SME development* and **various outputs or components**.

As discussed above, the Development and Immediate Objectives were vaguely formulated and without verifiable targets or indicators, thus it is not really possible to assess whether or not these objectives have been attained. However, it should be kept in mind that the project is to be held directly responsible for producing results



at the output level and that these outputs, if the project has been properly designed, should produce the envisaged effects at the level of the immediate objective or outcome.

In the opinion of the evaluation team, it was likely that the project, if effective at the level of outputs, would contribute to *the national and provincial policy and institutional frameworks for SME development would have been improved*. Still, it is a weakness in the project's design that it is not possible to verify the effectiveness of the project at the level of the Immediate Objective. However, it seems very likely that the establishment and strengthening of ASMED and more conducive SME policies will produce long-term positive effects in terms of economic growth and employment generation. In this respect it would be an advantage if ASMED would establish a monitoring system that could provide feedback on the contribution to and achievement of higher-level objectives.

Below, we will, for each component and in relation to the envisaged outputs, discuss the **effectiveness** of the project in achieving its foreseen outputs and in accordance with the given indicators of achievement.

### **Component 1: ASMED is a functional organization**

ASMED is a central level SME policy support and coordination unit, within the MPI. There are about 60 staff members, out of which a large majority are young and with limited experience from the SME development field. The UNIDO project has significantly invested in organizational development, staff training and in the technological infrastructure. On a continuous basis and due to the presence of a permanent policy advisor, ASMED's management has benefited from policy advice and guidance on operations. ASMED is today, although relatively new, a functional organization with operating procedures and trained staff and, above all, recognized as the Government organization responsible for SME policies and gaining influence in the policy dialogue. It is actively involved in SME policy making and has prepared various new policy documents and plans and first and foremost, the 5 Year SME Development Plan.

Beyond any doubt, the project has contributed to the organizational strengthening of ASMED and it has, in fact, been the only project working with the strengthening of ASMED, at the central level. In all, the project has provided 240 days of training for staff members, in areas such as policy making, team work, management, English, time management, report writing, presentation skills and negotiation. Moreover, there are Job Descriptions for all staff members, work plans for all divisions and medium term goals have been formulated for ASMED as an organization. The policy coordination role of ASMED has become firmly rooted and there is a general agreement that ASMED should not provide direct services to SMEs.

A collaborative work modality has been adopted for the drafting of interministerial circulars and Government decrees. Capacities, for policy formulation, are in the process of being strengthened and a major accomplishment, of ASMED and the project, was the development of the 5 Year SME Plan. UNIDO experts provided the

approach for the development of the Plan and accompanied ASMED throughout the process, but as mentioned above, this is an ASMED “product”. Furthermore, the project substantially contributed to Decree 88 of 2006, which calls for the simplification of business registration processes and procedures and to “The Interministerial Circular 02/2007/TTLT-BKH-BTC-BCA guiding the coordination mechanism for agencies processing business registration, tax registration, seal carving, permits granting for enterprises established and operating under Enterprise Law”. This, last mentioned, circular developed with the project’s assistance under Output 7, calls for further simplification of business registration processes and procedures. This was an important step towards a one-stop-shop based on existing legal frameworks and institutional collaboration. The foreseen Business Registration Reform is the ultimate target, adopted by ASMED/MPI and will benefit the ultimate target group; the SMEs, and considerably reduce the cost and time involved in registering a new business and primarily by creating a one-stop service.

With the assistance from the project ASMED has also prepared:

- The Interministerial Circular F+ Draft on Personal ID of Business Owners
- The Interministerial Circular 02/2007/TTLT-BKH-BTC-BCA on the cooperation regime regarding Business Registration, Tax Code and Stamps

There are also many examples of ASMED successfully involving other SME stakeholders in various activities, for instance in preparing the business registration reform and in the development of the 5 Year Development Plan. Institutional linkages have been developed with relevant Ministries, such as Finance, Justice, and Public Security and with provincial authorities. Collaboration Agreements have been signed with a variety of stakeholders. Undoubtedly, this cooperation with other agencies and ministries could be intensified as the development of the SME sector will need a multi sectoral and comprehensive support and there will be a need for actions behind words. So far, we have only seen one inter-ministerial circular but others will probably be forthcoming with attempts to implement the SME Development Plan.

Access to finance has been identified as a major constraint for SME development. In order to alleviate this and facilitate loans from commercial banks, a study related to the establishment of a Credit Guarantee Fund was envisaged in the project document. This activity has been delayed and is still pending, due to the heavy workload of the project.

The period of implementation of the project coincided with the APEC 2006 meeting, hosted by Viet Nam and, as mentioned above, the project staff was requested to assist with the hosting of meetings and notably the APEC Micro Enterprise Sub-Group, the SME Working Group and SME Ministerial Meetings. This was a diversion from the original agenda and probably delayed the implementation of planned activities but, at the same time, this was a valid learning experience for ASMED management and staff. Moreover, it created visibility and credibility for ASMED.

The UNIDO project is the only donor project providing direct support to capacity building at ASMED and it is obvious that this has been successful. At the same time,

it has to be remembered that building capacities for policy formulation and advocacy, for sectoral support, takes time and that ASMED is still a young organization. There are also major challenges ahead in relation to the implementation of the 5 Year SME Development Plan, for which budgetary allocations and support from various authorities will be necessary. In view of the tasks ahead, there is still a need to strengthen ASMED capacities. In fact, the UNIDO project has only been operational for 2 and a half years and a second phase was always envisaged.

With regards to capacity building of ASMED, the evaluation team finds that thorough training needs analyses were carried out for ASMED staff and that a well-designed staff training programme was implemented that responded to identified staff training needs. At the same time, the team is of the opinion that the assessment of the capacity building needs of ASMED, as an organization, could have been done in a more structured manner, in order to identify gaps between the capacities ASMED possesses and capacities it will need (in view of its mandate) and propose actions to bring the organization to full technical and managerial functionality.

Another observation is that ASMED will need to be more attuned to the needs of the SMEs in order to effectively promote the sector and propose relevant and needs-based reforms. Links with private sector representatives need to be developed and strengthened and ASMED needs to promote the image of not only being a regulator but also a SME supporter.

## **Component 2: The SME Development Promotion Council (SMEDPC) is operational and capable to advise the Government on the needs of SMEs**

The SMEDPC, a high level inter-ministerial body with an advisory function, was emerging at the time the project started. SMEDPC can be said to be operational since it has met twice but the frequency of meetings has been less than envisaged and its advisory role has been rather limited. Not only because the Council has not been very active but also because many of its members appear to have limited knowledge of SME issues.

However, even if the SMEDPC has not been able to function as a high level advisor on SME issues, a widespread opinion is that it was instrumental in enabling a relatively quick approval of the SME Development Plan. Since, the SMEDPC has been assigned the role of monitoring the 5 Year SME Development Plan but the mandates and functions are not very clear. Generally, the SMEDPC is not well known.

This has been a rather weak component but, at the same time, not very resource intensive. The project's role has mainly been limited to supporting the secretariat functions.

### **Component 3: SME development related research programmes are designed and initiated to assist policy makers to make better-informed decisions and based on needs of SMEs**

The rationale behind this component was that SME needs need to be known for effective SME policies and programmes. Despite many efforts of ASMED and its partners and notably the Statistics Office, available research and information on the SME sector is still weak. This, despite the fact that the project has carried out high quality research in the area of business licensing and reviewed a large number of existing licenses. The review of business licenses, in all 296, constituted a major effort and involved collaboration with 19 Ministries. Outputs of this review were user-friendly licence fact sheets which were subsequently posted on the Business Portal (see below).

The project has, however, fallen short of producing the 4-5 reports foreseen on existing support schemes, Business Development Services for SMEs, available financing instruments and the first formal basic statistics on the SME sector in Viet Nam. The development of a SME statistics framework was delayed until after a refinement of SME definitions had been carried out and this is still pending. Subsequently, it was not possible to publish the first Annual SME report. The evaluation mission is, however, doubtful that ASMED should carry out research by itself but considers that its role should rather be to initiate or commission SME related research. This opinion seems to be in line with the Decision, of 29 June, 2003, of the Minister of Planning and Investment on Functions, Tasks and Organizational Structure of SME Development Department and which does not mention research.

This does not mean that SME-related research should not be promoted. SME development and business environment reforms are high on the Vietnamese agenda but in order to bring about comprehensive, relevant and efficient policies that actively encourage SMEs, there is a need to prove that SMEs contribute to economic growth and poverty reduction. This requires applied research clearly showing constraints facing SMEs and the negative effects of not, fully or partly overcoming these constraints.

It is equally important that it is known how much the non-agricultural private sector contributes to the Vietnamese economy and the employment being generated by the SMEs etc. As it is well put in the Project Document “Many of the problems SME face relate to an insufficient appreciation of the importance of the sector in the socio-economic development of Viet Nam”.

### **Component 4: Linkages with pilot provincial gateways are established**

According to Decree 90, the responsibility to coordinate SME policies and support programmes at the local levels was assigned to the Provincial People’s Committees. According to the project document, the project would assist in the establishment and strengthening of Provincial Focal Points/Provincial Gateways in up to 5 provinces. The Provincial Focal Points were expected to become the channel through which

SME needs are conveyed and the information about various support programmes channelled to the SME sector. The gateways would thus provide information services to SMEs so that these will be better informed about legal, regulatory, administrative requirements etc. The gateways were also expected to feed information on SMEs back to ASMED.

The Provincial Gateways were thus to be local gateways for Government support to SMEs and 5 such gateways were supposed to be established during this phase and in collaboration with Departments of Planning and Investments (DPIs). At the time of the evaluation, the first gateways, commonly referred to as First Stop Shop (FSS) was about to be launched in the Thai Nguyen Province. Three persons, from the DPI, had been assigned to work, on a part time basis, in the FSS but were also to continue to work in the Business Registration and Investment Promotion Divisions. There were complaints about this, or rather about the lack of financial compensation for the extra work. It is still uncertain to what extent the People's Committee will finance the operations of the FSS.

The FSS will need to prepare "enterprise packages", to provide market information and to guide clients on how to use the ASMED Business Portal. The provision of "basic business advice" has also been mentioned. There will be a need for extensive training of the staff and especially if the FSSs are to be able to assist provincial government agencies with the coordination and implementation of SME support, something that has also been mentioned.

The delay in the Italian funding, coupled with the early departure of the Network Advisor and a gap until a new one could be fielded, resulted in delays in the implementation of this component. The component also averred more complicated and time consuming than originally envisaged.

Progress in the implementation of this component has thus been slow and it is doubtful that the foreseen outputs will have been produced by the end of 2007. The locations of the remaining 4 gateways have not yet been identified. Due to the slow progress in the implementation of the component it is not possible to make any judgement on its effectiveness.

**Component 5: An information service that will inform SMEs of legal, regulatory, administrative requirements, available Government support and ODA programmes for SMEs is set up within ASMED**

The activities in relation to this component were almost completed, with the launch of the ASMED Business Portal, in February 2007. The development of the Portal is a major accomplishment and it provides useful information for SMES and other SME related actors. The Portal entails information on business regulations, fact sheets about licenses, basic business advice on start-up and management, SME Policies, directories of registered businesses, business associations etc. The evaluation mission found that the Portal was highly appreciated and deemed useful by the project's stakeholders.

The portal is well conceived and user friendly. It contains 7 000 pages of legal text and a comprehensive review of business licences, regulations and procedures. There are, according to the web master, an estimated number of 5000 to 6000 visits per day. It is, however difficult to know who the users are and to what extent SMEs benefit, as there is no generalised tracing system. At the same time, the portal was just launched and it is foreseen that various systems will be put in place in order to generate knowledge on who is using the portal, for what purpose and its perceived usefulness. In addition, even at the present time, SMEs can, if they wish, register information about their business, to be used for regulatory consultations. Industrial zone managers, business consultants, legal advisors, etc. may also register.

There will be a need for regular upgrading and updating of the Portal, for instance in order to keep up with developments concerning industry classifications etc. and in order to ensure the continuous relevance of the Portal and even expand the number of linkages. This demands time and skills and the mandated ASMED Department is presently a bit short of staff, possessing only 6 staff members out of whom two are away. At the same time, the department is benefiting from the services of a national expert provided by the project. This expert assists with updating the portal and training the staff. Another weakness is that, presently, there is no staff member who can translate “news” into English so updating the English version of the portal is difficult.

#### **Component 6: An awareness-raising programme to inform the public of the benefits of entrepreneurship and SME support infrastructure is launched**

The success indicator for component 6 was; “various stakeholders indicate awareness on the activities of the national and provincial support infrastructure”, which is not really directly related to the output mentioned above, which also mentions awareness of the benefits of entrepreneurship.

According to the project document, the project was to support the launching of promotional activities to improve the perceptions of entrepreneurship and enterprise. The project document, furthermore, evokes a large promotional campaign directed towards the central and provincial authorities and the general public to improve the understanding of the positive social and economic impact brought by the SME sector.

The launching of an entrepreneurship campaign was planned towards the end of 2005 but resources were reallocated in view of the high priority given by MPI to the development of the SME Development Plan.

To a certain extent, the ASMED business portal can be expected to spread information about the benefits of entrepreneurship but it is also necessary that research, demonstrating this, from Viet Nam and other countries, is collected and disseminated. The evaluation team considers that the task to promote entrepreneurship remains valid and that a strategy should be developed to address this in a comprehensive manner.

In addition, businesses should be made aware of the fact that they can cut costs and increase revenues by following certain practices. There is thus a need for awareness raising of the benefits of “going formal”. It is a big challenge to Viet Nam, to develop a growth and export oriented and employment generating SME sector and to “incite cats to become risk-taking tigers” or just to “clone new tigers”. ASMED needs to pave the way for a more dynamic SME sector and create awareness of the fact that with growth-oriented SMEs, the economic growth would undoubtedly be even higher than at present and, in addition, the country would gain in competitiveness and attractiveness for foreign investors.

Activities related to donor coordination have been placed under this component. Substantial donor coordination was difficult in the beginning of the project since there was no SME Development Plan. Instead the project embarked on the establishment of thematic working groups, under the already existing SME Partnership Group and these are still functioning. Another activity has been collecting and disseminating information, about the projects of various SME donors, on the Business Portal.

Looking at the very similar objectives and activities of many of the projects providing support to ASMED, it is obvious that ASMED needs to develop capacities and instruments to manage donor support, in order to channel assistance to areas where they have the biggest need and that are in line with their own strategic plan and responding to implementation challenges in relation to the SME Development Plan.

**Component 7: The ASMED Business Registration Division has significantly enhanced capacity in managing the envisaged business registration reform, completes a detailed implementation plan and is able to mobilize the necessary resources for launching the nationwide business registration reform.**

The launching of a business reform, with simplified and streamlined procedures, is in line with the administrative reform efforts, presently promoted by the Government. A unified business registration reform will cater to different needs for information, including the need of the General Statistics Office (GSO) and allow for a more efficient use of resources.

The component has been successful in developing a detailed implementation plan and a project proposal for the business registration reform. A team of international and national experts has been closely working with ASMED staff and capacities of the business registration division have been developed through on the job training and a study tour, to Norway, United Kingdom, Hong Kong and Malaysia.

A major output of the component was Inter-ministerial Circular No; 02/2007/TTLT/BKH-BTC-BCA, dated 27 February 2007, guiding the coordination mechanism for agencies processing business registration, tax registration, seal carving permit granting for enterprises established and operating under the Enterprise Law.

The issuance of the Decree 88 on the Business Registration reform has already been mentioned under Component 1, and there are thus synergies between components 1 and 7.

The planned Phase II business registration reform project entails capacity building of the whole business registration system, including provincial structures. One donor (the Government of Norway) has committed itself to fund the project, provided that another donor will co-fund it.

In line with the above and summarizing the effectiveness chapter, the project is very likely to produce effects that contribute to its immediate objective *“To improve national and provincial policy and national frameworks for SME development”* as well as to its development objective, i.e. *SME growth and employment generation*.

## D. Efficiency

Here we will discuss efficiency in implementation or how economically and timely the resources provided by the project have been used. Foreseen UNIDO and ASMED inputs have, with minor adjustments, been provided as planned and meeting the requirements. There have, however, been delays in the fielding of experts and implementation of activities. As the Italian disbursement was delayed, the Provincial Gateway component, which was to be financed by Italy, got a late start. In the beginning of the project there were also delays in the allocation of premises to the project but this was remedied and ASMED has become a reliable partner. The only component that has been negatively affected by the delays seems to be the Provincial Gateways component.

The fact that there has been a full-time and experienced CTA and the fact that the Director General of ASMED has functioned as the National Project Director has paved the way for a smooth project implementation. A common understanding of ASMED’s evolving needs and priorities has also enabled some flexibility which manifested itself by the addition of the preparation of the SME Development Plan as well as of Component 7 Business Registration Reform.

At the request of ASMED, there has been a change towards an increased use of national expertise and this has been a cost-effective approach as qualified experts have been available. The international experts have primarily been used for tasks for which outside expertise was needed. The Business Portal has been a cost-effective modality for disseminating information to various stakeholders, including the business community and to provide guidance on various management aspects

The quality of UNIDO services (experts and consultants, training, equipment and methodologies) was generally high and sufficient to produce the envisaged outputs.



## E. Impact

According to the project document, "the main beneficiaries of the project will be Viet Nam's SMEs and those currently unemployed whose best prospects of employment will be to find employment in such enterprises as they are established and grow".

Due to the short time span of the project, it is still too early to assess developmental changes in terms of economic development or "environmental" or social changes and whether or not "Vietnamese SMEs" or "those currently employed" have benefited. In addition, the relatively small size of the project, in combination with large scale support from other international development agencies, has to be taken into consideration. ASMED alone is today collaborating with 6, overall, large scale projects. Moreover, we find substantial support to the sector channelled through other institutions, such as the Vietnamese Chamber of Commerce and Industry (VCCI). Furthermore, numerous Government and donor programmes are involved in the improvement of provincial policy and national frameworks, still the UNIDO project is basically the only one directly involved with national SME policy.

We also find that the other projects in UNIDO's Integrated Programme (IP) in Viet Nam target the SME sector and similarly work at the policy and framework levels and that SME development should also be attributed to these projects.

In the view of the evaluation mission, the project can be expected to have considerable strategic impact at the sectoral level and to contribute to develop the SME sector but it will be difficult to attribute socio-economic changes, in terms of employment generation, economic growth or poverty reduction, to this project alone and the project should rather be expected to contribute to these changes.

The impact of the project at the level of the SME sector will also be difficult to assess or quantify for the reason that the project is primarily involved with policy issues and not directly working with the ultimate target group, the SMEs. Nevertheless, the evaluation finds that the project is attuned to the needs of the target group and has been initiating dialogues with and seeking the involvement of organizations and associations representing SMEs, such as the VCCI and the Viet Nam Association of Small and Medium Enterprises.

The existence of the 5 Year SME Development Plan is likely to strengthen ASMED's capacity to promote SME development and to coordinate and manage various programmes, including the ones supported by donors and make them increasingly consistent with national development priorities and strategies. The Plan should also act as a catalyst for various national support programmes and activities but it is still uncertain to what extent the Plan will be implemented and whether or not there will be budget allocations and "buy-ins" by other ministries for its implementation.

In addition, the project will contribute to the development of the SME sector through the increase in reliable information to enterprise managers, foreign investors and government agents and through the various reforms initiated through the project such as the Business Registration Reform, which not only should have spin-offs in new enterprises but also inciting micro enterprises to officially register and develop their companies. This target group is very large and estimated to account for 97 per cent of all businesses in Viet Nam.

## F. Sustainability

Sustainability is often an effect of close stakeholder involvement in project formulation and ownership of the project and its outputs. In the case of ASMED, the agency did not exist at the time of project design and the present ASMED management was not involved but, as mentioned above, ASMED management has, over the time, assumed ownership over the project and its outputs.

Sustainability entails that the benefits of the project will continue after the project ceases and that frameworks that have been put in place will survive. We do believe that ASMED is today firmly implanted but ASMED's endowment of resources has been a continuous concern and ASMED has had a high reliance on outside experts and consultants. Thus for long term sustainability ASMED needs to be endowed with the necessary resources to carry out its functions and to maintain the initiated services. In particular, the maintenance and updating of the Business Portal will be a critical area as well as the operation of the Provincial Gateways.

The Business Portal should not be very difficult to maintain in its present shape but in view of the quick and recurrent changes in information technology, there will be a need for continuous upgrading. The limited number of ASMED staff, available to run and maintain the portal is a concern. Presently, four staff members are working on updating the information and no one commands English. The staff gap is to a certain extent remedied by the assistance from a national expert.

The sustainability of the Provincial Gateways/Provincial Focal Points is another concern. According to the project document, the Provincial Peoples Committee (PPC) would cover the staffing expenses of Provincial Focal Point but the actual arrangements were not totally clear. Sustainability will thus partly depend on the support of provincial leaders. In the case of Thai Nguyen where the first Provincial Gateway is located, the DPI, acting as the representative of the PPC, is the signatory of a sub contract with the project, where the responsibility of the DPI in operating the FSS, including the provision of 3 FSS staff, is specified.

However, when the evaluation mission met with the FSS staff members in Thai Nguyen these complained about the lack of compensation and time to undertake the extra work. Also, it would probably be more appropriate if the responsibilities of the involved parties would have been formalized, at the outset, in a triangular agreement between the PPC, the MPI/ASMED and the project, instead of through a subcontract.

There were also some concerns, voiced by various stakeholders, regarding the financial sustainability of the future business registration system, at the provincial level. Indications are however and this has been elaborated on in the latest progress report, that the planned reform would not constitute any additional financial burden at the provincial level but on the contrary reduce costs and generate income from down-stream activities related to selling legally valid information about the enterprise sector.

The project has invested heavily in on the job training capacity building of ASMED managers, who are today leading ASMED in a professional manner. But, the long term sustainability will to a large extent depend on whether or not the management and key staff will remain with ASMED. Moreover, ASMED's specific mandate of a policy making and regulatory department, in combination with being a rather young organization with, for the large majority, junior personnel merit further attention. There is probably a need for additional assistance and capacity building in order to reach a high level of "technical" sustainability in these areas.

It is, nevertheless, encouraging to find that ASMED has assumed ownership over the project and its outputs and that it shows a high level of commitment. It is obvious that the first 5-Year SME Development Plan (2006-2010) has been a success and is highly appreciated by various stakeholders. However, such a Plan will only be useful if it is implemented and this is a big challenge lying ahead for ASMED. The same seems true for the Business Registration Reform.

## **G. Horizontal issues**

### **Project management**

This is a well managed project, with a deeply involved counterpart, a CTA experienced with UNIDO administrative procedures and active and substantial backstopping and monitoring, both on behalf of the technical backstopping officer in Vienna and the Team Leader of the IP, in Viet Nam. The project document, the inception report and the work plans have been guiding instruments and enabled efficient implementation. Project revisions and other changes have been adequately approved and budgeted for. There has been comprehensive reporting, including the financial reporting. The level of implementation has been high.

The project, although conceived as one integrated project, is administrated through three distinct sub projects, financed by Finland, Italy and Norway and specific outputs have been budgeted for by the respective donors. This has somewhat increased the administrative burden of UNIDO as there had to be three Project Allotment Documents (PADs), budgets and financial reports. Moreover, as the project is implemented as one integral project, the different disbursement schedules of the two original donors caused delays in implementation.

In terms of common arrangements for monitoring, evaluating and reporting, the project is well in line with the Paris Declaration and above all, by joining together under one project, parallel implementation structures have been avoided.

This is a project executed by UNIDO which means that UNIDO's procurement system has been used. Indications are that this has probably provided for a quicker procurement than would have been the case for national execution and in view of the procurement procedures of the Vietnamese Government. The use of funds has been transparent and the arrangement of co-signatures for costs has been satisfactory to the national counterpart.

An attempt was made to develop a "Budget by Outputs" but, looking at the budget posts they seems to be more organized around the activities needed to produce the output than the actual outputs. However, this is still to be considered a major

improvement as compared to a budget merely based on types of expenditures (experts, training, etc.), which does not facilitate management for results. In this respect the budgeting of the project can be regarded a step in the right direction and should serve as a good practice example within UNIDO.

### **Donor coordination and management**

There are, as mentioned earlier, many donors providing support to ASMED and to private sector development in Viet Nam. SME support is even considered as a “crowded” area of technical cooperation. Many of the projects under implementation have objectives similar to those of the UNIDO project but operate on a much larger scale. Coordination between projects supporting ASMED or the SME sector could have been more substantial and gone beyond a geographical distribution, as seems to be the case at present. Many donors still seem to be doing “their own thing” and ASMED has not yet fully assumed the responsibility of donor coordination and management. SME Partnership sub groups have been established, with the assistance of the project and meets regularly. The Partnership Group enables an exchange of information and discussion on policy issues, which is important but not enough for an optimal allocation of resources.

Overlap or sub-optimisation of various programmes/projects seems possible as many donors do similar things, albeit in different geographical locations. To illustrate; in regards to various projects/programmes implemented through ASMED; the **GTZ** SME Development Programme has a strong focus on improving the enabling environment for SME development and the programme entails activities related to the formulation of an Action Programme, policy dialogues and strengthened information network, **JICA** implements a project aiming at providing overall and day to day advice on SME promotion policy, the **ADB** SME Development Programme Loan is expected to establish the Government’s Policy and Institutional Framework for SME Development, **USAID** (VNCI) has activities to enhance the regulatory impact analysis capacity of the Government while **DANIDA** will work on the development of a Database on SME development to be used for policy development, etc.

There is a risk that this kind of over-crowding leads to limited learning, limited ownership and duplications and that there could be a more effective division of labour in line with the comparative advantage of each donor. ASMED needs to be supported to build capacities to undertake analyses of the comparative advantages of different donors and of the various modalities of donor programmes and their effectiveness and relevance, in order to identify best practices and bottlenecks for future support. There is also a need to achieve maximum donor complementarity. Furthermore, any support to ASMED should be aligned to and contribute to the 5 Year Development Plan and have results-oriented performance assessment frameworks as a basis.

Thus considering that ASMED is recipient of 60 million US\$ worth of donor funding, efforts to maximise the utility of donor assisted project and programmes need to be intensified

## **Relations with the UNIDO Integrated Programme**

It is noticeable that all the projects in the Vietnamese Integrated Programme (IP), although working through different counterpart institutions, have SMEs as the ultimate target group and that they all contribute to the development of institutional capacities, in specific technical areas and in policy development. All projects address strategic areas of SME development and notably SME policy, cleaner production, standardization, metrology and testing and promotion of women's entrepreneurship. As such, it seems, as opportunities for synergy benefits with other UNIDO projects implemented under the Integrated Programme have been lost. Exceptions were using the Operational Manual prepared under the Women Entrepreneurship project and contributions of experts under the STAMEQ project that resulted in a specific action (Action 7.2 on the separation of service activities and the State management function of STAMEQ) in the SME Development Plan. Generally, the IP project documents mention "linkages" to other project but not how these linkages should be developed or for what purposes.

A general finding is that projects could have benefited from an exchange of reports and research and the presence of technical experts. The experiences of projects doing similar things could have been shared, for example, the Women Entrepreneurship Development (WED) project has also been concerned with business registration issues and the present procedures have been considered as disincentives to women entrepreneurs to register. Although women are bound to benefit from the foreseen Business Registration Reform it is important that specific attention will be given to gender issues and the experiences gained from the WED programme could provide useful inputs. Moreover, Article 1 of the Approval of the 5 Year SME Development Plan states that priorities should be given to women, among others, but we find nothing on WED policies in the Action Plan and probably, the experience gained from the women entrepreneurship project could have formed the basis for suitable policies and actions. This way the experience, of UNIDO in Viet Nam, from assisting women entrepreneurs to overcome the obstacles, cultural or others, which might prevent them from starting or expanding their businesses and thus limit their contribution to the economy, would have been utilised. Notably, in the Project Document, the promotion of women entrepreneurship is mentioned under "Special consideration".

Similarly, we find that the 5 Year SME Development Plan could have been more articulate on Environmental and SMTQ policies and integrated the promotion of environmental standards or incentives for cleaner production. It should also have been possible to introduce aspects of cleaner production in relation to Measure 6 of the Action Plan - Improve tax related regulations. There could, finally, have been a reference to the strengthening of capacities related to metrology and testing (One component of the IP is providing assistance to STAMEQ).

It is possible that it will be easier to develop synergies between the outputs of various projects at the provincial level and that the Provincial Gateways could become instruments in this respect.

## H. Strengths and weaknesses of the Project

In order to sum up the assessment of the results of project, the evaluation team has attempted to identify its main strengths and weaknesses.

### Strengths

- The project is timely in that it addresses strategic policy issues and constraints in the business environment, at a time when Viet Nam is moving towards a market economy
- UNIDO's solid knowledge of and experience from SME development, core competence in the area of SME policy making and a comparative advantage vis à vis other donors
- UNIDO's long term experience with SME issues in Viet Nam led to a timely and relevant project
- A CTA with a long experience of SME development and of Viet Nam
- The project is integrated in ASMED's structure and activities and no parallel structure was created for the implementation of activities.
- There is a close collaboration with and deep involvement of ASMED management
- There are Synergies between most project components
- The Counterpart Agency and the Counterpart Ministry is directly involved with policy making, thus the project is suitably "housed"
- Two and, later on, three donors enabled the project to address various problem areas in a comprehensive and collaborative manner
- The project was designed around outputs and there is a clear results focus
- A good level of collaboration with other Government agencies has materialized
- The project is not very demanding for ASMED as it has its own staff

### Weaknesses

- The project was designed and approved in 2002 but the counterpart department was not in place before 2003. Thus the mandate of ASMED was not known when the project was formulated which made it difficult to foresee activities and capacity building needs and to formulate results-oriented targets and indicators
- The lack of synchronisation between Finnish and Italian disbursements caused delays in implementation and some outputs are still to be produced
- The UNIDO administration has been more cumbersome with two and later on three donors
- ASMED is somewhat under-staffed and under-budgeted, in relation to its mandate and functions, and this has had repercussions on implementation
- The sustainability of some of the initiated services is not yet ensured
- Few synergy effects have been developed with other UNIDO IP projects
- The coordination with projects of other agencies has been limited
- The collaboration with the business community has been limited

## I. Issues with regard to Phase II

There is need for a second phase in order to further strengthen the capacities of ASMED and enable the agency to efficiently and effectively fulfil its mandate. It has to be kept in mind that ASMED is a new agency and with, to a large extent, young and relatively inexperienced staff members and that a second phase was foreseen, from the start. The project has implemented various activities to build capacities of ASMED staff to support the reform process and to bring about conducive changes and there is now a need to consolidate these efforts and to expand activities to the provincial level.

It is likely that ASMED will need assistance to implement and monitor the execution of the SME Development Plan 2006-2010 and to coordinate the activities of the foreseen working groups. It is also possible that the various Ministries/Agencies/Departments that have adhered to the Plan will need back-up support, in order to initiate and complete their specific actions within established timeframe. Furthermore, according to the 5 Year SME Development Plan, the Provincial PCs will also be responsible for formulating their own SME Development Plans. Detailed action plans and the implementation roadmaps and capacities will need to be developed for this, at the provincial level.

The project has, so far, been successful in addressing regulatory bottlenecks to SME development and reforms in areas such as business registration are under way. There is still work to be done in this area, at the national level and, and perhaps even more so, at the provincial level. Various discussants mentioned that intransparent procedures, lack of information and long administrative delays continue to burden the SMEs and primarily the private ones.

There are presently two separate project proposals which will both carry forward activities and outputs of the project presently evaluated. Both seem relevant and in line with Government/ASMED priorities for the 2007-2010 period. They are also compatible with the currently available implementation capacities, within ASMED and within DPIs. Finally, the proposals are based on logically valid means-ends relationships and take into consideration factors to mitigate likely risks.

A UNIDO technical assistance proposal, with a budget of euros 3 million, on **export-oriented cluster development and business matching** is one of the projects developed and would, if approved, constitute the **second phase of TF/VIE/04/001** and be financed by Italy. The proposal builds on economic cooperation between Viet Nam and Italy and has figured in high-level bilateral talks between the two countries.

The focus on Italy in the project document is understandable from the donor's point of view but is somewhat out of place in a project implemented by a multilateral agency, such as UNIDO and might cause some doubt as to whether or not the project responds to Vietnamese needs and priorities or is donor-driven. While, it seems natural and important that UNIDO would try to accommodate wishes of the donors it seems equally important that UNIDO should ensure an effective and efficient project and justify the project from these angles as well as from a Vietnamese

perspective. It seems reasonable to remove the Italian bias from the project document or justify this bias, see below.

Also in the case of the Business Registration project proposal, it is designated that experts will come from a specific country, in this case Norway. However, in this case it is the Norwegian system for business registration that is specifically solicited by ASMED and being specifically targeted and there are justifications for this in the project document.

We would thus propose that for the second phase of TF/VIE/04/001, that it is justified, from a technical point of view, in the project document, why Italy is specifically targeted and that information is provided on its comparative advantages or that the Italian bias is removed. We are, on the other hand, pleased to note that the justification of the project is firmly rooted in its potential contribution to the 5 Year SME Development Plan and its 4<sup>th</sup> Group of Measures, related to improving the competitiveness of SMEs in Viet Nam and specifically, Measure 10: “Maximizing the positive impacts of WTO prescribes the actions to be implemented as: the selection of 4 priority sectors with high export potential and delivery of assistance to about 10 SME clusters within each priority sector, and to about 100 enterprises within each cluster as well as to cluster actors such as business/industry associations, and service providers to strengthen industry and inter-firm linkages”.

About one third of the budget of the export-oriented cluster development and business-matching project will be used for testing equipment to be installed in business associations within the selected clusters. There seems thus to be a potential for collaboration with UNIDO’s SMTQ project with STAMEQ and the project document needs to elaborate on this. At the same time we doubt that testing should be an activity of Business Associations and not of specialized accredited private testing facilities and would, furthermore, like to highlight that special testing and certification facilities exist with STAMEQ but that it is advocated, by UNIDO and others, that testing should be separated from regulatory functions.

The project aims at “assisting the Government of the Socialist Republic of Viet Nam to implement export oriented cluster development and enterprise upgrading in three selected sectors with a view to facilitate capacity building in industry associations for institutional twinning with European industry associations and enterprise upgrading for selected enterprises in each cluster for business matching with European businesses”. This purpose needs to be expanded to also include an output related to the establishment of capacities of ASMED/SME Promotion Division to facilitate SME support, pilot new support schemes such as the cluster development approach and to monitor the effectiveness through the establishment of a baseline, targets and indicators at sector and enterprise levels. Also the roles of the Ministries of Trade and Industry need to be defined.

A US\$ 8,9 million UNIDO technical assistance proposal on the planned **Business Registration Reform**, as a follow-up to Component 7, has equally been prepared and submitted to the Government of Norway for funding. Norway has agreed to finance part of the project (up to NOK 22,8 million), under the condition that there will be a positive outcome of the project appraisal and that another donor/other donors will be forthcoming for the remaining part. The project aims at assisting the Government



in establishing a national fully computerized and streamlined business registration system, operational in 64 provinces. This would entail a single-point registration system thus simplify the registration procedures for the SME community.

# 4

## Recommendations and lessons learned

---

### A. Recommendations to UNIDO

- UNIDO should **continue the support to ASMED** in order to make the agency fully functional and sustainable and develop new capacities in line with evolving needs of the SME sector. As an example, ASMED needs to be strengthened in order to guide various stake holders in preparing annual work plans in relation to the SME Develop Plan and in order to monitor the implementation of this Plan. A next phase should also include assistance to the revision of Decree 90.
- A **participatory problem identification and objectives formulation LFA workshop**, with the participation of all major stakeholders and including representatives of the business community, should form part of the process to formulate a project document for a new phase.
- **For all components with capacity building objectives, a capacity needs assessment should be done** at the start of the project or phase and indicators for capacity building developed.
- There should be a **more structured approach to capacity building** of ASMED – based on an in-depth and comprehensive capacity needs analysis, incorporating the identification of needs and methods to build capacities for policy making, the design of SME support programmes, the initiation of needs-based and pro-active research (for policy making and advocacy) and management of donor assistance programmes for increased relevance and alignment to the SME Development Plan.
- There should be **intensified efforts to build capacities of managers and staff of Provincial Gateways**. Areas to be covered are capacities to do surveys on SME needs and their need for information. There should also be comprehensive training on the Business Portal.
- The results of the pilot **Provincial Gateway should be assessed** in terms of its actual and potential contribution to SME development and sustainability of the services.
- **The next phase should introduce a Sectoral focus** and the development of sectoral policies and pilot components for sector development such as the cluster development approach.

- As capacities of the provincial departments, under the People's Committees are weak, a next phase **project should assist ASMED** to develop a framework for reviewing projects that are promoting SME development at the provincial level and identify benchmarks and best practices. The next step should be to **formulate a national strategy for the development of provincial capacities for SME promotion and for the development and implementation of provincial SME Development Plans.**
- **Funding should be secured for the second phase of the Business Registration component.**
- The project proposal for **export-oriented cluster development and business matching**, constituting the second phase of TF/VIE/04/001 should encompass capacity building of ASMED to pilot this kind of SME support programmes. The appropriateness of endowing business associations with testing facilities needs to be further examined and the scope for collaboration with UNIDO's SMTQ project with STAMEC assessed.
- The project document, for a next phase, should justify why resources from a specific country are being targeted
- All IP project documents should be specific on how, if at all, synergies can be developed with other IP projects.

## B. Recommendations to the Governments

- **SME advocacy should be intensified and build on research findings and incorporate experiences from other countries.**
- **Research (at national, provincial and project levels) on the linkages between SME development and employment generation and poverty reduction** needs to be initiated, in order to provide evidence on the crucial role of the SME sector.
- **The implementation of the 5 Year SME Development Plan should be closely monitored** and resources should be devoted to this. The formation of SME Focal points in other (relevant) ministries should be encouraged.
- **The Business Portal should clearly focus on information needed by SMEs.** Linkages to Business Associations, at geographical and sectoral levels should be established.
- **The 5 Year SME Development Plan should function as an instrument for donor coordination and management** and all projects should directly contribute to the implementation of the Plan.

- **The Decree 90 should be revised**, to be in line with recent developments and clearly identify the role and mandate of Departments of Planning and Investment (DPIs) in relation to SME development.
- **Capacity building for SME development at the provincial level should be addressed in a more comprehensive and systematic manner** and the effectiveness of the Provincial Gateways and of support programmes of other donors should be monitored and evaluated. Provincial stakeholders need to be guided on the development and implementation of provincial SME development plans. Market development, clusters, value chains analyses are relevant areas to look into.
- **ASMED should actively encourage a closer involvement of the business community in identifying priority needs of the SME sector.**

## C. Recommendations to the Donors

- **Continue the “general level” support to ASMED** in order to consolidate the positive achievements of the first phase and take advantage of the “platform” that has been established and that enables effective and efficient support to the development of the SME sector.
- **Align project proposals**, including proposals for a new project phase, to the **5-Year SME Development Plan** and ASMED Strategic Plan.

## D. Lessons learned

As this project has, in the view of the evaluation mission, been a successful project with an efficient and effective implementation and belonging to an area where UNIDO has core competence and long experience, the lessons learned are more on the positive aspects of the project. We would thus like to highlight what we consider to be **critical success factors** of a project primarily addressing policy issues and other constraints in the business environment.

- A long UNIDO experience in a country and in working with a specific problem area, enables UNIDO projects to be relevant, timely and effective
- A committed counterpart with influence at the policy level and with the proper mandate (SME policy making and advocacy) are essential prerequisites for effectiveness, ownership, continued relevance and sustainability of outputs and outcomes
- Benefits from external expertise and the sharing of experiences from other countries can be substantial. Joint decision making, of UNIDO and the Government and co-signing for decisions regarding the use of funds can be acceptable alternatives to national execution

- A continuous dialogue between the Government and UNIDO, enables a project to respond to changing and priority needs
- A CTA with extensive experience from the country and the sector, qualified international and national experts and active backstopping from the Field Office and UNIDO Headquarters, ensure effectiveness and efficiency in implementation
- A results-oriented project document with an output-based budget (as opposed to one based on activities or inputs) and with established verifiable targets and indicators enables a results based management and facilitates joint decision-making with the Government and the donors
- A policy oriented project can have a strategic impact on the development of a sector

***A results-based and well implemented project benefits the host country and gives credibility and visibility to UNIDO!***

## Terms of Reference

## Independent Mid-term Evaluation of the UNIDO Project:

**“Assistance to Establish the National and Provincial SME Support  
Infrastructure”**

(TE/VIE/03/001, TF/VIE/04/001, TF/VIE/06/002)

**I. BACKGROUND**

1. The project aims at assisting the Government of Socialist Republic of Viet Nam in strengthening of the national and provincial support structures for SME development, namely ASMED and the SME Development Promotion Council at the national level and initiation of linkages with a network of provincial gateways in up to 5 selected provinces. Project support to ASMED includes capacity building assistance to policy formulation as well as policy implementation in selected areas such as business registration and business licensing.

2. Delivery of UNIDO technical assistance was planned in two phases. Detailed design and funding of Phase II was made conditional to the results achieved in Phase I, proposals tabled for Phase II and the recommendations of the independent mid-term evaluation of the Project.

3. Key project data is summarized below:

<b>Project time frame</b>	Duration: 4 years Phase I: August 2004 (start)-December 2007 (end) Phase II: To be determined
<b>Budget</b>	Total estimated budget: 3.81 million USD  Total Budget of Phase I: 3.3 million USD Phase I: €1.2 million (Finland); \$1.2 million (Italy); and \$0.626 million (Norway) for Output 7 since July 2006  Phase II: To be determined
<b>Donors</b>	Finland, Italy, Norway
<b>Implementing Agencies</b>	1. Agency for SME Development (ASMED), Ministry of Planning and Investment (MPI)  2. Provincial Authorities in up to 5 selected provinces
<b>Executing Agency</b>	UNIDO

<b>Development objective</b>	To promote the long-term growth and sustainable development of the SME sector in terms of contribution to national GDP and employment generation.
<b>Immediate objective</b>	To improve national and provincial policy and institutional frameworks for SME development.
<b>Outputs &amp; Indicators of Achievement (Phase I)</b>	<p>I. Agency for SME Development—ASMED under MPI is operational and capable of supporting the development of SMEs.</p> <p><b>Indicators of Achievement for Phase 1:</b> ASMED is functional with operating procedures and trained staff, it is recognized as the Government organization responsible for SME issues by most central level agencies and at least in 5 pilot provinces; it has submitted 2-3 policy and 3-4 SME support program proposals to the SMEDPC and Government.</p> <p>II. SME Development Promotion Council—SMEDPC is operational and capable to advise the Government on the needs of SMEs and the effectiveness of the support programmes.</p> <p><b>Indicators of Achievement for Phase 1:</b> SMEDPC is functional and has had at least 3 meetings in 24 months; it has submitted at least 2 reports to the Government over the duration of Phase I.</p> <p>III. SME development related research programmes are designed and initiated to assist policy makers to take better-informed decisions based on needs of SMEs.</p> <p><b>Indicators of Achievement for Phase 1:</b> About 4-5 research reports on regulatory issues, existing support schemes, BDS for SMEs, available financing instruments and the first formal basic statistics on the SME sector in Viet Nam are available; the first Annual SME Report is published.</p> <p>IV. Linkages with pilot provincial gateways (local gateways to government support for SMEs) are established.</p> <p><b>Indicators of Achievement for Phase 1:</b> Pilot provincial gateway network (in up to 5 provinces) has started operations; 2 sets of guidelines on the implementation of local level SME support programs have been published and disseminated throughout the provinces.</p> <p>V. An information service that will inform SMEs of</p>

legal, regulatory, administrative requirements, available Government support and ODA programmes for SMEs is set up within ASMED.

**Indicators of Achievement for Phase 1:** ASMED website is operational, is maintained regularly (as per the nature of information included in the website) and usage tracked through the website improves with time.

VI. An awareness-raising programme to inform the public of the benefits of entrepreneurship and SME support infrastructure is launched.

**Indicators of Achievement for Phase 1:** National level agencies, provincial authorities, business organizations and the donor community in up to 5 provinces indicate awareness of the activities of the national and provincial SME support infrastructure.

VII. Business Registration Division, ASMED, MPI, has significantly enhanced capacity in managing the envisaged business registration reform, completes detailed implementation plan and is able to mobilize the necessary resources for launching business registration reform nationwide by March 2007.

**Indicators of Achievement:** Government (MPI leadership) approves the Viet Nam Business Registration Reform implementation plan submitted by ASMED; Funding is secured for implementing the planned registration reform nationwide.

**Main activities**

1. Organizational development of ASMED, including staff training, investments in office systems, organizational processes and procedures and the establishment of the ASMED Intranet
2. Institutional development of ASMED, including capacity building assistance for policy formulation and implementation and enhanced cooperation with SME stakeholders
3. Capacity building for ASMED for the provision of a full secretariat function to the SME Development Promotion Council as it formulates recommendations to the Government
4. Capacity building in research based policy formulation within ASMED
5. Capacity building in provincial gateways (envisaged as local gateways to government support to SMEs), in collaboration with ASMED and provincial authorities in 5 selected provinces
6. Design, population and launching of the ASMED



- Business Portal to provide information on business regulations, support institutions and practical advice for SMEs
7. Promoting and building up the image of ASMED, the SME Development Promotion Council and the local gateways vis-à-vis SME stakeholders in Viet Nam.
  8. Completion of the detailed implementation plan for Viet Nam Business Registration Reform nationwide and funds mobilization activities.

## II. BUDGET INFORMATION

4. The budget information presented below is based on financial information in UNIDO's Agresso system as of 30 November 2006, rounded up to the nearest digit, and is exclusive of project support costs.

Project No.	Phasing	Total Budget (USD)	Total Expenditure (USD)	% Total Implemented
TE/VIE/03/001	Aug04-Dec 07	1,287,654	1,002,997	79
TF/VIE/04/001	Aug04-Dec 07	1,061,947	570,712	54
TF/VIE/06/002	Jul 06-Mar 07	553,982	453,841	82
	<b>Total</b>	<b>2,903,583</b>	<b>2,027,550</b>	<b>70</b>

\* Italian funds (TF/VIE/04/001) were received on 15 June 2005. Norway funds (TF/VIE/06/002) were received on 15 July 2006 for output 7, developed as a result of outcomes achieved.

## III. PURPOSE

5. The purpose of the independent mid-term evaluation of the project is to enable the Government, UNIDO and donors to:

- (a) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- (b) Assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact.
- (c) Provide an analytical basis and recommendations for the focus and design for the continuation of the project under Phase II.
- (d) Draw lessons of wider application for the replication of the experience gained in this project in other countries.

#### **IV. METHODOLOGY**

6. The evaluation is conducted in compliance with UNIDO evaluation policy as an Independent Mid-term Evaluation.

7. Independent mid-term evaluation is an activity carried out during the project cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the project. The evaluation assesses the achievements of the project against its key objectives, as set in the project 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.

8. The evaluation will be carried out through analyses of various sources of information including desk analysis, survey data, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data. Due consideration will be given to the Quadri-partite Review and project reports and the independent evaluation of the UNIDO Integrated Programme of Cooperation between the Socialist Republic of Viet Nam and UNIDO, 2003-2005 – Industrialization and modernization along the Socio-Economic Development Strategy: Towards sustainable growth in the SME sector, which took place in February 2005.

9. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

10. Mid-term Evaluation will address the following issues:

##### **10.1 Project identification and formulation**

The extent to which:

- (i) A participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- (ii) The project had a clear thematically focused development objective, the attainment of which can be determined by a set of verifiable indicators.
- (iii) The project/programme was formulated based on the logical framework approach and included appropriate output and outcome indicators.
- (iv) A logically valid means-end relationship has been established between the project objective(s) and outcomes and the higher-level programme-wide or country level objectives.

## **10.2 Funds mobilization**

The extent to which:

- (i) The national management and counterparts were able and willing, to contribute (in kind and/or cash) to project implementation and in taking an active part in funds mobilization.
- (ii) UNIDO HQs and the Field representation paid adequate attention to and was effective in funds mobilization.

## **10.3 Ownership and relevance**

The extent to which:

- (i) The project was formulated with participation of the national counterpart and/or target beneficiaries.
- (ii) The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and are actively supporting the implementation of the project approach.
- (iii) The outputs as formulated in the project document are still necessary and sufficient to achieve the expected outcomes objectives.

## **10.4 Efficiency of implementation**

The extent to which:

- (i) UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements.
- (ii) The quality of UNIDO services (expertise, training, equipment, methodologies, etc.) was as planned and led to the production of outputs.

## **10.5 Effectiveness**

Assessment of:

- (i) The relevance of the outputs produced and how the target beneficiaries use the outputs.
- (ii) The outcomes, which have been or are likely to be realized through utilization of outputs.

## **10.6 Impact and sustainability**

- (i) Identify what long term developmental changes (economic, environmental, social) have occurred or are likely to occur as a result of the intervention and how far they are sustainable.

## **10.7 Project coordination and management**

The extent to which:

- (i) The national management and overall field coordination mechanisms of the project have been efficient and effective.
- (ii) The UNIDO HQ based management, coordination, monitoring of its services have been efficient and effective.

- (iii) Changes in planning documents during implementation have been approved and documented.
- (iv) Coordination envisaged with any other development cooperation programmes in the country has been realized and benefits achieved.
- (v) Synergy benefits can be found in relation to the UNIDO Integrated Programme in Viet Nam.

## **10.8 Recommendations for Phase II**

The extent to which Phase II proposals put forth by the project team:

- (i) are relevant to Government priorities in the period 2007-2010;
- (ii) compatible with currently available implementation capacities within the national and provincial SME support institutions strengthened under Phase I;
- (iii) are based on logically valid means-ends relationships and take into consideration factors to mitigate likely risks.

## **V. EVALUATION TEAM**

11. The evaluation team will be composed of one international expert (to be selected jointly by UNIDO and the donors) and one national evaluation consultant (to be selected jointly by UNIDO and the Government of Viet Nam). One member of the UNIDO Evaluation Group will be closely involved in the evaluation as a member of the team.

12. All consultants will be contracted by UNIDO. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

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

14. UNIDO Field Office will support the evaluation team. Donor representatives from the bilateral donor Embassies will be briefed and debriefed and will be offered to participate during the evaluation.

## **VI. TIMING**

15. The evaluation is scheduled to take place in January-March 2007. The field mission for the evaluation is planned in the period January/February 2007.

16. Immediately after the field mission, the international team members will come to Vienna for debriefing. The final version of the evaluation report will be submitted 6 weeks after the debriefing at the latest.

## **VII. REPORTING**

17. The evaluation report shall follow the structure given in annex 1.

18. ***Review of the Draft Report:*** Draft reports submitted to UNIDO Evaluation Group are shared with the corresponding Programme or Project

Officer for initial review and consultation. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.

19. ***Quality Assessment of the Evaluation Report:*** All UNIDO outsourced evaluations are subject to quality assessments by UNIDO Evaluation Group. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality (annex 2).

## Template of in-depth evaluation reports

### ***I. Executive summary***

- Must be self-explanatory
- Not more than five pages focusing on the most important findings and recommendations
- Overview matrix showing strengths and weaknesses of the project

### ***II. Introduction***

- Information on the evaluation: why, when, by whom, etc.
- Information sources and availability of information
- Methodological remarks and validity of the findings

### ***III. Project summary***

- Fact sheet (project structure, objectives, donors, counterparts, timing, cost, etc)
- Brief description including history and previous cooperation
- Situation of the country; major changes in framework conditions

### ***IV. Project identification and formulation***

- Identification
- Formulation
- Funds mobilization

### ***V. Project Implementation***

- Relevance
- Ownership
- Reaching target groups
- Sustainability
- Management
- Outputs
- Outcome, impact
- Overview table showing performance by outcomes/outputs

### ***VI. Issues with regard to Phase II***

- Assessment of proposals put forth in view of the results achieved in Phase I
- Recommendations on how to proceed in Phase II, overall focus, outputs, activities, budgets, etc.

### ***VI. Conclusions and Recommendations***

- Recommendations must always be based on findings and conclusions

### ***VII. Lessons learned***

- Lessons learned must always be based on findings and conclusions and must be of wider applicability beyond the evaluated project.



## ANNEX B

### PROGRAM OF EVALUATION MISSION

#### ASSISTANCE TO ESTABLISH THE NATIONAL AND PROVINCIAL SME SUPPORT INFRASTRUCTURE

TE/VIE/03/001 (FINLAND), TF/VIE/04/001 (ITALY), TF/VIE/06/002 (NORWAY)

Date/Time		Description	Notes
<b>5 March, Monday</b>			
		Arrival of consultant(s)  <b>Lucky Star, 12 Hang Trong, Hanoi 8251029 (Mr. Thanh: 0912801034)</b>	Hotel reservation, c/o Van, UNIDO HN Airport pick up, c/o Project Office Confirmed
<b>6 March, Tuesday</b>			
08:30	09:30	Meeting with UNIDO Office in Hanoi team,  <b>72 Ly Thuong Kiet, Hanoi Ms. Van: 0913223341</b>	Confirmed
09:45	11:45	Meeting with the Project Management Team; Mr. Nguyen Van Trung, NPD, Mr. Nguyen Trong Hieu, NPC, Ms. Nilgun Tas, CTA	Confirmed
12:00	13:30	Lunch at MPI Cafeteria	
14:00	15:10	Meeting with CTA and other project management team members, subject to their availability	Confirmed
15:15	16:30	International Cooperation Division, ASMED; Mr. Nguyen Hoa Cuong and staff  <b>Room 460, ASMED. Ms. Thuy: 0913095553</b>	Ms. Thuy will receive team on behalf of Mr. Cuong who will be on business trip
17:00	18:00	Mr. Eric Svend Holde, Senior Advisor, DANIDA, Component 1  <b>Room 501, 47 Quan Thanh, Hanoi Tel: 7344521</b>	Confirmed
<b>7 March, Wednesday</b>			
08:15	10:00	SME Promotion Division, ASMED; Mr. Nguyen Trong Hieu (also the National Project Coordinator) and staff  <b>Room 454 ASMED. Mr. Hieu: 0903408546</b>	Confirmed



10:00	11:00	Mr. Nguyen Van Tai, Vice Director, Industry Department, Office of the Government  <b>Meeting room 448, ASMED Mr. Hieu: 0903408546</b>	Confirmed
11:00	12:00	Ms. Nguyen Thi Thuan, Vice director of Computer and Tax Statistics Center and Mr. Pham Van Bao, General Department of Tax  <b>Meeting room 448, ASMED Ms. Thuan: 0912150296</b>	Confirmed
13:30	14:30	VCCI-Ms. Pham Thi Thu Hang, Director General of SME Promotion Center and Resource person on SME development in Viet Nam  <b>VCCI building, 9 Dao Duy Anh Tel: 5742022, 0904204848</b>	Confirmed
16:00	17:00	Ms. Nguyen Kim Toan, Director of Enterprise Restructuring and Development Dept., Office of the Government  <b>Meeting room 448, ASMED. Ms. Toan 0904016568</b>	Confirmed
<b>8 March, Thursday</b>			
08:30	10:30	Business Registration Division; Mr. Le Quanh Manh and staff at  <b>International Conference Center, Room 309. Mr. Manh: 0904175574</b>	Confirmed
10:30	12:00	Ministry of Justice, at  <b>International Conference Center, Room 309 Mr. Cao Dang Vinh: 0904286003</b>	Confirmed
12:00	13:15	Da Lien Restaurant <b>55A Nguyễn Du, Hà Nội. ĐT: (04)9439342</b>	Booked, contact Ms. Hanh

13:30	14:30	Ms. Helle Weeke, VNCI-USAID Program Director (VNCI produced the Provincial Competitiveness Index)  <b>15<sup>th</sup> Floor, Prime Center, 53 Quang Trung. Tel. 9436183</b>	Confirmed
15:00	16:45	Mr. Le Dai Nghia, Embassy of Finland, Hai Ba Trung  <b>31 Hai Ba Trung, Hanoi. Tel: 8266788</b>	Confirmed
17:00	17:45	Mr. Kees van der Ree, ILO PRISED (SEED person)  <b>7 Floor, 57 Quang Trung, Hanoi Tel: 9445112/9445114</b>	Confirmed
<b>9 March, Friday</b>			
09:00	10:00	Ms. Kirsti Mette Digerud, First Secretary, Embassy of Norway,  <b>Vincom Tower 191 Ba Trieu, Hanoi. Tel: 9742930</b>	Confirmed
10:30	11:30	Ms. Pham Chi Lan-Resource person on SME Development, former senior advisor to the Prime Minister, former Vice President of VCCI  <b>Meeting room 448, ASMED Mobile: 0913213999</b>	Confirmed
13:30	15:00	No appointment	
15:30	16:30	Mr. Simone Landini, Italian Embassy  <b>9 Le Phung Hieu, Hanoi. Tel: 8256256 (ext. 10)</b>	Confirmed
17:00	18:00	Ms. Ricarda Meissner, EC Viet Nam Private Sector Support Program  <b>Room 508, Building G, MPI Tel: 7344093</b>	Confirmed
<b>10 March, Saturday</b>			
		No appointments	
<b>11 March, Sunday</b>			
		No appointments	
<b>12 March, Monday</b>			
07:00		Depart for Thai Nguyen	

09:30	11:30	Mr. Dang Viet Thuan, DPI Director, Ms. Be Thi Bien, Head of BRO and Ms. Vu Thi Kim Dung, Head of Investment Promotion Office and FSS staff	Confirmed
11:30	13:30	Lunch break	
13:00	14:00	Vice Chairman of Thai Nguyen Province	Confirmed
14:00	15:30	Meeting with Business Association Representatives in Thai Nguyen SME association, Young Entrepreneur, Women Entrepreneur	Confirmed
<b>13 March, Tuesday</b>			
10:30	12:30	Business Information Center; Ms. Nguyen Hong Lien Director of BIC  <b>Room 486, ASMED Ms. Lien: 0983005963</b>	Confirmed
14:00	15:00	Meeting with Mr. Nguyen Gia Luyen, Deputy Director, GSO  <b>GSO, 2 Hoang Van Thu Tel: 04-7336104</b>	Confirmed
16:00		Meeting with NPD, NPC and CTA, if there is need for clarifications	Confirmed
<b>14 March, Wednesday</b>			
		Preparation for Presentation	
14:00	16:30	Presentation of preliminary findings to stakeholders at Project Meeting Room  Department of International Economic Relations (Mr. Kien) <b>International Conference Center, Room 309 Ms. Thuy: 0903476768</b>	Confirmed
<b>15 March, Thursday</b>			
9:00	10:30	Nguyen Van Than, Vice standing Chairman of SME association of Viet Nam  <b>5 Tran Duy Hung, Hanoi Tel: 0913215634</b>	Confirmed
13:30	15:30	Meeting with CTA and other members of the project team on outstanding issues-time to be determined.	Confirmed

## ANNEX C

### Interview guide – Mid-term evaluation SME support Viet Nam

#### UNIDO staff, project staff and government counterparts

##### Project preparation

- Who initiated/designed the project?
- Donor involvement?
- Why was this project needed?
- Did it follow a participatory process?
- Involvement of national counterparts and beneficiaries?
- Do you find that the selected projects components were the most relevant at the time of the design?
- Was there a problem analysis?
- Which are the linkages to the IP?

##### Relevance

- Your view on the relevance of the project and the relevance of ASMED?

##### Effectiveness/Impact

- Are there any tangible results, as yet, in terms of development of the SME sector and its contribution to national GDP and employment. Will it be possible to monitor and measure this at a later stage, if yes, how?
- Are there any results in terms of improvement of national and provincial policy and institutional frameworks for SME development? If yes, please clarify.
- Has ASMED submitted any policy or SME support programmes to the SMEDPC and to the Govt?

##### Support ASMED

- How has the project contributed to the strengthening of ASMED?
- Has ASMED been endowed with operating procedures?
- Number of trained staff and type of training undergone?
- Results in terms of capacity for policy formulation? Research? How has the project gone about this?
- How does ASMED collaborate with SME stakeholders?
- Investments in office systems and intranet?
- Progress in terms of secretariat function for SMEDPC

### **Support to the SMEDPC**

- Is SMEDPC operational and functional? Please clarify.
- How many meetings has it had since the project started?
- How many reports has it submitted to the Govt? Content? Results?
- Is it capable to advise the Govt. on the needs of SMEs and on support programmes? Please give examples on when this has taken place and results.
- What will happen to the recruited experts and consultants?

### **SME Development related research programmes**

- Which research programmes have been designed and initiated? Progress?
- Possible policy implications of this research?
- Are there now formal basic statistics on the SME sector?
- Has the first annual SME report been published?
- Intended use?

### **Pilot provincial gateways**

- Progress made in the establishment of gateways in the five provinces?
- What kind of operational activities are being implemented?
- How is the project linking up with the provincial gateways
- Status of the 2 guidelines on the implementation of local level SME support programs? Published? Disseminated? Used?
- How has the project gone about capacity building in provincial gateways? Result?

### **ASMED information service**

- Has the information service been established?
- What kind of information is being disseminated
- Quality of the information and services?
- Is the ASMED website operational? Visited? How is the usage tracked?
- How is it being maintained and updated?

### **Awareness raising programme**

- Level of implementation of the awareness raising programme?
- How is the awareness, of national and provincial SME support infrastructure, being captured?

### **Business Registration Division**

- Status of the Viet Nam business registration reform?
- Progress in relation to the implementation plan?
- Mobilization of necessary resources?

### **Sustainability**

- Your view on the sustainability of project
- Results and outcomes?

### **Efficiency in implementation and management**

- Level of disbursement and implementation
- Use of resources
- Cost-effectiveness
- Level of collaboration with national counterparts
- Has inputs been provided as planned
- Quality of UNIDO services (experts, consultants, training, equipment, methodologies),
- Has anything in particular facilitated or impeded the implementation of the project?
- Efficiency of national management and field coordination?
- Efficiency UNIDO HQ management, coordination and monitoring?
- Have changes in planning documents been approved and documented?
- Coordination with other projects and programmes?

### **Funding**

- Has the project had sufficient resources at its disposal?
- Contributions of national counterparts?
- Has the Govt; UNIDO HQ, UNIDO Field Representation been active in fund mobilisation?

### **Impact**

- Any long-term development changes (economic, social, environmental, etc)?
- Synergy benefits with UNIDO IP?

### **Benchmarks and lessons learned?**

Donors and other external key informants (including Business Associations)

- What role does ASMED play today ?
- What should be its level of responsibility or mandate?
- Status of the Viet Nam business registration reform?
- Awareness, of national and provincial SME support infrastructure
- What should a second phase project concentrate on?
- Usefulness and relevance of project outputs ( SME Development Plan, Business Portal, Provincial Gateway, Business Registration Reform project,

### ***Funding agencies***

- Continuation of support in Phase 2?

### ***Business Associations (BA)***

- Interactions with ASMED?
- Mandate and function of ASMED and provincial gateways?
- Visibility ASMED?
- Visibility of the UNIIDO Project?
- Use of ASMED information service?
- Use of the ASMED website

## Bibliography

UNIDO, Independent Evaluation of the Viet Nam Integrated Programme, August 2005.

N.F. TAS, Inception Report (TF/VIE/03/001 and TF/VIE/04/001), November 2004

Ministry of Planning and Investment/UNIDO, Project Document; Assistance to Establish the National and Provincial SME Support Infrastructure, January 2004

ASMED/UNIDO, Minutes Multi-party Review Meetings

Ministry of Planning and Investment/Agency for SME Development; DRAFT Small and Medium Enterprise Development 5 Year Plan 2006-2010, January 2006.

Prime Minister, Decision Approval of the 5 Year SMED Development Plan 2006-2010, October 2006.

ASMED-UNIDO, Progress Report : Assistance to Establish the National and Provincial SME Support Infrastructure, August 2005.

ASMED-UNIDO, Progress Report II: Assistance to Establish the National and Provincial SME Support Infrastructure, January 2007.

ASMED, Report of ASMED Strategic Planning Workshops, 7-8 April 2006, V-Resort, Hoa Binh, and 22, 23 April 2006, Tuan Chau, Ha Long.

ASMED Workplans - Workflow Analysis for 2006-2007.

ASMED, Organisational Structure (Excl TACs) - Agency For SME Development – April 2006.

ASMED Training Needs Assessment, November 2005.

Prime Minister, Decision No.236/2006/QD-Ttg on Approval of The 5 Year SME Development Plan 2006-2010.



Mpi, Srv-Unido, Output 7: Implementation Planning & Mobilization for Viet Nam Business Registration Reform-Phase I, Hanoi, April 2006

Inter-Ministerial Circular No. 03/2006/TTLT/BCA-BKH-TANDTC on Guiding the Verification of Personal Identity of Enterprise Founders and Enterprise Managers.

Le Quang Manh, Bui Anh Tuan, Nilgun F. Tas, “Lessons Learned in Sustaining Business Registration Reform in Viet Nam” , Presented at Asia Regional Consultative Conference, October, 2006.

SME Promotion Council, Note on Outcomes of SME Promotion Council regular session, *Ha Noi, October 7<sup>th</sup>, 2005.*

Report on licenses, sublicenses, business conditions, etc. in the field of health, labor, defense, public security, science and technology, 2006.

Report on Business Licenses in the field of agriculture, telecommunication, natural resources and environment, 2006.

Assessment of business licenses in the field of culture & information, trade, tourism, fisheries and justice, 2006.

Preliminary assessment of business licenses in the fields of transportation, industry and construction, 2006.

Quick assessments of the existing licenses, sub-licenses and business conditions in financial, banking and educational sectors, 2006

MPDF, Beyond the Headline Numbers: Business Registration and Startup in Viet Nam, Private Sector Discussion, No. 20.

Decision No. 30/QD-TTg on approving the Project on administrative procedure simplification in state management for 2007 – 2010, Hanoi, 10 January 2007.

ASMED-UNIDO, Project: Assistance to establish the National and Provincial SME support infrastructure, Output 4: Establishing a network of up to 5 Provincial Gateways with ASMED, Annex 3, July 17th 2006.

ASMED-UNIDO, Project: Assistance to establish the National and Provincial SME support infrastructure; Provincial Gateways, implementation phase, August 14th 2006.

ASMED-UNIDO, First-Stop-Shop-Budget, Annex 7, 21 August 2006.

ASMED-UNIDO, First-Stop-Shop-Portal, Annex 8, 20 August 2006.

ASMED-UNIDO, First Stop Shop Implementation Phase; Terms of reference for the “first stop shop” start up phase, Annex 6, 12 September 2006.

ASMED-UNIDO, First Stop Shop Implementation; Terms of reference for the “first stop shop” set-up and consolidation phases; Thai Nguyen Province, Annex 11, 19 October 2006.

ASMED-UNIDO, First-Stop-Shop Budget For The Start - Up Phase; Thai Nguyen Province, Annex 12, 17 October 2006.

ASMED-UNIDO, Workshop on Assistance to establish a Provincial Gateway for SMEs Thai Nguyen, 19-20 December 2006.

ASMED-UNIDO, 2007 Action Plan of the SME Information Support Unit; SME First-Stop-Shop SME information support unit of Thai Nguyen Province.

ASMED-UNIDO, Terms Of Reference For Contract Establishment & Operation Of The First-Stop-Shop In Thai Nguyen Province.

ASMED-UNIDO, Technical Report: Mission Of The PNA, Hanoi 31December 2006.

ASMED-UNIDO, Field Report Of The Local Economic Development Advisor, 28 December 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Legal Framework for Business Registration, November 2006.

Government, Decree No. 88/2006/ND-CP on Business Registration, 29 August 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Institutional Structure, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Capacity Building and Training Program, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Awareness and Promotion Program, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Business Process and Operation System, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Business plan and budgets, November 2006.

ASMED-UNIDO, Technical Assistance to Business Registration Reform in Viet Nam, Project Document, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform Transfer of information to the NBR, November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Legal Framework for Consolidated Business Registration –Decree, , November 2006.

ASMED-UNIDO, Viet Nam Business Registration Reform, Institutional Cooperation, November 2006.

<http://www.business.gov.vn/>



Printed in Austria  
V.07-85623—July 2007—60



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**  
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026-0, Fax: (+43-1) 2692669  
E-mail: [unido@unido.org](mailto:unido@unido.org), Internet: <http://www.unido.org>