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Independent Country Evaluation

UNIDO activities in the  
Socialist Republic of VIET NAM



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

# Independent Evaluation Report

## **VIET NAM**

### UNIDO activities in the Socialist Republic of VIET NAM



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## ABBREVIATIONS AND CRONYMS

ABR	Agency for Business Registration
BAT	Best Available Technologies
BEP	Best Environmental Practices
BIT	Business, Investment and Technology Branch of UNIDO
BOA	Board of Accreditation
BRO	Business Registration Office (provincial with DPI)
BRR	Business Registration Reform
CIEM	Central Institute for Economic Management
CO	Country Office
CP	Cleaner Production
CSR	Corporate Social Responsibility
CTA	Chief Technical Advisor
DAC	Development Assistance Committee (of OECD)
DCD-DAC	Development Co-operation Directorate (of OECD)
DaO	Delivering as One
D4S	Design for Sustainability
DIM	Direct Implementation Modality
EDA	Enterprise Development Agency (MPI)
EU	European Union
EuroCham	European Chamber of Commerce in Vietnam
FAO	Food and Agriculture Organization
FIA	Foreign Investment Agency (MPI)
FIE	Foreign Investment Enterprises
GDT	General Department of Taxation (MOF)
GE	Gender Equality
GEF	Global Environment Facility
GF	Global Forum
GoV	Government of Vietnam
GSO	General Statistics Office (MPI)
HCS	Ha Noi Core Statement on Aid Effectiveness
HPPMG	UN Harmonized Programme and Project Management Guidelines
HRPC	Vietnam Handicraft Research and Promotion Centre
HUT	Hanoi University of Technology
HQ	Headquarters
ICD	International Cooperation Department
ILLSA	Institute of Labour Science and Social Affairs
ILO	International Labour Organization
INEST	Institute of Environmental Science and Technology
IOS	UNIDO's Office of Internal Oversight Services

IP	Integrated Programme
ISTE	Industrial Safety Techniques and Environment Agency (MOIT)
LDC	Least Developed Country
LEFASO	Vietnam Leather and Footwear Association
MDG	Millennium Development Goals
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOH	Ministry of Health
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MOPS	Ministry of Public Security
MOST	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
MTEC	National Metals and Materials Center, Thailand
MTR	Mid-Term Review
NBRS	Computerized National Business Registration System
NCPC	National Cleaner Production Centre
NEX	National Execution
NIM	National Implementation Modality
NISTPASS	National Institute for Science and Technology Policy and Strategy Studies
NORAD	Norwegian Agency for Development Cooperation
NPD	National Project Director
NPM	National Project Manager
NUS	National University of Singapore
ODG/EVA	UNIDO Evaluation Group
OECD	Organisation for Economic Co-operation and Development
OMT	Operations Management Team
PCI	Provincial Competitiveness Index
PGAE	Partnership Group on Aid Effectiveness
PMO	Project Management Office
PMU	Project Management Unit
POP	Persistent Organic Pollutants
RBM	Results Based Management
REACH	EU Directive on the Registration, Evaluation, Authorisation and Restriction of Chemical substances
RoHS	EU Directive on restricted use of hazardous substances in electrical and electronic equipment
SECO	State Secretariat for Economic Affairs (Switzerland)
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SEQUA	Service Organization of the German Chambers' and Employers' Association



SME	Small and Medium Enterprises
SMT	Security Management Team
SMTQ	Standards, metrology, Testing and Quality Infrastructure
SPS	Sanitary and Phytosanitary
SPX	Supplier Benchmarking and Subcontracting Exchange Unit (FIA/MPI)
SQA	Strategic Research, Quality and Advocacy Division of UNIDO
STAMEQ	General Department of Standards, Metrology and Quality
STI	Science, Technology and Innovation
TBT	Technical Barriers to Trade
TC	Technical Cooperation
TCB	Trade Capacity Building
ToR	Terms of Reference
UCOV	UNIDO Country Office Vietnam
UNDAF	United Nation's Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Family Planning Agency
UNICEF	United Nations International Children Funds
UNIDO	United Nations Industrial Development Organization
VEA	Vietnam Environment Administration (MONRE)
VCCI	Vietnam Chamber of Commerce
VEIA	Vietnam Electronics Industry Association
VIETCRAFT	Vietnam Trade Promotion Agency
VIETRADE	Vietnam Handicrafts Exports Association
VIMP	Vietnam Investment Monitoring Platform
VIRI	Vietnam Rural Industry and Development Institute
VITAS	Vietnam Textiles and Apparel Association
VMI	Vietnam Metrology Center
VSA	Vietnam Steel Association
VWEC	Vietnam Women Entrepreneurs Council (VCCI)
WHO	World Health Organisation
WTO	World Trade Organisation

## GLOSSARY OF EVALUATION RELATED TERMS

Term	Definition
Conclusions	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Institutional development impact	The extent to which an intervention improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of an action.
Lessons learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Logframe	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions

Term	Definition
	or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management.
Outcome	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions.
Relevance	<p>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.</p> <p>Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.</p>
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits. The resilience to risk of the net benefit flows over time.



## EXECUTIVE SUMMARY

This independent country evaluation of UNIDO activities in the Socialist Republic of Vietnam was conducted by a team composed of Mr Peter Loewe, Senior Evaluation Officer ODG/EVA, Ms Henny Andersen, Senior International Evaluation Consultant, and Ms Tran Thi Hanh, CIEM, Senior National Evaluation Consultant. In May 2011, the Senior National Evaluator started the inception phase with evaluability assessments of the individual projects and initiated dialogue with project stakeholders. In October 2011, the National and the International Evaluator attended meetings with project managers at the UNIDO HQ where decisions were made about the scope of the evaluation and the variable depth by individual projects. The evaluation mission to Viet Nam was conducted between 5 and 25 November.

Table A shows the assessment of the 14 individual projects using the standard DAC criteria.

**Table A: Assessment of individual projects<sup>1</sup>**

No	Project	Relevance	Design	Effectiveness	Efficiency	Ownership	Sustainability	Impact
1	Business registration reform	+	+	+	+/-	+	+/-	+/-
2	SME cluster development	+	-	-	-	-/+	-	-
3	Platform for investment monitoring and supplier development (FDI) (SPX)	+/- +/-	- +/-	+ +/-	+/- -	+ +	- -/+	- -/+
4	Promoting Industrial Energy Efficiency through system Optimization and Energy Management Standards in Vietnam	+	+	early	early	+	early	early
5	Building national capacity in industrial diagnosis and trade competitiveness analysis	+	+	+/-	-	+	-	-
6	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants	+	-	+/-	+/-	+	+/-	+/-
7	UNIDO contribution to UN Joint Programme 'Green production and trade'	+	-	-	-	-	early	early
8	Policy advice on environmental management	+	+/-	n.a <sup>i</sup>	+/-	+/-	n.a <sup>i</sup>	n.a <sup>i</sup>
9	TCB in Mekong countries	+	-	-	-/+	+/-	-	-
10	TBT/SPS capacity development	+	+/-	-	-/+	+	-/+	early
11	Policy advice to Science, Technology and Innovation Strategy	+	+/-	+/-	-	+/-	+/-	+/-
12	VNCP	+	+	+	+	+	+	+/-
14	Corporate Social Responsibility	+	-/+	-/+	-	-/+	-	-

<sup>1</sup> The project "Platform for investment monitoring and supplier development" is composed of two distinct components dealing with FDI and subcontractor development (SPX). The following assessment scale has been applied:

+ high; +/- good; -/+ acceptable; - low

Appendix 5 of the present evaluation report provides a detailed account of the project assessments. The general conclusions of the evaluation are as follows:

*Comprehensive and relevant project portfolio:*

The UNIDO portfolio in Vietnam is very comprehensive. The biggest share is in Business, Investment and Technology (BIT), not the least because of a full-size and longstanding business registration project. This theme is normally not a UNIDO core competence but, through its strong country presence, UNIDO managed to mobilize substantive funding and to be very effective in this area, which is highly relevant to Viet Nam's current state of development. SMEs are also supported by a CSR and a cluster project, which unfortunately operate in relative isolation from each other. Pockets of rural poverty remain an issue in Viet Nam but UNIDO's presence in poverty alleviation has very much decreased over time. UNIDO is present in the priority areas of energy and environment, although less than one could have expected. This is surprising, given the successful and longstanding Cleaner Production project. One explanation may be that, in Viet Nam, the World Bank has a quasi monopoly on international environmental funds projects. UNDP's Sustainable Development Team has also grown to more than 10 staff members.

*Upstream policy advice comparatively strong:*

Policy advice is on the rise in the UNIDO portfolio. UNIDO responded to the growing need for such advice not only with specialized policy projects but also by including policy components into its "normal" TC projects. In that respect, UNIDO was relatively successful with its assistance to policy development but less so in building capacity for policy alignment and policy implementation, which are subjects of concern in Viet Nam. UNIDO has recognized the need to build linkages between policy advice and downstream support but needs to develop clearer and enforceable mechanisms for this.

*Diverse funding sources - UN funding catalytic:*

The funding sources for UNIDO's activities in Viet Nam are very diversified thanks to the solid and trustful relationship of the Organization with Norway, Switzerland and Italy and other important and longstanding bi-lateral donors. As a result, UNIDO is less dependent on the One UN Fund than other Specialized Agencies. However, the One UN funding was catalytic for UNIDO to move into upstream policy advice.

*Quality of project design variable:*

There are examples of well-designed projects but the country evaluation confirmed the general finding from many other UNIDO evaluations that project design remains a weak spot. A certain dichotomy seems to exist between the formulation of vague and often overambitious objectives and a focus on technical solutions and outputs, where the technical solution tends to be viewed as the goal rather than as a means for development outcomes. In the case of the busi-

ness registration project, the technical solution seems to be well adapted to the Vietnamese context but this has not been the case in all projects. There is also a tendency towards “blue print” design without sufficient contextual analysis.

*Efficiency of many projects could be strengthened:*

UNIDO’s dependency on Direct Implementation (DIM) as its exclusive implementation mode has been a concern in many interviews and discussions during this evaluation. Overall, a majority of projects shows weaknesses in implementation efficiency. Cumbersome and slow decision structures were frequently referred to as an obstacle. The empowerment of CTAs and NPOs varied considerably across projects. Too much turnover of Vienna-based project managers also contributed to decreased efficiency.

Projects are implemented by different managers, different units and mostly in isolation. Opportunities for synergies in design and use of resources between projects are not sufficiently exploited. This jeopardizes efficiency and makes knowledge management difficult.

*Good direct ownership in implementation but rather weak in design:*

The directly involved national stakeholders in most projects showed good or acceptable ownership in implementation. In several projects Government ownership was weakened because UNIDO’s orientation towards DIM was not well understood or accepted. The sense of ownership among stakeholders not directly involved in project implementation was less visible. With one or two exceptions, national involvement in project design has been weak.

*Prospects for sustainability and impact need to be more in focus:*

For several projects the prospects for sustainability and impact are promising. This is in particular the case for the longer term operations, such as the business registration, TCB and VNCPC projects, which have all built significant and sustainable national capacities in their respective areas. However, a majority of projects shows weaknesses in this respect, often due to weak project design.

*Gender largely invisible:*

Women entrepreneurship programmes have been a long-term strength under the previous country programmes of UNIDO. Except for a limited attempt to publicise lessons from the past, UNIDO’s gender focus has faded away under the current country programme. There is no project with an explicit gender focus in the current portfolio and only a few project documents made reference to gender and women empowerment. By and large, UNIDO’s gender policy has not yet been implemented in Vietnam.

### *Cross-cutting issues:*

Some project documents mention the potential to contribute to the MDGs. Yet, these projections are not followed through in project design, implementation or monitoring. With the exception of the regional TCB project there are only weak signs for South-South cooperation.

### *In-house learning could be strengthened:*

A review of the current projects in light of past evaluations revealed that many of the weaknesses discussed in this country evaluation are similar to weaknesses underlying the key lessons and recommendations from past evaluations. It would therefore seem that mechanisms to foster the use of evaluation findings for learning purposes remain weak within UNIDO.

### *Field Office Performance:*

The Field Office (FO) in Hanoi is one of UNIDO's most longstanding Field Offices in Asia. Under the predecessor (2007 to 2010) of the current UR the UNIDO portfolio expanded significantly and additional highly qualified and motivated national staff has been contracted. Between 2008 and 2011 a significant move towards administrative decentralization can be observed. The number of contracts concluded by the FO multiplied by five and imprest account expenditures by seven. Despite this expanding workload, the FO staffs face precarious job situations. 82% of them are not on a Fixed Term Appointment (FTA), a ratio that compares badly with the corresponding 15% average of all UN staff in Viet Nam. The UR spends considerable time and energy to find ad-hoc solutions to extend staff contracts by a few months using project budgets. Despite this progress towards administrative decentralization, there is not much progress towards substantive decentralization. UNIDO's centralized project management style is for example reflected in the extremely high number of missions of HQ staff to Vietnam (79 in 2010; 92 in 2011), which exceed by far the respective figures of other UN Organizations.

### *Global Forum:*

UNIDO has been organizing a large and increasing number of seminars, workshops and conferences in Vietnam (39 in 2009; 106 in 2010; 91 in the first 10 months of 2011). The FO participated in many of these events as facilitator, organizer or through presentations. Some of these events had a distinct "Global Forum" function. Due to the rather policy driven structure of UNIDO's project portfolio in Viet Nam, which also includes elements of policy benchmarking and international expertise, the dichotomy between "Technical Assistance" and "Global Forum" is less pronounced than in many other countries. International meetings and study tours have been integrated in many projects.



### *One UN:*

One UN has boosted UNIDO's relevance and visibility in Vietnam. Ultimately, the One UN has the potential to mobilize complementarities between the different UN Agencies but, to date, the cooperation with other UN Agencies on the ground has been limited. Moreover, the experience of UNIDO's involvement in one of the "Joint Programmes" provides evidence that this instrument might not be very effective. UNIDO's exclusive reliance on DIM has been a concern and was questioned by national partners and stakeholders. There is a danger that UNIDO is becoming rather isolated with its focus on DIM. The 2012 – 2016 One Plan will allow for a continuously high visibility of UNIDO under the condition that the new UNIDO country programme and projects will be designed along the lines of the One Plan and its cascading logic.

*The main recommendations from this evaluation are as follows:*

- The project on "Business registration reform" should be continued and expanded as planned.
- The five UNIDO projects with funding from the next One UN fund (2012 – 2016) should take on board the findings and recommendations of this country evaluation. To reduce funding risks it is recommended not to allow for a funding gap of more than 50%.
- The SME Cluster project (currently supported by Italy), the CSR project (currently supported by EU) and the TCB project (currently supported by SECO) should not be continued in a "more-of-the-same" fashion. Instead, the three themes should be pursued under a newly designed "integrated package of SME projects". This package should also integrate the investment promotion project funded from One UN and be designed with a clear mechanism linking company level support with policy formulation and implementation and include a comprehensive monitoring component.
- In keeping with its core mandate, UNIDO should develop an approach and a funding proposition for a project tackling the poverty-environment link focusing on the so called "craft villages".
- UNIDO should make serious gender mainstreaming efforts under the next country programme with provisions for greater collaboration with other UN agencies.
- There is an urgent need for UNIDO to develop attractive new funding propositions under the next UNIDO country programme, which will operationalize UNIDO's contribution to the 2012 – 2016 One Plan. The leadership for project and programme development should be with the UR, who should be given the authority and the financial resources to set up a task force and mobilize HQ expertise and hire external consultants as appropriate.

- Vietnam should become a pilot country for decentralized implementation and UNIDO should allocate the necessary financial and human resources to the Country Office. The strengthening of the Country Office should also encompass decentralized monitoring and evaluation functions with stronger reporting and accountability mechanisms of UNIDO to the Government, however without duplicating or compromising the One UN mechanisms.
- UNIDO should pool project resources to equip the Country Office with the necessary project management capacity. Instead of having several CTAs in the field and project managers at HQ, UNIDO should assign two project managers to the Country Office who would be the PAD holders and project managers.
- UNIDO should further explore the interest of the Government in an evaluation capacity building project. This project could use resources from the UNEG network under UNIDO leadership.

The detailed recommendations are in Chapter 8.

# 1. INTRODUCTION AND BACKGROUND

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This independent country evaluation of UNIDO activities in the Socialist Republic of Vietnam has been requested by the UNIDO Executive Board. It is part of the Work Programme of the UNDO Evaluation Group and particularly relevant because Vietnam is one of the eight Delivering as One UN (DaO) pilot countries. The country evaluation was undertaken at the end of the first One UN Programme for Vietnam 2008-2011. Its recommendations are expected to feed into the on-going planning process of the UNIDO Country programme under the second One UN Programme 2012-2016.

## **1.1. Vietnam: a middle-income Country**

In 2010, Vietnam, with an annual per capita GDP of USD 1200, joined the league of middle-income countries. The country has enjoyed impressive growth rates over the last 20 years, averaging 7-8% per annum with a slight decline to 6% per annum during 2009-2010. In much, the growth has been driven by a shift from a centrally-planned to a market-led economy since the initiation of the 'Doi Moi' reform process in 1986. In this process, the structure of the economy has shifted away from agriculture, which declined to about 20% of GDP, towards manufacturing and services. While the agricultural sector remains the largest employer, continued industrialisation implies an increased demand of specialised skills. The pressure to create sustainable, productive and decent employment for all, especially for youth, remains high.

Vietnam's accession to WTO increased its exposure to competition on international markets and prompted a focus on further elimination of structural weaknesses of state enterprises and the banking sector. Manufacturing remains rooted in labour-intensive, low-tech sectors accounting for 65% of manufactured exports and challenges include enhancing productivity, developing basic infrastructure as well as securing more efficient public service delivery and continued macroeconomic stability. Compliance with WTO SPS/TBT commitments and standards is another challenge affecting export growth of agricultural and industrial products. The rapid industrialisation in Vietnam has further contributed to serious degradation of the environment, which in turn contributes to aggravating the negative effects of climate change.

The incidence of monetary poverty declined significantly from 37.4% in 1998 to 10.7% in 2010. Despite improved access to basic services, the multi-dimensional poverty index shows a much higher rate of non-monetary poverty, with significant

differences between poorer and richer provinces. The country's limited progress on education over the last decade is one of ten factors that deteriorated Vietnam's ranking in the World Bank's "doing business" benchmarking exercise in 2011.

Vietnam is anxious to avoid the "middle-income trap", which suggests that while countries are able to move up from the ranks of LDCs, moving further forward becomes more complex, as competitiveness can no more be built on "cheap labour" and widening inequalities pose additional political challenges.

The development context in Vietnam is discussed in greater detail below (Chapter 3).

## **1.2. Vietnam: 'Delivering as One UN' pilot country**

Vietnam was among the first countries to become a 'One UN' pilot. Since the beginning of 2007, work has advanced rapidly on the various 'One UN' dimensions: One Plan, One Budget (One Plan Fund), One Leader, One Set of Management Practices, One Voice, and One UN House.

The first 'One Plan' based on Vietnam's Socio-Economic Development Plan (SEDP) 2006-2010 was launched in 2007 by the three EXCOM Agencies (UNDP, UNICEF, UNFPA and UNAIDS, UNIFEM and UNV). In 2008, this first 'One Plan' was updated to also include UNIDO and other Specialized Agencies. When the One UN Programme became fully operational in 2008, UNIDO's on-going projects<sup>2</sup> were carried over into the One UN Programme. The Planning of the next One UN Programme 2012-2016 is well underway.

The One UN five-year 2007-2011 had a total budget of close to 465 MUSD. Figure 1 illustrates the distribution of this budget across the participating UN Agencies. The share of UNIDO equalled 6.7% (or 31.5 MUSD) at par with the shares of one EXCOM Agency (UNFPA) and two other Specialized Agencies (FAO and ILO).

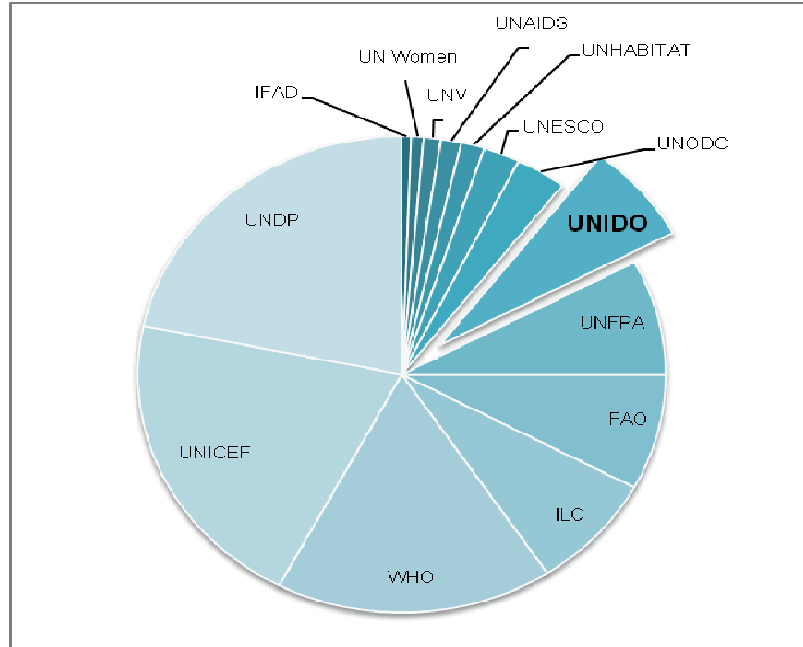
The first One UN programme also included five so called 'Joint Programmes' executed jointly by different UN Agencies. UNIDO was partner in two of these: Green Production and Trade and Gender Equality.<sup>3</sup>

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<sup>2</sup> UNIDO's on-going projects had been planned within the framework on an Integrated Programme 2006-2011 (IP2).

<sup>3</sup> The other three being: Avian Influenza, Food Security, and Kon Tum.

**Figure 1: One Plan Budget Shares by Agency – Five Years 2007-2011**



The involvement of UNIDO and its contributions to delivering as One UN in Vietnam is discussed in greater detail below (Chapter 7).

### **1.3. UNIDO in Vietnam**

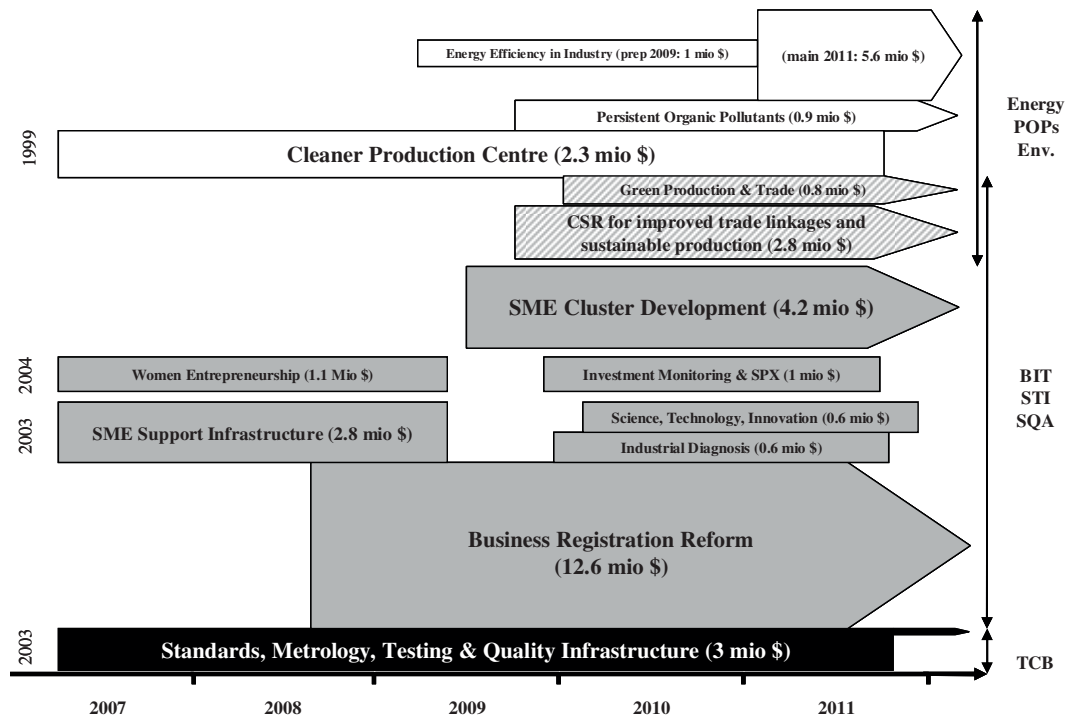
UNIDO started its cooperation with Vietnam as early as 1969. Since then, the cumulated budgets of all UNIDO technical cooperation projects amount to approximately 88 million USD.

Table 1 shows the portfolio of UNIDO projects at the time of this evaluation.

**Table 1: UNIDO's portfolio of on-going projects**

Nr	Project Title	Start	Budget (MUSD)	Funding source
1	Business registration reform	2008	12.60	NORAD (4.5); UNIDO & One UN Fund (1.5); SECO (6.6)
2	SME cluster development	2009	4.20	Italy
3	Platform for investment monitoring and supplier development	2010	0.97	One UN
4	Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam	Prep 2009 Main 2011	6.62	GEF/UNIDO (1.025); National, including firms (5.6)
5	Building national capacity in industrial diagnosis and trade competitiveness analysis	2009	0.63	One UN
6	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam	2009	2.47;	GEF/UNIDO (0.9); National (1.57)
7	UNIDO contribution to UN Joint programme "Green production and trade"	2009	4.12 (UNIDO 0.77)	Spanish MDG
8	Policy advice on environmental management <ul style="list-style-type: none"> <li>- Waste management in craft village</li> <li>- Climate Change Action Plan</li> <li>- Eco-city</li> <li>- Resource efficiency in the steel sector</li> </ul>	2009	0.260	One UN & UNIDO
9	TCB in Mekong countries (regional project also including Lao PDR and Cambodia)	2006	1.7 (Vietnam 0.56)	NORAD
10	TBT/SPS capacity development	2008	2.40	SECO
11	Policy advice to Science, Technology and Innovation Strategy	2009	0.60	One UN
12	Promotion of new cleaner production services (NCPC)	2004	2.30	SECO
13	Local pharmaceutical production	2006 (UNIDO 2010)	0.04	UNIDO; WHO
14	Corporate Social Responsibility	2009	2.80	EU
15	UNIDO contribution to UN Joint programme on "Gender equality"	2009	4.5 (UNIDO 0.13)	One UN
16	Survey on post-harvest losses in ASEAN countries	2010	0.22	Korea
<b>Total</b>			<b>1.46</b>	

Figure 2 depicts the structure and trends of the UNIDO portfolio since 2007



**Figure 2: Structure and trends of the UNIDO portfolio**

Private sector development is the most dynamic TC sector. Activities in this sector started in 2003 with a focus on improving competitiveness from various angles, and paying particular attention to the role of SMEs. Today, UNIDO's single largest TC project with Vietnam is the on-going Business Registration Reform project, which is currently being extended to a next phase.

Environment is second largest sector. The Vietnam National Cleaner Production Centre (VNCPC) has been one of the most longstanding UNIDO initiatives in Vietnam, and is assessed under this country evaluation by an impact evaluation. Quite surprisingly, cooperation under the international environmental funds (Montreal Protocol and Stockholm convention), which in other countries is one of UNIDO's strongholds, plays only a minor role in Vietnam.

Cooperation related to Trade Capacity Building (TCB) has been stable over many years. The related Standards, Metrology, Testing and Quality (SMTQ) project has come to an end in 2011 and its final evaluation feeds into this country evaluation.





## 2. EVALUATION PURPOSE, SCOPE AND METHODOLOGY

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The country evaluation was conducted in accordance with the Terms of Reference (ToR) attached in Appendix 1.

### ***2.1. The country evaluation purpose***

The country evaluation was carried out as a forward-looking exercise aiming at identifying success factors of projects and programmes as well as areas for improvement. Conclusions and lessons drawn are intended to enhance relevance and effectiveness of future UNIDO and UN interventions in Vietnam. The evaluation was undertaken at a time when the first One UN Programme (2008-2011) was coming to an end and the planning of the second (2012-2016) was underway. The evaluation findings are also expected to feed into several UNIDO thematic evaluations.<sup>4</sup>

The main purposes of the evaluation were the following (see Terms of Reference, Appendix 1):

- To assess the progress and achievements of Technical Cooperation (TC) projects towards the expected outcomes outlined in the UNIDO project and programme documents;
- To assess the progress and achievements of UNIDO's non-TC interventions ("Global Forum");
- To assess the UNIDO portfolio of interventions in Viet Nam (TC and non-TC) for coherence and synergies;
- To assess the integration of the UNIDO portfolio under One UN Vietnam and the extent to which UNIDO has made contributions to achieving the One UN objectives;
- The extent to which UNIDO has made contributions to achieving the MDGs;
- To assess the performance of the Country Office in Viet Nam in carrying out its functions and in relation to the delivery of the RBM-based work plan;
- To generate key findings, draw lessons and provide a set of clear and forward-looking recommendations.

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<sup>4</sup> Thematic evaluations of: UNIDO's work in the area of POPs; UNIDO Field Office Performance; UNIDO contributions to one UN; UNIDO's contribution to MDGs; and UNIDO initiatives related to competitiveness and enterprise upgrading.

## **2.2. Scope and focus**

In addition to TC, the evaluation covered also Global Forum (GF) activities and the performance of the UNIDO Country Office Vietnam (UCOV). UNIDO's performance under One UN and its contributions to the attainment of the Millennium Development Goals have been crosscutting questions that are covered by specific chapters.

The following projects and past evaluations were considered for inclusion in the evaluation:

- 16 on-going projects (stand-alone projects, including global Environment Facility (GEF) projects, and components of regional projects, see Table 1);
- 2 projects in the pipeline;
- 3 past project evaluations (projects finalised between the end of the IP1 (evaluated in 2004) and the start of the first One UN country Programme (in 2008));
- 3 past thematic evaluations.

A full and in-depth assessment of all 16 projects was however not possible under this country valuation. During the inception phase the exact scope of the TC evaluation was decided (see Table 2 below).

## **2.3. Evaluation team**

The evaluation was conducted by Mr Peter Loewe, Senior Evaluation Officer ODG/EVA, Ms Henny Andersen, Senior International Evaluation Consultant, and Ms Tran Thi Hanh, CIEM, Senior National Evaluation Consultant (referred to as 'Evaluation Team').

During the time of the evaluation, Mr Klaus Billand, UNIDO Senior Coordinator for UN System Coherence, conducted a monitoring mission of UNIDO's contributions to One UN. To raise synergies and avoid duplications, Mr. Billand joined the Evaluation Team for its meetings and interviews related to One UN.

## **2.4. Evaluation methodology**

This evaluation adopted a two-phase approach. During the evaluation mission of the above mentioned SMTQ Project in May 2011, the UNIDO Senior Evaluation Officer informed the GoV and stakeholders about the forthcoming evaluation. On this occasion, he also contracted the National Evaluator, who subsequently started the inception phase of the country evaluation with evaluability assessments of the projects, engaging into an evaluation dialogue with project stakeholders and collecting relevant information.

In October 2011, the National and the International Evaluator conducted desk studies and came to the UNIDO HQ for meetings with project managers. The information collected by the team under the inception phase provided the basis for deciding which of the eligible projects should be included into the country

evaluation and at which depth each of the included projects could be evaluated, taking into account the available resources, i.e.: full-fledged independent evaluation, impact evaluation, in-depth assessment, or review (see Table 2) and field visits. Two pipeline projects were initially included for review but were eventually not covered as there was no documentation to review and no stakeholders to meet with.

The evaluation mission was conducted between 5 and 25 November in a participatory manner and triangulation of information has been done to the extent possible. During the evaluation mission counterparts, UNIDO project staff and other relevant project stakeholders were interviewed. The team met with beneficiaries during on-site visits. Selected donors were also met. The number of consultations varied for different projects, depending on the decided depth of project assessment. The list of persons met is found in Appendix 3.

As shown in Table 2, the two TCB projects were independently evaluated earlier in 2011. During the time of the country evaluation, UNIDO conducted an independent impact evaluation of the NCPD project and the Spanish MDG Fund conducted a mid-term evaluation of the Green Trade project. Findings and recommendations from all these evaluations were taken into account for the present country evaluation.

The country evaluation team conducted in-depth assessments of seven of the on-going projects and reviews of another three on-going projects (see individual project assessment sheets in Appendix 5). Because of their very small size, three of the on-going projects were not considered during the country evaluation.<sup>5</sup> The country evaluation team also considered the assessments and recommendations from past project and thematic evaluations. Particular attention has been paid to the question whether the recommendations of the earlier evaluations have been adhered to.

**Table 2: Evaluation Methodology and Coverage**

No <sup>a</sup>	Project Title	Start	Evaluation Methodology
<ul style="list-style-type: none"> <li>• <b>FULLY FLEDGED INDEPENDENT PROJECT EVALUATIONS CONDUCTED BETWEEN MAY AND SEPTEMBER 2011 UNDER SEPARATE TOR</b></li> </ul>			
9	TCB in Mekong countries (regional project also including Lao PDR and Cambodia)	2006	▪ Desk review of evaluation assessment and recommendations
10	TBT/SPS capacity development	2008	▪ Desk review of evaluation assessment and recommendations
<ul style="list-style-type: none"> <li>• <b>IMPACT EVALUATION CONDUCTED IN PARALLEL TO THE COUNTRY EVALUATION UNDER SEPARATE TOR</b></li> </ul>			
12	Promotion of new cleaner production services (NCPD)	2004	▪ Desk review of evaluation assessment and recommendations

<sup>5</sup> The justification for selection or exclusion of interventions was detailed in the inception report. See: Andersen, Henny (October 2011): *Inception Report: Independent Country Evaluation: Socialist Republic of Vietnam*.

No <sup>a</sup>	Project Title	Start	Evaluation Methodology
<b>• IN-DEPTH ASSESSMENTS OF ON-GOING PROJECTS CONDUCTED UNDER THE COUNTRY EVALUATION</b>			
1	Business registration reform Next phase	2008 2012 /2013/	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> <li>▪ Focused group discussions with project steering committee members</li> <li>▪ On-site discussions with BROs</li> </ul>
2	SME cluster development	2009 /Oct 2011/	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> <li>▪ Focused group discussions beneficiaries</li> </ul>
3	Platform for investment monitoring and supplier development	2010	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> </ul>
5	Building national capacity in industrial diagnosis and trade competitiveness analysis	Nov 2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> <li>▪ Focused group discussions with Advisory Board Members</li> </ul>
7	UNIDO contribution to UN Joint programme "Green production and trade"	Dec 2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> <li>▪ On-site focused group discussions with beneficiaries</li> </ul>
11	Policy advice to Science, Technology and Innovation Strategy	Sept 2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Interviews with key stakeholders</li> <li>▪ Focused group discussions with NISTPASS staff</li> </ul>
14	Corporate Social Responsibility	Sept 2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> <li>▪ Focused group discussions with implementing partners and Steering Committee members</li> <li>▪ On-site focused group discussions with one group of beneficiaries</li> </ul>
<b>• PROJECT REVIEWS (ON-GOING PROJECTS AND PIPELINE PROJECTS)</b>			
4	Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam	Prep 2009 Main 2011	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> </ul>
6	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam	2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> </ul>
8	Policy advice on environmental management <ul style="list-style-type: none"> <li>- Waste management in craft village</li> <li>- Climate Change Action Plan</li> <li>- Resource efficiency in the steel sector</li> </ul>	2009	<ul style="list-style-type: none"> <li>▪ Desk review of project documentation</li> </ul>
<b>• PROJECTS NOT COVERED BY THIS EVALUATION</b>			
13	Local pharmaceutical production	2006 (UNIDO 2010)	<ul style="list-style-type: none"> <li>▪ Not included in the country evaluation</li> </ul>

No <sup>a</sup>	Project Title	Start	Evaluation Methodology
15	UNIDO contribution to UN Joint programme on "Gender equality	2009	▪ Not included in the country evaluation
16	Survey on post-harvest losses in ASEAN countries	2010	▪ Not included in the country evaluation
17	Establishment and implementation of the systematic management program to control, phase out and reduce POPs and mercury releases in Vietnam	Pipe-line	▪ Intended for review but during in-country mission it was clarified that there was no documentation to review and the project was excluded.
18	Eco Industrial Zone	Pipe-line	▪ Intended for review but during in-country mission it was clarified that there was no documentation to review and the project was excluded.
• <b>PAST INDEPENDENT PROJECT EVALUATIONS</b>			
i	Independent evaluation of the Integrated Programme I (done in 2005)		▪ Desk review of evaluation assessment and recommendations
ii	Independent evaluation of the UNIDO programme 'Entrepreneurship development for women in food processing in Central Vietnam' (done in 2007)		▪ Desk review of evaluation assessment and recommendations
iii	Independent evaluation of UNIDO assistance to establish the national and provincial SME support infrastructure (done in 2007)		▪ Desk review of evaluation assessment and recommendations
• <b>PAST THEMATIC EVALUATIONS</b>			
iv	Thematic review of UNIDO Cleaner Production activities, more specifically including the evaluation of the NCPC in Vietnam (done in 2008)		▪ Desk review of evaluation assessment and recommendations
v	Independent thematic evaluation of the UNIDO cluster and networking Development Initiatives (done in 2009)		▪ Desk review of evaluation assessment and recommendations
vi	Thematic evaluation of UNIDO SMTQ activities (done in 2010)		▪ Desk review of evaluation assessment and recommendations

<sup>a+b</sup> Numbering as per UNIDO Country Office Vietnam: *Quarterly Project Monitoring Report April-June 2011* and used in ToR.



### 3. NATIONAL ECONOMIC AND DEVELOPMENT CONTEXT

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For the last decade Vietnam has made significant achievements in economic growth, poverty reduction, social development, and in the protection of the environment and natural resources. However, big challenges remain when it comes to developing the national technical capacity, which will be necessary to meet the requirements for continued sustainable development in the coming years.

#### **3.1. Vietnam's development vision**

In 2000, the Government of Vietnam (GoV) set itself the target to double Vietnam's GDP per capita by 2010.<sup>6</sup> This target was over-achieved with the GDP reaching middle income level of USD 1200 per capita in 2010, implying a three-fold increase as compared to 2000.

Vietnam economic targets for 2011-2020 are similarly ambitious: "to become an industrialized country with a GDP per capita of USD 3000 in 2020, and the industrial and service ratio to GDP to be 85% by 2020". The vision is to achieve rapid development of high technological production, which should reach 45% of GDP by 2020. The GDP growth rate target was set at 6.5- 7% per year, while recognising the risks of this rapid growth strategy. According to GoV plans, increased attention is to be given to the protection of the environment and natural resources, to climate change measures and to improving human capacity and social welfare.<sup>7</sup>

The Government envisions restructuring the economy by moving away from the current growth model relying on capital-intensive industries to a growth model based on high quality products. Competitiveness is to be improved through restructuring three main sub-sectors: the SOEs, the banking system and public investments. The aim is to achieve a high proportion of high-value-added products using a high proportion of locally produced inputs.

#### **3.2. Growth, trade and competitiveness**

During the previous planning period of 2001-2010, the structure of the economy changed, with an increase of the share for industry and construction from 36.7% to 41.1% and a declining share for agriculture from 24.5% to 20.6%. The shift

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<sup>6</sup> Government of Vietnam (2001): *Vietnam's 2002-2010 Socio-Economic Development Strategy (SEDS)*, Hanoi.

<sup>7</sup> Government of Vietnam (2010): *Vietnam's 2011-2020 Socio-Economic Development Strategy (SEDS)*, Hanoi.

from agriculture to manufacturing helped to raise labour productivity at an average annual rate of 4.8 % (in 1996-2008).<sup>8</sup>

While agricultural growth in 1991-2000 occurred primarily from gains in effectiveness, driven by the land reform and the liberalization of domestic and international trade, the last ten years witnessed continued gains in effectiveness thanks to the modernization of technology in combination with the promotion of extension services and investments in rural infrastructure. In coming years, investments are envisaged to improve human capacity, to promote high biotechnology, post-harvest services and marketing. Further improvements of rural infrastructure are required in disadvantaged areas.

There is a consistent link between industrial competitiveness and economic development. The industrial sector has become more competitive. Using UNIDO's Competitive Industrial Performance Index, Vietnam climbed from ranking 72nd in 2005 to 58th out of 118 countries in 2009.<sup>9</sup> The industrial growth has partly resulted from increasing flows of foreign investment looking for cheap labour to produce simple manufactured exports. The inflow of FDI has made a significant contribution to the GDP, but its importance slightly declined during the last decade.<sup>10</sup> FDI inflows had moved strongly from manufactured goods to hotels and real estates in mid-2000.<sup>11</sup> The contribution of FDI to Vietnamese exports is expected to further decline in the future.

Technical transfer effects from FDI enterprises to local firms, especially SMEs, are limited. The backward linkage of the FDI sector is weak, with only 38% of intermediate products in the FDI production chains being purchased from domestic operations, while 54% is purchased from overseas.<sup>12</sup> The current FDI mobilization strategy puts emphasis on foreign investments in manufacturing, involving a combination of imported technology, local land, and low skilled local labour. A policy to maintain low minimum wages was in place until 2007. Recent increases in labour costs may lead to manufacturing investors looking for low-wage-labour leaving the country in search of more low-wage locations.<sup>13</sup>

To maintain its growth momentum Vietnam has to change its FDI mobilization strategy, moving away from the low-wage-seeking FDI to higher-value-added FDI. Attracting higher quality FDI to Vietnam requires developing labour skills, infrastructure profiles, protection of intellectual property rights, and contract en-

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<sup>8</sup> CIEM & NUS (2010): *Vietnam Competitiveness Report*, Hanoi.

<sup>9</sup> UNIDO-MoIT (2011): *Vietnam Industrial Competitiveness*, (Draft), Hanoi.

<sup>10</sup> FDI stock to GDP increased from 25.5 % in 1990 to 66.1 % in 2000 and the declined to 53.8 % of GDP in 2008 (see: UNCTAD (2009) Information economy reports)

<sup>11</sup> The FDI inflows in hotel and real estate increased by about three hundred times (from USD 9 million in 2004 to USD 2586 million in 2009), while it was about twice in manufacturing industries (from USD 564 million in 2004 to USD 1171 million in 2009) for 2004- 2009 period (see: ASEAN Investment report, 2011).

<sup>12</sup> VCCI-USAID (2010): *Vietnam Provincial competitiveness Index report*, Hanoi.



forcement. As part of this strategy, investment promotion agencies should help to convey the quality and technological standards of future investors to domestic producers and invest in better databases for business partner matchmaking between foreign investment enterprises (FIEs) and domestic suppliers. Some initial efforts of matchmaking between FIEs and domestic suppliers have been started by VCCI under the support from UNIDO.

Growth in trade has been sustained at an annual level of more than 8% during the last years, and despite the current world economic crisis. The high degree of diversity in trade has helped Vietnam protect itself from the declining demand and emergence of new competitors in some markets. Yet, the composition of exports has been a problem, with heavy reliance on primary commodities, especially crude oil (11.2% of the total export), and agricultural products (21.1%), although there has been a small shift from primary products to manufactured goods. The growth in manufactured product exports has been mainly in labour intensive finishing activities, with low domestic value added so that gross export figures tend to over-value their contribution to the economy. Therefore, export values are vulnerable to shocks from volatile world commodity markets. Sustained export growth requires significant diversification into more sophisticated manufactured goods and services. Despite high export growth the annual trade deficits remained high (USD 23-29 billion) in the 2007-2009 period, although with a marked reduction in 2010 (down to USD 12.6 billion). The key trade deficits emerged mainly from imports of machineries, appliances, textile materials, and computers and appliances from China and South Korea.

The scope and pace of socio-economic development has varied (sometimes sharply) across geographical regions and population segments. The poor provinces suffered from difficulties in attracting FDI and domestic investors despite significant progress in improving their competitiveness as shown by the 2010 Provincial Competitiveness Index (PCI). Some of the contrasts in the pace of development between regions may be inevitable at this stage of development, in particular the increasing gap between rural and urban income levels and the contrast between the very rapid growth in the two main growth poles (around Ho Chi Minh City and Hanoi) and lagging (poor and remote) provinces.

### **3.3. *The environment, natural resources and climate change***

Vietnam has identified as the most important environment problems to be resolved in coming years: danger of forest and forest resources losses; declining quality of land and per capita access to land; destroyed marine resources; exhausted mineral, water, land, biological resources; and serious environmental pollution. In spite of strong efforts, the Government faces big challenges in achieving the MDG goal on ensuring sustainable environment.

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<sup>13</sup> USD 22 in 2007 compared to USD 58 and USD 65 in 2008 and 2009 respectively.

To address the identified problems the Government has made strong efforts to improve the related legal and policy framework and has spent significant public resources on implementing various national targeted programs (including the 2006-2010 National Program for Plantation of 5 millions ha of Forest, the 2011-2015 National Program addressing the pollution in craft villages, and the 2011-2015 National Energy Efficiency Program). The awareness of the problems of climate change is reflected in the approval by the Prime Minister of the National Strategy on Climate Change and the 2009-2015 National Targeted Program to Address Climate Change..

Pollution, including air, water and solid waste, remains serious in Vietnam. The legal enforcement is an immense problem, despite the establishment of the Environment Police in the Ministry of Security and Police. No less than 70% of more than million m<sup>3</sup> of waste water flows from industrial parks without pollution treatment. A majority of the operating industrial parks (57%) have not built a central waste water treatment system. The handicraft villages are also causing pollution, as there is not treatment of either waste water or solid waste.

### **3.4. Poverty reduction and employment**

The poverty reduction target set in the VMDG has been achieved, with the poverty incidence reduced from 28.9% in 2002, to 18.1% in 2004 and down to 10.7% (by the old poverty line) or 14.2% (using new poverty line) by 2010. However, poverty remains very high in the most disadvantaged areas and among ethnic minority groups, especially when it comes to multi-dimensional poverty. The gaps between multi-dimensional poverty and monetary poverty incidences in the poorer provinces are huge, e.g. Lai Chau (82.3% versus 50.1%), Dien Bien (75% versus 50.8%) and 73% versus 50% in Ha Giang, indicating high rates of deprivation in health, living standards and education.<sup>14</sup>

The overall unemployment rate was 2.3% in 2011, with an urban-rural gap (3.6% in urban areas and 1.7% in rural areas). The underemployment rate was consistently higher (3.3%, 1.9%, and 4% nationally, in urban and rural areas respectively). In 2011, the highest rate of unemployment was found in the South East of the country, and the lowest in the Northern Mountainous region. For underemployment, however, the South-Eastern region shows the lowest and the Red River Delta the highest level. There are clear inter-linkages between the regional differences in under- and unemployment rates. For many years the Red River Delta used to be the region with highest unemployment rate. The combination of high levels of unemployment in the Red River Delta and high levels of FDI inflows to the South East, however, encouraged migration from the Red River Delta to the South-East. With the decline in FDI inflows in 2008, the South East turned into the region with the highest unemployment rate, which prompted many workers to return back home, causing rapidly increasing underemployment rate in the rural areas of the Red River Delta.

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<sup>14</sup> GSO & UNDP (2011): *Urban poverty survey report*, Hanoi.

A high proportion (about 50%) of the labour force is unskilled. The Government has implemented various programs targeting employment generation and vocational training (such as the National Program on Employment, the National program on Vocational training for Rural Labour). However, the shortage of skilled labour has remained an obstacle to enterprises, especially to the development of big enterprises.<sup>15</sup> Vietnamese and international investors cite the lack of skilled workers and managers as a major barrier to expansion of their business.

As a member of the United Nations, Vietnam respects and makes big efforts to achieve the Millennium Development Goals (MDGs). The MDGs have been localised into Vietnam's millennium development Goals (VMDGs). Many of the 33 targets set in the VMDGs were achieved by 2010, including the targets for poverty reduction, literacy education, improving the position of women and gender equality, as well as many of the targets for health improvement. A number of targets are facing difficulties in being achieved, such as the 8 targets for anti-HIV/AIDS and other diseases (especially the targets on HIV/AIDS). There are concerns about the achievement of the four targets for the Environmental sustainability Goal, although this goal was incorporated into the 2001-2010 SEDS, as reflected in its key direction for development set for this period as economic growth going along with social equality and environmental protection.

### **3.5. Capacity building needs**

To sustain economic growth, Vietnam has to improve its national technical capacity. National technical capacity is partly reflected in the human development index (HDI). As for HDI, Viet Nam ranks in the medium, rising from 0.651 in 2001 to 0.728 in 2011. However, in the last decade, the GDP per capita has become the main driver of Vietnam's progress in the HDI, which contributed 55.7% to the growth in the HDI between 1999 and 2008, while the life expectancy index contributed 31.8% and the education index just 12.6%.<sup>16</sup>

The percentage of the population with secondary and tertiary education is lower than in many East Asian and Pacific countries. Despite efforts to improve the access to and the quality of education, Vietnam's performance on education was below that of other countries in the region, with expected years of schooling being 10.4 years and the mean years of schooling being 5.5 years (compared to the East Asia and the Pacific average levels of 11.7 and 7.2 respectively).<sup>17</sup> From 2000 to 2011, while GNI per capita rose by 77%, life expectancy rose from 72 years to 75.2 years, and mean years of schooling rose from 4.5 to 5.5 years, expected years of schooling saw almost no change (rising from 10.3 to 10.4 years).

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<sup>15</sup> According to the Survey on Skills Gaps, run by ILLSA (MOLISA) in 2010, 85% of responded enterprises with more 259 workers expressed their difficulties in recruitment of skilled workers, while only 16% of small enterprises (less than 10 workers) suffered.

<sup>16</sup> UNDP (2011): *Social services for Human Development Viet Nam, Human Development Report 2011*.

<sup>17</sup> Ibid.

Projections of future skill needs indicate that the demand for skilled labour in particular will continue to grow strongly, whereas it is currently in shortage with only 13% of the employable work force having vocational qualifications. The survey on skills gaps conducted by the ILSSA (MOLISA) in 2010 found that 85% of the enterprises with more than 259 workers suffered difficulties with recruitment of skilled workers<sup>18</sup>. Middle managers and technicians and engineers are in higher shortage than general workers. Difficulties in recruiting middle managers and engineers were reported by 70.4% and 60% respectively of the responding firms, as compared to 22% reporting difficulties in recruiting skilled general workers.<sup>19</sup>. Low skills level in the labour force has been reflected in low industrial productivity. In 2006 the industrial labour productivity growth was 0.8 % in Vietnam, ranking at the very bottom among the ASEAN countries<sup>20</sup> despite the high annual growth rate. Only Cambodia and Laos ranked lower than Vietnam. The low skills level in the Vietnamese labour force partly results from low gross secondary as well as low technical and vocational education and training enrolment ratios.

One of the main obstacles to improving individual technical capacity is found in weak technical capacity within the national capacity building institutions. The public tertiary and vocational training institutions have not moved to become fully autonomous entities, thus showing poor performance and weak accountability. In parallel, the incentives given by the government to private tertiary and vocational training institutions have not been strong enough to attract private sector investments into this sector. As a result, most of the graduates from universities, colleges, and technical and vocational schools do not have sufficient/adequate skills to meet the requirements of the industries. Many FDI enterprises (44%) have to organise in-house training for their newly recruited workers.

Only few enterprises pay high attention to building school-industry partnerships. A 2011 survey on personnel management of enterprises shows that only 3% of the responding enterprises cooperated with tertiary and vocational training institutions in recruitment of workers. Moreover, most enterprises invest inadequately into training. Salaries account for a very small proportion of business costs (less than 5% in 2010), and of these salary funds only 7% were spent on training.<sup>21</sup>

Most Vietnamese enterprises have been involved in the technology transfer process as recipients - but not as innovators or suppliers. Many Vietnamese enterprises have not set the vision and the orientation for their own development. Enterprises have set aside inadequate resources for investment in technology change and innovation. Lack of appropriate human resources has in turn served as the key obstacle to absorbing the technology transferred.

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<sup>18</sup> Report on the Survey on Skills Gaps, ILLSA (MOLISA), 2011

<sup>19</sup> Japan External Trade Organization survey, Mori, et. al., 2008.

<sup>20</sup> International Labour Organization. 2008. *Labour and Social Trends in ASEAN*. Bangkok.

<sup>21</sup> In 2010 the funds spent by enterprises to training took 7.13% of the total funds for salaries as reported from the 2011 Survey on "Personnel management of enterprises in Vietnam" run by Edu-Viet, the Association of Young entrepreneurs and VinaTest.

## 4. PROJECT PORTFOLIO ANALYSIS AND ASSESSMENT

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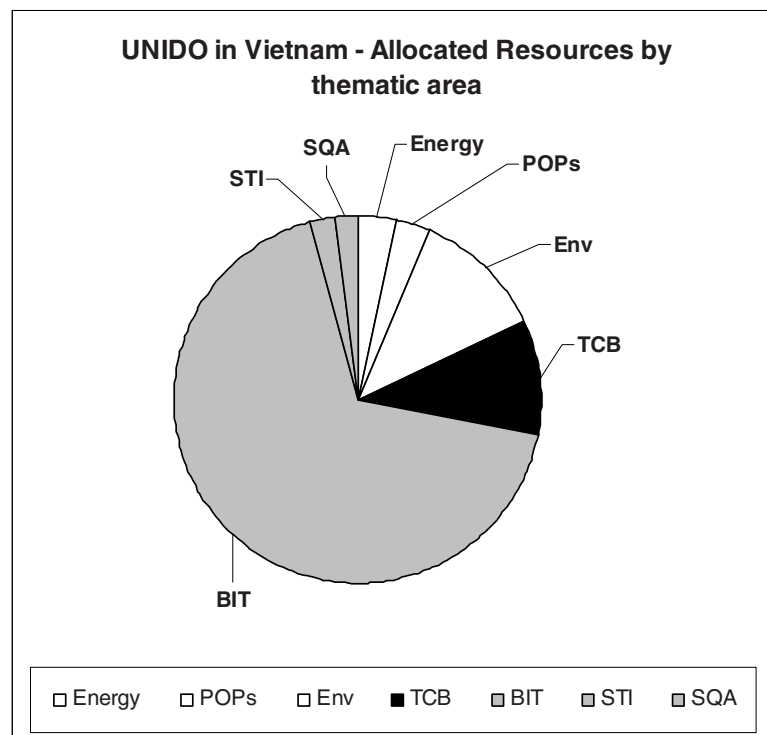
### 4.1. Programme composition

Figure 3 illustrates the relative weight of the different thematic areas in UNIDO's current portfolio based on the budget figures in Table 1 above.

Quite clearly, projects from the thematic area of Business, Investment and Technology (BIT) represent the lion's share of the portfolio. This predominance reflects country priorities but is also due to the fact that the by far biggest project of the portfolio comes under this theme.

The projects relating to the environment, energy efficiency and to the elimination of Persisting Organic Pollutants (POPs) represent the second biggest share, followed by the projects related to Trade Capacity Building (TCB) or Standards, Metrology, Testing and Quality (SMTQ). Finally, there are two policy related projects implemented by the Strategic Research, Quality Assurance and Advocacy (SQA) Division and the Science, Technology and Innovation (STI) unit.

Figure 3: Resource allocation by thematic area



## **4.2. Overview of project assessments**

Each project was assessed on the basis of the standard DAC evaluation criteria of relevance, design, effectiveness, efficiency, ownership, sustainability and impact. The detailed assessments for each project are found in Appendix 5. Table A in the Executive Summary summarizes these assessments.

The overview table shows that all projects are relevant. The assessment of the project design is more mixed. As for effectiveness, seven projects are rated as effective whereas six projects could be more effective. With a few exceptions, project efficiency is overall assessed as low, which in most cases is a consequence of weaknesses in design. Most projects show good national ownership. Prospects for sustainability are found to be good in 5 and high in one of the 13 projects while prospects for impact are found to be good in 5 projects.

The project assessments are summarized as follows.

## **4.3. Relevance**

Under relevance we assess the extent to which the objectives of an intervention are consistent with the requirements of the end-users, the government policies and strategies, donor policies and UNIDO mandate and priorities.

All areas of UNIDO's technical cooperation with Vietnam are relevant, to the GoV as well as to the UNIDO mandate and priorities. Relevance to ultimate beneficiaries is more mixed.

The independent evaluations of the two Trade Capacity Building (TCB) projects conclude that both projects were highly relevant. The regional project MEKONG II was found to be highly relevant in terms of international priorities, national priorities and the expressed demands of direct beneficiaries (government institutions). Relevance for enterprises could have been increased by including 'compete' aspects along the supply chain and for some sectors by including 'connect' aspects. The national project on post WTO accession support was assessed as fully in line with the strategies, plans and policies of the GoV and with the objectives and priorities of the main counterparts and target groups. Objectives were also assessed as highly relevant in terms of international priorities, including the MDGs. Relevance was not limited to export-related policies of the GoV, but included consumer and environmental protection aspects. A more comprehensive, holistic approach to strengthening selected value chains would however further increase the direct relevance for beneficiary companies.

Projects in the Business, Investment and Technology (BIT) area are all relevant. They aim at improving industrial and trade competitiveness, which is in line with the priorities of the GoV as reiterated in the second SME Development plan

2011-2015. The GoV increasingly emphasizes employment generation and improved competitiveness to reduce the vulnerability to global competition.

The business registration reform project is highly and directly relevant to improving the business environment for enterprise start-up and operation and thus indirectly relevant to trade promotion, employment generation and poverty reduction. The project is directly linked to policy and provides at the same time downstream benefits to enterprises. The Project Manager provided strategic policy advice to ABR and MPI on the reform. The CTA and other project experts provide practical policy solutions, such as resolving issues between MPI and MoF along the strategic direction. The project's combination of institutional and individual capacity building has been a good example of practical policy advice through 'on-the-job' activities.

The SME cluster project introduces the cluster approach to strengthening capacity and competitiveness of SMEs, which is innovative and highly relevant in the Vietnamese context. The project demonstrated remarkable flexibility in taking on-board policy aspects, as evidenced through the inclusion of a cluster strategy into the second SME Development plan 2011-2015, which has increased relevance to the GoV. The relevance of the project to participating enterprises is somewhat diminished by its almost exclusive focus on business partnerships with Italy.

The platform for investment monitoring and supplier development aims to maximise the developmental impact of foreign and domestic investment, and thus to contribute to strengthened national industrial competitiveness and trade performance. This is highly relevant to GoV policies and in line with the expressed interest of the direct beneficiaries (Government institutions and VCCI). The ultimate relevance to enterprises and other users will depend on the extent to which the platform will effectively provide reliable and useful information.

The Joint Programme on green production and trade adopts a value chain approach, aiming at strengthening capacity and competitiveness of individual beneficiaries working in labour-intensive sectors. The project has the potential to be highly relevant to grass-root beneficiaries, and thus to poverty reduction and achieving MDGs. The overall relevance would increase further if UN Agencies would apply joint programme planning instead of parallel planning. The programme's aim to inform and feed into GoV policies is also relevant, but this relevance would be further enhanced by a clearer strategy how to translate the grass-root experiences into policy-making.

The CSR project is relevant to enhancing trade competitiveness. The Corporate Social Responsibility (CSR) issues addressed (social, economic and environmental) as well as the three chosen sectors (garments and textiles, leather and footwear, and electrical and electronics) are well in line with GoV priorities. The relevance of this project is further enhanced by its contributions to increased awareness and understanding among consumers and other stakeholders (the

‘demand side’) in addition to raising awareness among enterprises (the ‘supply side’). The projects in the thematic area of Energy and Environment are increasingly relevant because of Vietnam’s high-growth strategy and its mounting environmental challenges (see chapter 3).

The VNCPC intervention was highly relevant to GoV policies. The initiative was just-in-time to respond to the Directive on strengthening environmental protection in 1998 and the Declaration on Cleaner Production in 1999. Its policy relevance was further increased by a range of environmental policy measures issued between 2000 and 2010. The creation of the National Cleaner Production Centre in 1999 was of particular relevance to the SME sector. Relevance to SOEs and to village industries has been more limited but future projects aiming at these sectors can build on VNCPC capacities.

The recent project to promote industrial energy efficiency through system optimisation and energy management standards was proposed by the Government. The project objectives are consistent with the objectives of the 2006-2010 SEDS. By introducing the new standard ISO 50001, the project is expected to improve the energy efficiency of firms, to reduce their costs and ultimately to increase their competitiveness. The project is thus relevant to industrial development.

The project to promote Best Available Technologies and Best Environmental Practices (BAT/BEP) to reduce or eliminate unintentionally produced persistent organic pollutants (POPs) was highly relevant and in line with the efforts of the GoV to fulfil its obligations under the Stockholm Convention. The project was further highly relevant in building innovative laboratory and control capacities of the benefitting Government institution. It is however uncertain to what extent the involved enterprises perceived the project as relevant to them, and the forthcoming external in-depth evaluation should assess this further.

High-quality upstream Policy advice is becoming increasingly important and highly relevant to the strategic GoV objective to avoid the “middle-income trap” (see above). Three projects in the UNIDO portfolio provide direct policy advice.

The project to build national capacity in industrial diagnosis and trade competitiveness analysis is highly relevant to the Government’s priority on competitiveness and evidence-based industrial policy making. Indirectly, the project is potentially relevant to poverty reduction, as Vietnam’s poverty reduction strategy relies to a large extent on industrial exports. The project to support the development of science, technology and innovation (STI) is relevant to the Government’s priority on developing STI as a key driver of competitiveness. The project focus on participatory and consensus oriented policy making is appropriate and relevant to the given context.

The project on policy advice on environment management has been highly relevant to developing and adopting the Climate Change Action Plan of the GoV in the area of Industry and Trade. All three policy advice projects have been funded



from the One UN Fund, which demonstrates the importance of this instrument for UNIDO to increase its policy relevance (see also chapter 7 below). But there are also other remarkable examples in the portfolio of TC projects incorporating a policy component. This is for example the case of the business registration project and the VNCPC.

#### **4.4. Design, implementation structures and synergies**

In this section we assess the quality of the design of the individual projects, their compliance with the principles of results based management and good project planning practices, and whether the project objectives are realistic. We also assess the partnership and implementation structures of the projects and whether there have been synergies between the different projects.

##### *4.4.1. Project design*

There are several examples of good project design. A comprehensive approach to building a more conducive business environment has been taken in the business registration project. This project was designed under the former ASMED project, with financing from NORAD. The design was fully participatory, took about one year and built capacity in the Design Task Force of the MPI. This task force was turned into the Reform Task Force in the implementation phase of the Reform; i.e. through TA to Business Registration Reform. The project design addresses the strengthening of institutions (direct policy advice on revising the legal framework, organization structure, hardware, inter-agency coordination) as well as of individuals (capacity building, incentives).

Contextual adaptation efforts were strong in the project to provide post WTO accession support. In designing the project a careful needs assessment of beneficiaries, as a basis to decide on specific testing/metrology capacities to be strengthened, was conducted through a user survey (the design would have been even stronger if overall supply of testing/calibration services in Vietnam had also been assessed). The design of the CSR project shows a similar strength by including consumers. This is adequate as the 'consumer demand' for CSR is still weak in Vietnam.

The design of the STI project focused on transferring policy tools using participatory and consensus building methods, which is an appropriate and relevant approach in the project context. The project document for policy advice on environmental management is of good quality with sound intervention logic and meaningful and realistic indicators (but shows weaknesses in risk assessment and risk management strategy). The multi-stakeholder approach builds on UNIDO's combined strengths in policy development and technical assistance and is assessed as pertinent.

Quite a few projects show however certain design weaknesses, such as overambitious or unrealistic objectives. One example for this is the UN Joint Programme

on green production and trade, which is very ambitious in terms of geographic coverage, number of value chains and number of expected beneficiaries. The monitoring framework allows for independent implementation by each agency, instead of joint implementation as would be expected for a “joint” programme. Synergies among activities are at the core of a genuine value chain approach, but with independent agency implementation these intended synergies are easily lost.

The independent evaluation of the regional trade capacity building project (MEKONG II) concluded that the objectives were too ambitious considering the limited time and budget available for the Vietnam component of this project. The project to introduce BAT/BEP to reduce POPs is also overambitious in its expected results given the short time frame, which was further shortened through a lengthy decision-making process on the Vietnamese government side.

All project documents include a logical framework but, for several projects, the intervention logic is unclear. Outputs are often quite technical with weak linkages to development outcomes. In addition, the definitions of outputs and outcomes are frequently blurred. One example is the STI Strategy project (but which, as mentioned above, shows strengths in its approach to transferring policy tools). In the project to develop a platform for investment monitoring and supplier development the design puts too much emphasis on technical aspects while paying inadequate attention to the socio-economic situation and culture of working on Vietnam. The BAT/BEP project to reduce POPs works with individual pilot enterprises but doesn't have a clear mechanism for up-scaling, nor on how the pilots should feed into policy making.

Some projects are weak in adapting standard UNIDO tools to Vietnamese conditions. For instance, the project to build capacity in industrial diagnosis and trade competitiveness analysis applied a ‘blue print’ approach developed for other UNIDO partner countries. It relied heavily on UNIDO expertise and assumed institutionalisation of the approach by an observatory although relevant institutions were not screened and assessed. Similarly, the SME cluster project adopted the generic UNIDO approach without a proper ex-ante assessment of local conditions. The CSR project aims at increased awareness, understanding and adoption of CSR principles by SMEs. Such voluntary adoption of CSR principles does not seem to be well adapted to the reality of Vietnamese SME, who mostly work with small margins in sectors with low value added. It seems therefore difficult to induce adoption of CSR and changes in behaviour without immediate benefits. While establishing networks may be a contributing factor, it is not likely to be sufficient as a ‘driver of change’. As mentioned above, the design shows however strengths in including consumers. This is adequate as the ‘demand’ for CSR has not yet grown strong in Vietnam.

There is a general absence of solid risk analysis and risk management strategy in all assessed projects. It has therefore not been possible to follow up on critical

assumptions, or even killing factors. Some project documents include a reasonable list of risks but then neglect them by assessing their likelihood as low. Many projects could have benefitted from a proper analysis and assessment of underlying assumptions. The absence of risks and assumptions is put forwards as one explanation for over-ambitious objectives and implementation delays.

The SME cluster project is a project that has elements of tied aid in its design because it limits the opportunities for business partnerships to only Italian companies. It has been of some concern to the evaluators that UNIDO accepted such a design, given the UNIDO mandate and priorities of development cooperation.

#### *4.4.2. Implementation structures*

In line with its commitment to the Paris Declaration and One UN principles, the GoV has established a rule by which national-managed project management units (PMUs) have to be set up for all TC projects. As core instruments for National Execution (NEX), these PMUs are run by government staff and headed by a GoV Official acting as a Project Director. However, as in other countries, UNIDO prefers not to apply NEX but Direct Implementation (DIM) in Vietnam (see the chapter on One UN for a more detailed discussion of this issue).

Table 4 shows that most projects have set up UNIDO-staffed project management offices (PMO) in addition to the PMU set up by the GoV. In some cases, the existence of a PMO made the PMU redundant which, as a result, exists only on paper. In other cases the PMO is located separately from the PMU leading either to an additional layer of implementation structures or even to a situation where both structures tend to paralyse one another. The majority of the PMO premises (eight) are financed by the GoV. One is financed jointly by GoV and UNIDO and two are financed by UNIDO alone. The Joint Programme on Green production and trade is an exception because it does not have a PMO.

Table 4 also shows that nine projects employed a Chief Technical Advisor (CTA) or a Senior Technical Advisor (STA). Four of these worked only part-time or were not Vietnam based. Two PMOs stand out by the large number of UNIDO staff they employ. The business registration project employs 45 national staff. It is expected that once in full operation, the counterpart agency will generate sufficient revenue to retain the currently UNIDO project-paid staff. The SME Cluster project employs 11 national staff in Hanoi and Ho Chi Minh City but does not have a similar transition strategy. The degree of management decentralisation varies considerably, with some project managers allowing most decisions to be taken in the field while others have a tendency towards micro-management.

**Table 4: Overview of Project Implementation Structures**

Nr	Project Title	PMO	CTA / STA	Other PMO staff	PMU	PMU GoV Staff	PMO financed by
1	Business registration reform	x	Hanoi	45	x	3	MPI & UNIDO
2	SME cluster development	x	Hanoi	11	x	3	MPI
3	Platform for investment monitoring and supplier development	x	Vienna (part time)	1	x	3	MPI
4	Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam	x	-	2	x	1	MOIT
5	Building national capacity in industrial diagnosis and trade competitiveness analysis	x	-	3	x	3	MOIT
6	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam	x	-	1	-	1	MONRE
7	UNIDO contribution to UN Joint programme "Green production and trade" (Lead Agency: ITC)	-	Hanoi (ITC)	1	x	2	-
8	Policy advice on environmental management - Waste management in craft village - Climate Change Action Plan - Resource efficiency in the steel sector - Eco-City	x	-	2	-	-	UNIDO
9	TCB in Mekong countries (regional project including Lao PDR and Cambodia with only minor interventions in Vietnam)	x	Sri Lanka (part time)		-		
10	TBT/SPS capacity development		Australia (part time)	3	x	5	MOST
11	Policy advice to Science, Technology and Innovation Strategy	x	Hanoi (part time)	1	x	7	MOST
12	Promotion of new cleaner production services (NCPC)	x	Hanoi (until 2006)	2++	-		MOET
14	Corporate Social Responsibility	x	Hanoi	3	-	1	UNIDO

#### 4.4.3. Portfolio synergies in design

The project portfolio is comprehensive and could almost be described as a 'mini-UNIDO'. There are potential synergies, many of which are exploited. Several projects (energy efficiency, BAT/BEP, CSR, JP on green production and trade) sub-contracted specific outputs or components to the VNCPC during implementation.

A general finding from the project assessments is, however, that there are many missed opportunities for synergies between projects.

The CSR project document acknowledges potential synergies with other projects, in particular with the SME Cluster project. It also is noted that the CSR project fits well with UNIDO's trade promotion and investment related projects and that UNIDO's action on SMTQ infrastructure offers opportunities for information sharing and collaboration. However, in practice, the project did not collaborate with other projects although it did use the VNCPC as a sub-contractor. The project management is considering closer coordination with the SME Cluster project, but perceives it as an obstacle that the projects are supported by two different donors. The potential synergies between the CSR project and the Joint Programme on green production and trade have not yet been exploited.

The SME cluster project holds the potential for synergies with the CSR and the Green Industry projects. A number of beneficiary firms involved in this project could also have benefitted from upgrading advice through the investment platform project and would also be good candidates for benchmarking through the SPX. During implementation, the project envisaged possibilities to coordinate with the CSR project but did not yet materialize.

Theoretically, the industrial diagnosis and trade competitiveness project had the potential to reach multiple synergies with other UNIDO projects. Future improvements of industrial competitiveness depend critically on outward linkages and more strategic attraction of FDI, which is the objective of the "investment promotion" project, as well as on building indigenous innovation and R&D capacities, which is the objective of the Science Technology and Innovation (STI) project. Furthermore, this project could have benefited from a close cooperation with the company survey conducted under the "investment promotion" project. The project to build national capacity in industrial diagnosis and trade competitiveness analysis could provide high quality input towards the investment platform. This cooperation was not possible because of the different? timing of the two projects.

The STI project document explicitly refers to the key role of STI for competitiveness and lists concrete competitiveness gaps to be tackled by improved STI. On the other hand, there is also increased recognition that FDI policies should be used proactively to drive innovation. The new draft investment law mentions, in this context, the need to promote hi-tech value chains and R&D cooperation. Given this obvious potential for policy alignment and synergies, it is unfortunate that the STI project was designed and implemented in isolation from the two projects dealing with FDI and industrial competitiveness.

The energy efficiency project sits at the borderline between energy efficiency and SMTQ, more specifically in relation ISO certification. However, no visible efforts were made to take advantage of UNIDO's longstanding collaboration with STAMEQ, who is the key national player in standardization and certification.

#### *4.4.4. Synergies in use of resources*

Potential synergies in using financial and human resources of different projects exist but are yet to be exploited. The SME Cluster project, the CSR project and the trade capacity building project mutually reinforce each other and would fit well in a 'consolidated SME package'. Cleaner production and energy efficiency might also fit under such a 'package'. This consolidated approach would of course require convincing counterparts to collaborate and share resources of different projects jointly, which is not a straightforward possibility, given the existence of fragmented structures and interests, also on the side of the counterparts.

#### **4.5. Effectiveness**

Effectiveness measures the extent to which the project objectives have been achieved, or are expected to be achieved. Detailed information on the achievements of each project is included in the tables in the project assessment sheets (Appendix 5). These tables compare expected objectives and outputs with actual project achievements.

Overall, effectiveness is assessed as good. Most projects reached the planned targets, including some projects with design weaknesses. This apparent paradox occurred because effectiveness is assessed against project objectives, and an objective that is limited to providing a technical solution is easier to achieve than a true development objective. In overambitious projects, on the other hand, effectiveness is more difficult to achieve and thus more likely to be assessed as low.

The independent evaluation of the TCB project on post WTO accession support concluded that good cooperation with counterparts, high quality expertise and the selection of the right type of laboratory equipment contributed to its effectiveness. However, to date, the planned outputs are only partially achieved. In the area of metrology, the capacity to provide accredited calibration services to industry has been partially achieved. In the area of testing, the enhancement and strengthening of laboratories to provide testing services to the country's growing export sectors made considerable progress but is not yet completed. The capacity of selected laboratories to comply with the EU RoHS Directive for the electrical and electronics industry has been achieved, but it remains unclear how many of the substances covered by RoHS could be tested. The capacity of selected chemical testing laboratories to comply with REACH (Registration, Evaluation and Authorization of Chemicals) EU regulation requirements has been achieved, but it remains unclear to what degree the laboratory will be able to test for REACH requirements. As a result of the regulatory impact assessment, the pilot regulations on Electromagnetic Compatibility (EMC) were not promulgated. Under the traceability component of the project, 10 coffee companies were assessed, but it remains uncertain whether the traceability system complies with the requirements of the EU-norm. As a result of the evaluation, an extension by at least 12 months has been agreed upon to complete the outstanding activities and outputs (sup-

port to laboratories, traceability systems for coffee producers), which would increase the chances to achieve the remaining outputs. However, the problem in accessing the funding needed for maintaining the international accreditation of laboratories is likely to continue.

The evaluation of the TCB project MEKONGII regional project concluded that the resources allocated to Vietnam were very limited. Hence, the value added of this project for Vietnam was rather marginal. A National proficiency scheme has been launched and staff of the Bureau of Accreditation (BOA) have been trained in specialized areas. The strengthening of the capability of BOA for HACCP and inspection body accreditation has been initiated. However, no funds were provided for the intended upgrading of the textile testing laboratory of QUATEST1 and the IEC-EE scheme was not established due to the lack of interest of STAMEQ. The right mix of capacity building (training combined with equipment provision) as well as the excellent quality of technical input contributed to effectiveness of implementation. Nevertheless, the level of achievement of expected outputs is rather low, which is partially a result of overambitious planning that was not commensurate with the little budget and time available.

The VNCPC intervention has effectively introduced the CP concept in Vietnam. More than 300 companies have benefitted from CP services. Users responding to the evaluation survey were “very satisfied” (47%) or “satisfied” (53%) with VNCPC services. The same reply was obtained on the usefulness of the services. 17% of the companies implemented all recommended CP options, 30% most, 35% several, and 13% none. Key enterprise benefits recorded are energy savings, reduction of water consumption, improvement of working conditions and meeting environmental regulations of government. The VNCPC was particularly successful in convincing companies about “low cost options”. Companies ranked the “availability of CP services” third on a list of 18 different competitiveness factors. Especially for businesses with low production margins and high resource consumption, the reduction of manufacturing costs significantly contributes to higher competitiveness in terms of product prices.

The business registration reform project achieved most of its planned outputs and outcomes and without delays. All 65 Business Registration Offices (BRO) in a total of 63 provinces have standardized their business registration procedures. Beyond standard capacity building, the project provided advice on the organizational structure involving Government decisions instructed through official documents on tasks of different Ministries. A common legal framework regarding business and tax registration has been adopted. Processing work flows have been automated with consolidated application forms and the ability to check the availability of a company name prior to registration, thus minimizing the risk of duplication. Outcomes, in terms of reduced time and simplified procedures for business registration, have been achieved (down from 15 days to 5 days, and down from 6 procedural steps to one). Work efficiency has increased as enterprise data is entered into the National Business Registration System (NBRS) by

MPI and shared with the Tax office, thus releasing the Tax officers from entering data into their system. An additional positive effect of the synchronized data entry is that a large number of registered enterprises that do not have tax registration are now being investigated by the tax authorities, which has helped reduce cases of un-intended and/or intended tax avoidance. On-going activities are progressing as planned towards releasing web-enabled enterprise information services nationwide and towards complementing the NBRS with a computerized system for the filing and dissemination of financial statements. The coordination between the key project partners, the government agencies (horizontal and vertical) and between National Programme Director, CTA and project management unit/office staff has been good and contributed to the efficient implementation of this project. To conclude, this project achieved a comprehensive reform of a national administrative system through policy advice.

Under the platform for investment monitoring and supplier development, a foreign investor survey related to the manufacturing sector has been conducted and the data analysis is underway though with some delays. The intention is to use the FDI data for policy making (preparing a policy proposal to be submitted to the Prime Minister). Several critical outputs however remain to be achieved and it is uncertain if this will be possible before the project ends. Outstanding activities include completing the training on using the Vietnam Investment Monitoring Platform (VIMP) and training on analysis of the VIMP-exported data in order to build research capacity and capacity for formulating and testing policies, based on empirical evidence (using the monitoring platform). The SPX component has set up the basis for facilitating subcontracting linkages through enterprise profiling. It is, however, too early to assess whether or not the SPX component will achieve the intended outcomes of more buyers being linked to suppliers and more local subcontracting relationships in Vietnam. The short and fixed time-set by the One Plan funds, in combination with delays in implementation, may cause problems for Foreign Investment Agency (FIA) and VCCI to achieve all intended results.

The project in support of building national capacity in industrial diagnosis and trade competitiveness analysis has effectively delivered an Industrial Competitiveness Report of very good quality but has been less effective in national capacity building. This shortcoming originated partly from the suboptimal institutional location of the project and partly from the fragmented implementation structure for industrial policy.

The CSR project faced difficulties in identifying interested enterprises. The project design does not provide clear entry points for introducing CSR perspectives to SMEs. The members of the participating Business Membership Organizations (BMOs) were approached but the refusal rate was so high that alternative ways for identifying SMEs had to be found. As implementation progressed, additional changes were agreed, such as to replace the formulation of sector-specific Code of Conducts (CoCs) by the formulation of practical guidance for SMEs on how to adopt CSR principles and reconcile different buyer requirements. Such adaptive



management and implementation has contributed to effectiveness. The extent to which the expected outputs will be reached is however difficult to assess. Unfortunately, the project has missed the opportunity to conduct a baseline survey against which the potentially increased consumer awareness could be measured. The increased compliance of Vietnamese SMEs with CSR procurement standards can only be expected to materialise towards the end of the project (late 2012) - if at all. There is no automatic relationship between the expected outputs (certified CSR consultants, baseline assessments and plan, various publications, case studies etc) and the expected outcome of increased compliance. The activities and processes to identify policy and regulatory recommendations for promotion of sustainable production practices and behaviours are planned for implementation in 2012.

The SME cluster project prepared quick company diagnoses for SMEs in three sectors (textile and garment; footwear and leather; furniture). One group of textile and garment companies has been identified in the North and three groups (one in each sector) have been identified in the South. The identified groups of SMEs do however not yet function as clusters and the understanding of the cluster concept is not yet well developed among the participating SMEs and their industry associations. Initial activities are underway, or currently being planned, to provide support to the upgrading of the participating SMEs and strengthening of the industry associations. The achievement of the third expected output of twinning SME clusters and their industry associations with Italian clusters remains uncertain. To date activities have been limited to initial contacts being taken. Expected outputs have thus been only partially achieved and it is not likely that the expected outcomes of upgrading and strengthening three SME clusters/company networks, twinning with Italian SME clusters/company networks and industry associations and facilitating business partnerships between selected Vietnamese and Italian enterprises will be achieved. The vagueness in design and approach has contributed to limited effectiveness of the project. Recent efforts to revise the project approach (e.g. providing input to the SME Development Plan 2011-2015) may contribute to a higher degree of effectiveness during the remaining project duration.

Within the Joint Programme on green production and trade, UNIDO and its national co-partners (VIETCRAFT, VIETRADE and VNCPC) are assigned direct responsibility for four outputs (out of a total of 14 outputs). At mid-term none of these outputs had been completed. A baseline has been conducted but the good practices studies remain to be done. Training in support of improved production and clean design capacity of SME crafts & small furniture producers and SME raw material processors, as well as training to support improved green production capacities of grassroots crafts & furniture producers have been conducted. However, evidence in support of the output (improved production and clean design capacity and improved green production capacity of the SME crafts and furniture producers) remain to be materialised. Activities to provide policy recommendations for the national and international levels for the sustainable development of

income generation for the poor have not yet been implemented. The objectives and the outputs are ambitious and UNIDO's approach with pilots, international quality testing and international design standards implies long lead times. The level of sophistication of participating SMEs, on the other hand, remains low. It is therefore assessed as uncertain that UNIDO will be able to achieve its expected outputs within the remaining programme life-time. The above findings are in line with the findings of the mid-term evaluation conducted by the donor in parallel to this country evaluation.

At the present stage, the STI Strategy project is assessed as not very effective. The contribution of the project to drafting regulations for the implementation of the High Technology Law has been limited to certain resource efficiency aspects of the law, thus relatively marginal. There is no evidence that the project attempted to influence the recent STI related Decisions of the Prime Minister (see the assessment sheet in Annex 7 for details). The STI strategy was launched in December 2011, with some delay. It remains to be seen whether the quality of the strategy is in line with expectations. From the current draft, there are signs that major elements of the strategy, such as the orientation towards developing nuclear power, do not arise from the participatory process under the project but from political decisions.

The project to introduce BAT/BEP to reduce POPs has been effective in developing the capacity of the Dioxin laboratory of the Vietnam Environmental Agency (VEA). Technical capability has been strengthened to measure dioxin and furans in stack gas samples using isokinetic sampling methods and chemical analysis to trace levels of dioxins in these samples. In view of the limited budget, the project design was overambitious. The initial project document was therefore revised and the number of demonstration pilots reduced from four to two. Besides the initial baseline monitoring, possible reduction was demonstrated in two plants. Other activities included joint workshops, training courses among different GEF-supported projects and a participation in regional BAT/BEP Forums in East and Southeast Asian region. A set of booklets providing technical guidance for BAT/BEP options and a draft report on developing a methodology for incremental cost estimation and cost effectiveness evaluation, for BAT/BEP implementation at enterprise and sector level, has been completed.

The project to provide policy advice on environmental management includes several components. On the basis of UNIDO contributions from this project, the industry related part of the Climate Change Action Plan (CCAP) for Industry and Trade Sectors was issued by the MOIT in August 2010 with a list of 29 priority actions. The effectiveness of this component is therefore excellent. This project also included three pilot projects, which are relevant to the priority actions in the CCAP. The effectiveness is assessed as follows:

- The steel industry component addresses three priorities of the CCAP. Stakeholders consider the benchmarking and technology road mapping, conducted

under this component, as top quality and an eye opener for the energy saving potential in the steel industry. Whether the steel industry will initiate follow-up activities remains to be seen but, as a pilot exercise, this component is assessed as highly effective.

- Since years, many Craft Villages in Viet Nam have been identified as industrial pollution hot spots. The craft village component conducts socio-economic and environmental studies in several craft villages south of Hanoi and aiming for a new UNIDO project to be implemented under the next One UN Plan. At the time of the evaluation, the analytical work under this component was still ongoing. Therefore, an assessment of effectiveness is not possible at this stage.
- Hoi An is one of Viet Nam's top destinations for tourism. The eco-city component builds upon activities of an ongoing UNESCO project, which aims to protect the cultural and natural heritage of Hoi An. At the time of the evaluation, the analytical work under this component was still ongoing. The result of these studies should be a plan for a UNIDO project to be implemented under the next One UN Plan but an assessment of effectiveness was not possible at the time of the evaluation.

The project to promote industrial energy efficiency through system optimisation and energy management standards is in at its inception stage and an assessment of its effectiveness was therefore not yet possible.

#### **4.6. Efficiency in implementation**

Efficiency measures how economically inputs (funds, expertise, time etc) are converted to results. Transaction and coordination costs will influence efficiency as well as timeliness and delays in implementing activities. High coordination costs, inefficient communication channels and complicated decision making structures tend to reduce efficiency.

The evaluation of efficiency is put under the following general caveats. UNIDO's financial reporting system is not results-based, which, in the strict sense, makes an assessment of efficiency impossible. The empowerment of CTAs and NPOs varies widely across projects and many interviewees referred to cumbersome decision making structures as an obstacle. The efficiency of some projects was affected by frequent changes of project managers at HQ.

Given the above, only a few projects were assessed as efficient. The business registration reform project comes out as very efficient because of good communication channels and close coordination between the NPD and the CTA. Most importantly, the HQ based project manager has managed to streamline implementation by decentralising a lot of the decision making and empowering the CTA and the NPD for technical and day-to-day management decisions.

The BAT/BEP project to reduce POPs has been comparatively efficient in spite of considerable delays with some of the ex-ante decision making (i.e. initial Government approval of the project). However, these efficiency constraints occurred at GoV level and were outside the realm of UNIDO influence.

The independent evaluations of the two TCB projects found that efficiency was constrained by UNIDO's decision to use two different CTAs for these projects. In the case of the post WTO accession project, governance and day-to-day management worked generally well and good coordination with other donors contributed to efficiency. The evaluation found that, in this case, UNIDO selected the right CTA and NPC for Vietnam's more advanced development context.

The project to develop a platform for investment monitoring and supplier development was hampered by delays of some technical inputs. National project stakeholders perceived efficiency problems with UNIDO's decision to locate the STA at UNIDO HQ but locating the STA in Hanoi on a permanent basis may have been too costly for a project of this size. The intended synergies between the two project components have not yet materialised.

Even more than other projects, the efficiency of the project to build national capacity in industrial diagnosis and trade competitiveness analysis was affected by UNIDO's centralised implementation mode and reliance on specialised knowledge of UNIDO HQ staff. There were also repeated changes of international experts and the GoV found it challenging to mobilize a sufficient number of qualified staff for this project. The project is coming to an end but a significant portion of its budget has not yet been implemented.

A Multi-layered implementation structure with a project manager at UNIDO HQ, a national component manager in Hanoi and project managers for each component affected the efficiency of the second phase of the project on policy advice on environmental management. This complicated structure is different from the more appropriate approach under phase 1 that was directly managed by the then UR.

The efficiency of the project to provide policy advice to the STI Strategy has been particularly weak. It is a case where many risks were actually identified in the project document but assessed as low in an overly optimistic manner. This project represents a typical case of a UNIDO 'blue print' project developed by a specialised staff member who also initiated the implementation. However, this expert retired and his successor left UNIDO during the course of project implementation, whereby efficiency plummeted. Efficiency was further threatened by the complex design and by limitations in the timely provision of technical expertise. During the last year of the project, efficiency was considerably enhanced by the decision to transfer project management from HQ to the UR in Hanoi, who contracted a local expert and made bold decisions to readapt the project to changing conditions.

The programme on green production and trade aims at reaching grass-root beneficiaries but at the same time it is a special case of a joint UN programme. The recent mid-term evaluation by the donor has been critical about the efficiency of this programme, with its four components, each of which is being implemented by a different UN agency, and through an overall coordinator based in Hanoi. There has been a tendency to aim for rather complicated technical solutions, not entirely adapted to the low level of sophistication of the beneficiary SMEs and households. UNIDO felt that a strong backstopping from HQ was required, which seems to have delayed the implementation of the UNIDO component, which in turn hampered progress of the other components.

The efficiency of the SME cluster project has been negatively affected by its very weak design. Several outputs were unrealistic and not adapted to the Vietnamese context and the planned strong involvement of the Italian Confederation of industry was found to be inappropriate. Correcting these design errors required a lot of resources and energy on all sides. The approach to strengthen technical capacities of SMEs was also not entirely appropriate. Technical expertise has been too short-term in nature and in some cases supply driven. From the perspective of the participating SMEs, a more continuous presence of the expertise would have provided better opportunities to interact and enhanced the efficiency. In this project, the communication between the CTA and the PMO on one side and the PMU and the NPD on the other side has been fraught with misunderstandings and inefficiency.

The CSR project spent considerable time on identifying the right SMEs, get access to these and developing appropriate support offers, matching existing demand. The CTA was creative in networking and mobilized national expertise in different areas but this was a time consuming endeavour. With this flexibility in project management the implementation rate of the project is assessed as acceptable, although a number of activities remain to be done during the short time left of the project.

The evaluation of the VNCPC intervention focused on impact and looked at efficiency only at the margin. It should, however, be emphasized that the UNIDO strategy under this long term intervention to encourage the VNCPC to provide services to projects from other donors has been highly successful in terms of “value for money”. As a result, the majority of the targeted????companies were reached with non-UNIDO funding.

#### **4.7. Ownership**

This section assesses the ownership of GoV and other stakeholders in the design and implementation of the different projects. GoV ownership includes allocation of resources (staff, office, in-kind contributions, and financial contributions), smooth interaction between the project implementing partners, proactive GoV interest, shared decision making and transparency of planning and funding.

There are examples of projects with strong national ownership during the design phase. Yet, the overall finding is that national ownership in design is generally weak.

A good example of strong national ownership is the project to promote energy efficiency through system optimisation and energy management standards. This project was initiated by the GoV and designed with inputs from all major line ministries. Project ownership remained also strong during the current inception phase. Another good example is the project on policy advice to the STI Strategy. The manager of the national counterpart institution (NISTPASS) participated actively during the design. Yet, ownership of this project declined when this key person was transferred to MoST.

When designing the platform for investment monitoring and supplier development, low familiarity with the chosen technology was a limiting factor for GoV participation. However, GoV ownership of this project increased significantly during implementation. Potential for government participation in design is also limited in projects using a 'UNIDO blue print' approach, which tend to be driven by supply. An example is the project to build national capacity in industrial diagnosis and trade competitiveness analysis. Projects addressing generic problems such as the SME cluster and the CSR projects tend to pose similar problems of design ownership.

In implementation, most projects show good or acceptable levels of ownership among the directly involved national stakeholders.

GoV ownership was evidenced through significant contributions and taking on an active role in coordinating donor inputs, such as in the post WTO accession project. In the project to introduce BAT/BEP to reduce POPs, the Government contributed considerable in-kind inputs.

Another sign of ownership was shown when national counterparts requested ad-hoc adaptations of project plans to changing circumstances. This happened in the SME cluster project when it made important ad-hoc contributions to the formulation of the SME Development Plan.

The business registration reform project demonstrated strong ownership through active participation in the design phase and in decision making and smooth cooperation and coordination between project stakeholders during implementation (PMU and PMO as well as GoV and UNIDO staff). In this project, the NPD and the CTA made strategic project decisions jointly. Such participative decision making was however not found in other projects where HQ managers made either unilateral decisions or involved the CTA but not the NPD. As mentioned in several discussions, counterparts often perceived this decision-making style as discriminating and compromising national ownership.

At times, ownership seems 'restricted' to core national partners but without involving more marginally involved national stakeholders. This was for instance the case in the project to build national capacity in industrial diagnosis and trade competitiveness analysis. The International Cooperation Department (ICD) of MOIT has shown good ownership but the project was less successful in fostering ownership of other MOIT departments and of other relevant ministries. A similar situation was found in the Joint Programme on green production and trade where efforts were made to ensure participation of stakeholders at the central level, but ownership at provincial level was found to be weak. A different situation is found in the CSR project, where a sense of ownership is spread among several partners but with no single institutional counterpart/owner of the project.

There were differences of opinion in this project how to improve environmental management in craft villages. While the counterpart was looking for a quick pilot to test some ideas the PM proposed a more comprehensive solution. For the VNCPC project, the Technical University of Hanoi was selected as a host. Implementation was directly with the University and the VNCPC management demonstrated very high ownership.

#### **4.8. *Prospects for sustainability and impact***

Sustainability describes the probability of continued long-term benefits from a development intervention after development assistance has been completed. It requires sufficient technical capacity, institutional anchorage as well as financial means. The impact of a development intervention may be positive or negative, intended and non-intended, direct or indirect, long-term effects produced by a development intervention.

In four cases the findings on prospects for impact and sustainability are rather promising.

The two TCB projects hold comparatively good prospects for sustainability. The capacity built at the laboratories seems to be sustainable, with a low risk of losses through turnover of staff. Laboratories have a budget for repairing, maintaining and replacing equipment. However, due the cost of international accreditation, most laboratories are unlikely to maintain this accreditation without further donor support. The independent evaluations stress that no impact on export development could be evidenced but that building SMTQ capacity is a long-term effort which is justified in sectors with significant export potential. Domestic impact is hampered by shortcomings of the inspection and market surveillance system combined with limited consumer awareness.

Another project with good sustainability prospects is the business registration reform project. Its achievements are likely to be sustainable as there is strong political commitment to continuing the business registration reform process. The capacity built is sustainable provided the registration agency will become finan-

cially sustainable and able to continuously offer market-based staff remuneration levels, which will be required to avoid losses of trained staff. It is expected that sufficient revenues from the business information users can be raised once the NBRS is in full operation. A key impact of the project is the contribution of the NBRS to improving the business environment, as evidenced by Vietnam's recently improved "doing business" ranking.

The VNCPC intervention is UNIDO's most long-term intervention in Vietnam and UNIDO has made good use of this opportunity to apply a long-term institution building and sustainability strategy. One element has been the gradual phase out of the international expertise in this project with a full-time CTA who became part-time after a couple of years. This, together with the pro-active linkage of the VNCPC to other donor projects laid the foundation for good sustainability prospects. During the last year of the intervention, the VNCPC became financially autonomous under the legal status of a public enterprise. Therefore, there seems to be no major threat to sustainability except for the rather common problems of management succession. With regard to impact, the expert panel found that the VNCPC has made significant contributions to three major environmental policies and some contributions to two other policies and that these policies have been effective in tackling industrial pollution. The combination of policy advice, networking and demonstration projects was the right strategy for policy impact. The VNCPC has been successful in putting CP on the agenda of businesses and the GoV.

In four projects, sustainability and impact depend on the willingness and capacity of policy makers to sustain the acquired analytical competence and to actually implement the new policies. The platform for investment monitoring and supplier development hinges on the political will and capacity of policy makers to properly analyse the data collected as inputs to the platform. It is uncertain whether the capacity built is sufficient to sustain the required analytical skills. The sustainability of the SPX and its impact will depend on the intended client companies' perception of the value added of the system.

The impact of building national capacity in industrial diagnosis and trade competitiveness depends entirely on the policy implementation capacity of the national administration. Due to the limited success in capacity building and in creating ownership beyond the direct project counterpart, the prospects for sustainable impact are questionable. The members of the Industrial Competitiveness Group (ICG) continue to be paid from the project budget, the ICG is not yet institutionalised and the Industrial Competitiveness Observatory has not been created.

The STI Strategy project shows signs that Vietnam might adopt the world wide paradigm shift to a market based and enterprise driven innovation policy although the project did not manage to incorporate this trend into the law, as initially planned. In case this aspect materialises, the project would contribute to this paradigm shift, which would be a major achievement. However, sustainability and



impact are hampered by the project's weak contributions to capacity building, rooted in design and efficiency problems but also in Vietnam's general weaknesses in fostering policy alignment and implementation.

The project to introduce BAT/BEP to reduce POPs has created new technical capacities at the participating laboratory but the sustainability of these capacities depends on continued GoV financing and capability to retain trained staff. The project has however been too small to create widespread awareness among enterprises, which would be necessary for sustainable and concrete effects in terms of changed behaviour and reduced POPs releases. The sustainability prospects for the three projects are assessed as weak.

Given its weaknesses in design and delays in implementation, the SME cluster project is unlikely to create any measurable impact and to leave behind an increased and sustainable capacity for cluster development of the counterpart agency and the participating business associations. However, the eventual impact of its (initially unintended) contribution to policy making may be more promising.

The sustainability of the Joint Programme on green production and trade is threatened in two ways. Firstly, the capacity and the necessary knowledge of the beneficiaries has not yet reached the intended level. Secondly, the demand for the newly designed products turned out to be not as high as expected. The project is only mid-way and it is thus too early to assess impact. However, the sustainability of outcomes depends also on the results of the other participating agencies. In this respect, the current parallel implementation approach works against the achievement of outcomes.

In the CSR project the initial baseline study revealed that many Vietnamese SMEs did not perceive benefits in adhering to CSR standards. The capacity for promoting the adoption of CSR principles is being strengthened, but most likely not sufficiently to overcome such resistance. The prospects for sustainability and measurable impact are therefore assessed as weak.

The three components of the project to provide policy advice on environmental management were very short-term and in effect preparatory phases for possible longer-term follow-up projects. Prospects for impact will depend entirely on whether or not these short-term components will translate into longer-term projects.

The energy efficiency project is in its inception phase and it is thus premature to assess its prospects for sustainability and impact.

## **4.9. Gender mainstreaming and women empowerment**

### *4.9.1. Relevance of UNIDO's gender policy to the Vietnamese context*

In April 2009 UNIDO adopted a policy on gender equality and women empowerment. This policy builds on solid recent research about the relationship between industrial development and the role of women. Typically, formal wage jobs are more secure and better paid, and offer greater scope for skill's accumulation than either self-employment or informal wage work. The UNIDO policy also acknowledges that it may be appropriate to draw upon the experiences of other UN Agencies. It makes provisions for greater collaboration with other agencies in the United Nations system in the area of economic empowerment of women, where UNIDO has been requested by the Special Adviser on Gender Issues and the Advancement of Women to take the lead.<sup>22</sup> This could be particularly relevant in a DaO pilot country such as Viet Nam.

The UNIDO Gender Policy provides the overall guidelines for establishing a gender mainstreaming strategy that:

- Ensures that a gender perspective is reflected in its programmes, policies and organizational practices;
- Advances the overall goal of gender equality and the empowerment of women, particularly the economic empowerment of women;
- Development partners benefit from the diversity of experiences and expertise within the United Nations system in order to advance the internationally agreed development goals related to gender equality;
- Accelerates the Organization's efforts to achieve the goal of gender balance, in particular at decision-making levels.

The gender policy also stipulates that gender issues should be mainstreamed in UNIDO RBM with appropriate indicators and monitoring mechanisms, those adequate human and financial resources would be allocated to gender mainstreaming, and that all UNIDO branches should appoint gender focal points.

### *4.9.2. Assessment*

Most of the projects under this country evaluation started after the adoption of the UNIDO Gender Policy. Explicit measures to promote gender equality and women's empowerment could therefore be expected. However, the country evaluation finds that gender perspectives and the promotion of gender equity and the empowerment of women have been quasi absent in UNIDO's development cooperation with Viet Nam. The former UR requested funds for gender analyses and gender mainstreaming from the start of all portfolio projects, but such funds were not forthcoming.

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<sup>22</sup> UNIDO (June 2009): Industrial Development Board, Thirty-sixth session, Item 7 of the provisional agenda: *United Nations system-wide coherence: UNIDO's role*, Report by the Director-General, Vienna.

Since the end of the women entrepreneurship project in 2006, no other UNIDO project specifically addressed women's needs. The recommendation to replicate this project was not taken forward, except for printing and disseminating information material emanating from this project. These publications were part of the UNIDO contribution to the UN-GoV Joint Programme on Gender Equality, which also included a research report on gender related obstacles to Vietnamese women entrepreneurs.<sup>23</sup> This report provides useful information for the planning of future UNIDO support to address women's needs. Out of the total budget of 4.5 MUSD for the UN-GoV Joint Programme on Gender Equality, only 0.13 MUSD were allocated to UNIDO. As explained in the chapter on evaluation methodology (section 2.3), this project was not included in the country evaluation due to its small size.

The Joint Programme on Green Production and Trade is one of the few projects referring to gender and women empowerment. However, although the project document stresses the need to target women as end beneficiaries, the evaluators did not come across any explicit efforts to ensure the adequate involvement of women in implementation. The programme end beneficiary data base shows that the intended share of female end-beneficiaries does not reach 50% in any of the four provinces (share of women ranges from 29% to 46%). Two end beneficiary trainings have been conducted by UNIDO, and the share of women in these ranged from 38% to 52%.

The business registration reform project document provides statistics showing that about 28% of enterprise owners and 24% of legal representatives are women. The project does, however, not include specific measures to address gender issues in its implementation.

The investor survey feeding into the platform for investment monitoring and supplier development includes sex disaggregated data on the role of women within companies and on wages/salaries. It remains to be seen to what extent this sex disaggregated data will be used for policy making.

None of the other projects in the portfolio aimed explicitly at enhancing gender equity or empowering women. The evaluators conclude therefore that the UNIDO Gender Policy and its intention to establish a gender mainstreaming strategy have not yet been implemented in the UNIDO cooperation with Viet Nam. This is unfortunate given the acknowledged relationship between industrial development and the role of women, and implies missed opportunities to enhance the potential for project impact.

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<sup>23</sup> Hampel-Milagrosa, Aimee et al (December 2010): *Gender related Obstacles to Vietnamese Women Entrepreneurs*, Vienna.

## **4.10. Other cross-cutting issues**

### **4.10.1. Vietnam's Millennium Development Goals (VMDG)**

Some projects mention their potential to contribute to achieving the VMDGs. Yet, these aspirations are not followed through in project implementation, planning or in project monitoring. This unfortunately constitutes missed opportunities for UNIDO to credibly evidence that UNIDO's areas of cooperation do contribute to the achievement of the VMDGs.

The Joint Programme on green production and trade is a project which does have a baseline against which to measure the programme's overall contributions to poverty reduction.

GEF-financed projects are generally linked to the MDGs. However there were no visible efforts within the project to introduce BAT/BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants to address or monitor contributions to poverty reduction or to achieving the VMDGs.

The platform for investment monitoring and industrial diagnosis and trade competitiveness analysis aims at contributing to one of the VMDGs: 'Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions'. It is however not clarified through which mechanisms this is expected to materialise.

Promoting energy efficiency is expected to contribute to the 'Environmental protection and natural resource management' and 'Poverty reduction targets of the VMDGs'. This project is in its inception phase and it remains to be seen to what extent this will be monitored and followed through.

Other projects do not explicitly aim at contributing to the achievement of the VMDGs. Some of them do, however, indirectly hold the potential to do so, one being the SME cluster project through its potential to support the creation of stable employment opportunities. The craft village component under the policy advice on environmental management holds strong potential for multi-dimensional poverty reduction, if properly addressed. The CSR project is another example of a project which holds indirect potential for contribution to achieving multi-dimensional poverty reduction, if properly addressed. By making registration simple, rules based, and inexpensive, the business registration project is expected to contribute to creation of a larger number of enterprises (and new employment opportunities), and thereby expected to contribute indirectly to VMDGs.

### **4.10.2. South-South Cooperation**

There are few examples of South-South cooperation materialising in the implementation of projects. Within the project for Green production and trade, UNIDO South-South cooperation Center is facilitating an on-going collaboration with the

Chinese Academy of Forestry about a feasibility study of applying Chinese lacquer processing technology for Vietnamese products. This cooperation also promotes official trading of lacquer products between Vietnam and China. The regional trade capacity building projects held strong potential to contribute to strengthening South-South cooperation. The project organised regional workshop for the three involved countries but besides this no direct South-South cooperation materialised (the project was largely implemented in three parallel tracks - one for each of the three participating countries).

There are attempts to promote South-South cooperation within a few of the projects, one being the platform for investment monitoring and supplier development. The investment monitoring platform is an adaptation of the Africa Investment Monitoring Platform, with a potential for south-south cooperation. The recent energy efficiency project involves cooperation with Thailand. In the Joint Programme on green production and trade there is no expressed intention to encourage South-South cooperation, but UNIDO has made use of design expertise from the region.

Other projects hold the potential for future South-South cooperation, such as the eco-city project. The project approach in building national capacity in industrial diagnosis and trade competitiveness analysis implies industrial performance benchmarking with other developing countries and thus creates a potential for future south-south cooperation.



## 5. FIELD OFFICE PERFORMANCE

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### 5.1. *Role in project portfolio management and coordination*

#### *Field Office Human Resources*

The UNIDO Field Office in Viet Nam (UCOV) is one of UNIDO's most longstanding Field Offices in Asia. Initially, UCOV was staffed by a UNIDO Representative (UR) and two UNIDO General Service staff (office assistant and driver). Under the predecessor (2004 to 2010) of the current UR, the UNIDO project portfolio expanded significantly and additional UCOV staff were contracted. In September 2010 a National Project Officer (NPO) was recruited who initially served as a consultant throughout 2009 and 2010, followed by two Project Officers in 2010 and a financial assistant in 2011.

The newly hired staffs are well qualified with up to 12 years of experience in the national administration. Although highly motivated and coping with an ever expanding workload, they face precarious job situations. The current UR spends considerable time and energy to find ad-hoc solutions to extend staff contracts by a few months using project budgets. The fact that the employment situation of UNIDO staff is particularly precarious is also reflected in the findings of the One UN capacity review, which found that 82% of UNIDO staffs are not on a Fixed Term Appointment (FTA), a ratio that compares badly with the corresponding 15% average of all UN staff in Viet Nam.

Since the advent of the One UN, the number of UNIDO staff in Viet Nam has considerably expanded. But, One UN also brought about numerous additional tasks (see next chapter). As a result, human resources at UCOV do not keep pace with requirements. Staff is scarce and under considerable stress, leading to disruptions in terms of leaves. In the past and also recently, the limited ability of UNIDO to offer FTA has caused qualified UNIDO staff to leave UCOV for more stable contracts with other organizations.

**Figure 4:** Comparative administrative costs of different UN Agencies

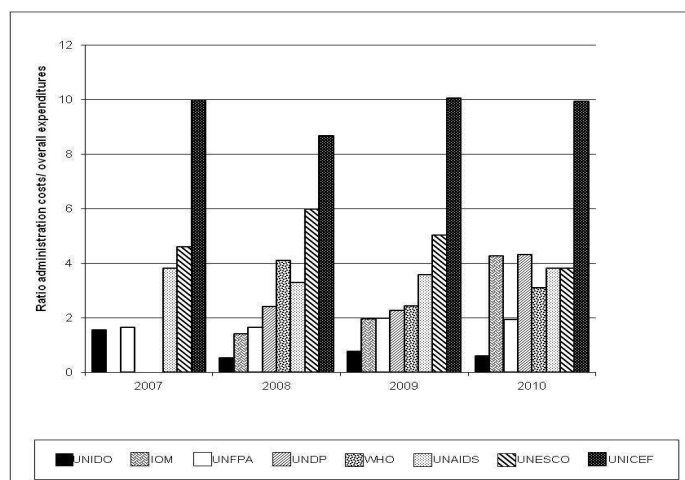


Figure 4 illustrates the above findings. It shows a comparative compilation of the administrative costs of the different UN Agencies in Vietnam. UNIDO comes out quite clearly as the Agency with the lowest ratio of administrative costs versus overall expenditures. This finding reflects not only the relative efficiency of UNIDO administrative procedures but also its downside, namely the above mentioned occurrence of an understaffed Field Office with precarious jobs. When interpreting the above figures one should also not forget that, for UNIDO, a bigger share of administrative costs occurs at HQ as compared to the other Agencies.

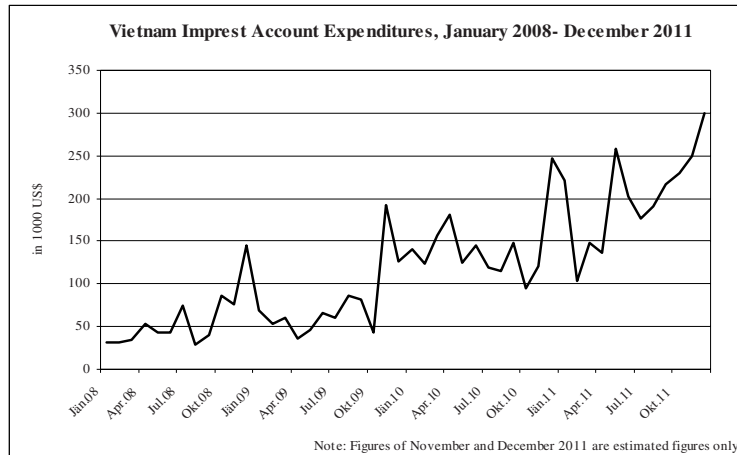
#### *Decentralization of Technical Assistance*

Since 2003, when UCOV has been equipped for the first time with an imprest account, UNIDO project administration has been gradually decentralized to the field. Today, all national contracts and all national procurement as well as the respective payments are handled by UCOV. Figure 5 and 6 illustrate the dramatic increase of contracts concluded (about five fold) and imprest account expenditures made by UCOV (more than seven fold) between 2008 and 2011.

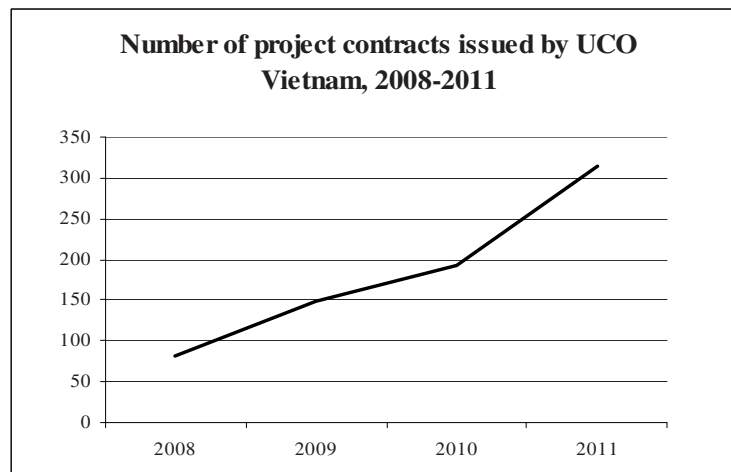
While these figures demonstrate the considerable progress made towards *administrative* decentralization, this successful move should not be confused with *substantive* decentralization because UNIDO still relies almost entirely on HQ based project management, while most other UN Organizations seem to be managing their technical assistance in Viet Nam from their respective offices in Hanoi. UNIDO's centralized project management is reflected in the extremely high number of missions of HQ staff to Vietnam (79 in 2010; 92 in 2011), which exceed by far the respective figures of other UN Organizations. Assuring the logistics of these missions is a major UCOV task. Moreover, the accumulated cost of these missions must be substantial (no exact figures available), which raises the question, whether some of these funds could be better used for strengthening human resources at UCOV.



**Figure 5**



**Figure 6**



However, there are also two encouraging examples of field based project implementation, where the previous and the current UR had accepted to take responsibility and PAD ownership for a project. In both cases, the substantive responsibility was transferred from HQ based project managers to the UR, while the administrative functions for international procurement and international staff remained with HQ staff. Although limited in scope, these two successful cases demonstrate that substantive decentralization is possible and how the different administrative and substantive functions should be distributed in case UNIDO wants to take steps towards substantive decentralization. Decentralization of project management to the field does of course not mean that all highly specialized expertise has to be decentralized from HQ to all countries. Field based managers would course continue to depend on HQ experts whose support they would mobilize from the field as need arises.

### *Coordination, reporting and monitoring*

At the present state of play, the vast majority of projects are still implemented by HQ based project managers. The UR invests considerable effort into coordination and reporting. Every month, he meets with the CTAs and every six months he organizes a meeting of all UNIDO staff in Viet Nam to discuss project progress and exchange experience. These meetings were already launched and institutionalized in the 2007-2010 period.

Every three months, the UCOV compiles project progress reports and prepares a country portfolio report. These quarterly reports are of good quality and shared with UNIDO HQ. They rely, however, entirely on information submitted by the projects and do not apply RBM principles (no reporting on results; no use of performance indicators). In the absence of a UNIDO country programme document the interdependencies and potential synergies between projects are neither identified nor followed up upon, which is why the quarterly country reports read like a catalogue of individual self-standing projects rather than a portfolio monitoring report.

During the meeting with the evaluation team and the UR, the DDG of the Foreign Economic Relations Department of the MPI, who is also the apex counterpart for One UN, pointed out that the Government perceives the lack of a UNIDO country programme document and of a regular monitoring mechanism involving MPI as weaknesses. Other UN Organizations do have such country programme documents that are of course in line with the One UN programme and elaborate on it.

UNIDO staff in Vietnam feels that a roster for national and international consultants contracted under the various projects would increase overall efficiency. The UR is aware of this requirement but UCOV is unable to fulfil this coordination function due to scarce resources.

## **5.2. Policy advisory role, conferences, workshops**

### *Visibility, communication and Global Forum*

Communication is another genuine Field Office task that UCOV does take on, although with certain difficulties, mainly due to staff scarcity. Only recently, the UR pooled project resources for hiring an experienced national communications officer. However, this person left after a few months for a more stable position elsewhere. As a result, communication tasks in the UCOV work plan are pending, such as setting up an UCOV website and preparing a brochure consolidating UNIDO's achievements. Nevertheless, UNIDO's visibility appears to be rather high but there is no comprehensive database compiling the UNIDO public relation work. A count of the work done in July and August 2011 showed an amazingly high UNIDO profile of 98 press articles, 12 TV shows and 8 radio interviews. Whether, in the absence of a UNIDO communication officer, UCOV could make a better use of the One UN communication team is discussed in chapter 7.

UNIDO has been organizing a large and increasing number of seminars, workshops and conferences in Vietnam (39 in 2009; 106 in 2010; 91 in the first 10 months of 2011). UCOV participated in many of these events as facilitator, organizer or through presentations. Some of these events had a distinct “Global Forum” function, such as the international conference organized under the “Policy advice to STI strategy” project in October 2011 or the participation of a large Vietnamese delegation in the UNIDO “Green Industry” conference in Tokyo in November 2011.

It should also be mentioned here that, due to the rather policy driven structure of UNIDO’s project portfolio in Viet Nam, which also includes elements of policy benchmarking and international expertise, the dichotomy between “Technical Assistance” and “Global Forum” is less pronounced than in many other countries. International meetings and study tours have been integrated in many projects (POPs; CSR; SME clusters; Several Government interlocutors of the evaluation mission mentioned the high profile and international experience of the UNIDO Representatives in Viet Nam and their capability to provide international value added to the internal policy debate. In this connection it should be mentioned that UNIDO co-chaired in 2010/2011 the “Government-Donor Partnership Group on SME Development and PSD”.

#### *South-South and gender mainstreaming*

UCOV has also contributed to Viet Nam’s South/South cooperation by facilitating its participation in regional networks, such as the “Regional Network on Safe Pesticide Production and Information for Asia and the Pacific” (RENAPAP) under which Vietnamese representatives participated in conferences in Thailand, India, China and Indonesia. The regional TCB project with Cambodia and Laos provided opportunities for South/South cooperation with these countries.

As already explained in chapter 5.9 above, the signs for gender mainstreaming in UNIDO’s country program in Viet Nam are very weak and the evaluation mission could not find evidence of any specific involvement of UCOV in gender mainstreaming. However, all UCOV staffs except for the UR and the driver are female.

#### *Funds mobilization and next Country Programme*

All UNIDO representatives in Viet Nam have been very active in funds mobilization. The UCOV maintains close relationships with the Embassies of major UNIDO donors such as Switzerland, Norway, Italy and the EU. As a result, UNIDO depends to a much lesser extent than other UN Organizations in Viet Nam on One UN funding, although the Organization has largely benefitted from the existence of the One UN Fund (see chapter 7).



## 6. UNIDO CONTRIBUTION TO ONE UN VIETNAM

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### 6.1. *One UN and Paris Declaration*

Viet Nam has been at the forefront of United Nations reform. It was among the first countries to become a “One UN” pilot and has also been very actively involved in driving the Paris Declaration Agenda. The work on the “Five Ones” – One Plan, One Plan Fund, One Leader, One Set of Management Practices, and One UN House has advanced rapidly since the beginning of 2007.

#### ***One Plan***

The “One Plan” was launched in July 2007, initially by the three EXCOM Agencies (UNDP, UNICEF, UNFPA) only. When UNIDO and the other Specialized Agencies signalled their intent to become part of “One UN”, the One Plan was revised and updated in 2008. Today, all UNIDO projects in Viet Nam are included in the One Plan and contribute to the following two outcomes:

- Outcome 1: Equitable and inclusive social and economic policies, plans and laws (UNIDO involvement in 5 out of 28 outputs);
- Outcome 3: Environmental protection and rational management of natural and cultural resources (UNIDO involvement in 3 out of 22 outputs).

The One Plan highlights a number of UNIDO’s thematic priority areas, such as sustainable development; energy efficiency; private sector development; trade capacity building (including CSR) and elimination of POPs. But UNIDO’s visibility in the One Plan has of course come at a cost because participating in One UN has been one of the most prominent and time consuming tasks of the current UR and his predecessor. To date the UR participates in the following UN working groups:

- UNCT
- SMT
- One Plan Fund Management and Allocation Committee (OPFMAC)
- One UN Steering Committee
- Programme Coordination Groups (PCG) Member on Economic Growth, Gender Equality
- PCG Convener Environment and Climate Change
- One UN Programme Support Working Group (PSWG)
- UNDAF / One-UN Plan Task Force
- Operations Management Team (OMT)
- UN Communications Team.

The UR estimates that he dedicates about 35% of his time to One UN but all parties agree that this investment has paved the way for a wider understanding and better recognition of the UNIDO mandate in Viet Nam.

The “One Plan 2008 to 2011” is logically structured and offers performance indicators at outcome and output levels. However, it is obvious that the Plan originates from an attempt to retrofit existing projects into an overarching structure. Logical gaps and differences exist between the narratives and the indicators in the One Plan and in the project documents. Not surprisingly, the cascading logic works much better for those projects that were designed after the One Plan. It can be expected that the considerable investment of the UNCT and the UCOV into developing the One Plan 2012 – 2016 will pay-off in terms of a more coherent structure, provided the managers (and donors!) of future projects will respect the cascading logic of the One Plan in project design. Whether the existence of the One Plan will ultimately also translate into a unified monitoring system remains to be seen.

### **One Budget**

Table 5 shows the shares of UN Organizations in the One Budget 2007 - 2011. UNIDO accounts for 31 million US\$ (6.8%) of the overall amount of 465 million US\$. About one quarter of the “One Budget” came from the “One Fund” and it should be underlined that UNIDO has been among those Agencies with the lowest dependency on the One Fund (15%).

Initially, the One Plan covered the years 2007 to 2010. Because of the late start of the next One UN exercise, the year 2011 has been dealt with as a “transition year”. Donors chipped in additional 24 million US\$ to this year and the UR grasped the opportunity to submit the 500.000 USD project “environmental policy advice” for funding, which had been accepted as “high priority” in the previous round of funding. Nevertheless, the fact that UNIDO’s share of 2% in the 2011 “junction year” budget is significantly below its share in the 2007–2010 budget may indicate a sub-optimal response capacity to unexpected funding opportunities.

**Table 5: One Plan Vietnam 2007-2011 Budget proportions of UN agencies**

UN Agencies	Share coming from One Fund	Total budget (US\$)	Share of total budget (%)
IFAD	-	2,710,000	0,58
UN Women	33%	3,495,287	0,75
UNV	15%	4,918,932	1,06
UNAIDS	36%	5,829,802	1,25
UNHABITAT	21%	6,641,076	1,43
UNESCO	31%	10,432,661	2,25
UNODC	32%	14,423,291	3,10
UNIDO	15%	31,461,144	6,77
UNFPA	26%	36,283,059	7,81

<b>FAO</b>	12%	36,351,906	7,82
<b>ILO</b>	15%	36,450,879	7,85
<b>WHO</b>	15%	79,106,432	17,03
<b>UNICEF</b>	38%	95,516,290	20,56
<b>UNDP</b>	27%	100,952,588	21,73
<b>Total</b>	<b>24%</b>	<b>464,573,347</b>	<b>100%</b>

Despite these quantitative limitations, the priority of the One Fund on upstream policy advice had positive effects on the quality of the UNIDO portfolio. While policy advice tends to be minor in UNIDO's portfolio of other countries, the priorities of the One Fund in Vietnam provided an opportunity for UNIDO to strengthen its presence and sharpen its profile in this arena.

Table 6 shows the budget provisions for the next One Plan, of which the final draft was submitted to the Government in December 2011. UNIDO's share of the overall amount of 480 million US\$ is expected to be 29.7 million US\$. The corresponding proportion of 6.2% is slightly below the figures for 2007 - 2011.

**Table 6: One Plan Vietnam 2012-2016 Budget provisions of UN agencies**

	<b>Expected Budget (US\$)</b>	<b>Agency Share (%)</b>	<b>Funds to be mobilized (US\$)</b>	<b>Funds mobilized (%)</b>
<b>FAO</b>	36,890,000	7,68	26,040,000	29,41
<b>IFAD</b>	1,000,000	0,21	1,000,000	0,00
<b>ILO</b>	33,960,000	7,07	26,220,000	22,79
<b>IOM</b>	5,500,000	1,15	4,062,500	26,14
<b>ITC</b>	3,640,000	0,76	2,630,000	27,75
<b>UN Women</b>	8,330,000	1,73	3,730,000	55,22
<b>UNAIDS</b>	6,000,000	1,25	4,950,000	17,50
<b>UNDP</b>	140,360,000	29,23	80,395,000	42,72
<b>UNEP</b>	16,806,000	3,50	8,205,000	51,18
<b>UNESCO</b>	10,497,070	2,19	8,807,070	16,10
<b>UNFPA</b>	33,100,000	6,89	10,600,000	67,98
<b>UN-HABITAT</b>	8,416,000	1,75	6,295,000	25,20
<b>UNICEF</b>	80,050,000	16,67	55,000,000	31,29
<b>UNIDO</b>	29,716,000	6,19	23,100,000	22,26
<b>UNODC</b>	14,457,700	3,01	12,434,000	14,00
<b>UNV</b>	1,560,000	0,32	1,440,000	7,69
<b>WHO</b>	49,950,000	10,40	31,820,000	36,30
<b>Total</b>	<b>480,232,770</b>	<b>100%</b>	<b>306,728,570</b>	<b>36,13</b>

The table displays some worrisome signs with regard to funds mobilization. While other Agencies rely on "core" funding, UNIDO depends on funds mobilization. Its

current ratio of only 22% indicate a need for UNIDO to intensify its funds mobilization efforts. The UNIDO experience under the previous One Plan indicates that participating in joint resource mobilization efforts under One UN can provide good opportunities to inform donors about UNIDO.

### ***One set of management practices***

In June 2005, UN Agencies, the Government and other donors adopted the Ha Noi Core Statement on Aid Effectiveness which is the localized version of the Paris Declaration on Aid Effectiveness. In 2006, the Government followed up on this political agreement by issuing Decree 131/2006/ND-CP24, which defines the different aid modalities in Viet Nam and requires the Establishment of Project Management Units (PMU) for each ODA project. In 2007, this Decree was further specified by the circular on “the organisational structure, functions and responsibilities of ODA program and project management units”<sup>25</sup>, which assigns, to the PMUs, key planning and operational roles and functions throughout the project cycle, including procurement, asset management and disbursement of funds.

In May 2010, the Government of Viet Nam issued the “Viet Nam – UN Harmonized Programme and Project Management Guidelines - HPPMG”, which were jointly developed by the Government and UN Agencies under the “Delivering as One” pilot process to streamline and harmonize management processes, procedures and regulations. The HPPMG is applicable to UN-supported programmes/projects under the National Implementation Modality<sup>26</sup> (NIM) as well as to the coordination responsibilities under other implementation modalities.

The HPPMG is a detailed operations manual for programme and project management and provides specific guidance on procurement (human resources, training and equipment) and financial management, including cash transfers (HACT). It distinguishes between recruitment and procurement under NIM (National Implementation Modality) and DIM (Direct Implementation Modality), whereby it accepts that under DIM the regulations and procedures of the UN Country Office of the UN Organization concerned would apply.

Better adherence of the UN to the Paris Declaration has been one of the most prominent goals of the One UN agenda. Elaborating the One Plan Management Plan and the *modi operandi* of the Programme Coordination Groups and the One

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<sup>24</sup> Issuance of Regulation on Management and Utilization of Official Development Assistance

<sup>25</sup> Circular No. 03/2007/TT-BKH Hanoi, 12 March, 2007.

<sup>26</sup> The HPPMG mainly uses the terms NIM (National Implementation Modality): implementation modality whereby a national partner is directly responsible for managing and implementing the entirety or a part of a UN-supported programme or project, including the procurement and delivery of the activity inputs required and their use in producing the outputs as set forth in the approved work plan. Accordingly, the national partner is accountable to the Government and the UN Agency supporting the project for the production of the results expected from the programme/ project activities assigned and for the effective use of the resources allocated to it.) and DIM (Direct Implementation Modality: a modality whereby an international partner is directly responsible for managing and implementing the entirety or a part of a UN-supported programme or project in a programme country, including the procurement and delivery of the activity inputs required and their use in producing the outputs as set forth in the approved work plan. Accordingly, the international partner is accountable to its respective board for the results expected from the programme/ project activities assigned and for the effective use of the resources allocated to it.)



Plan Steering Committee as well as distributing the leadership of PCGs among participating UN organizations took considerable time and effort.

The global 2011 Survey on Monitoring the Paris Declaration has therefore been an opportunity for the Government to apply the Paris Declaration benchmarks on the One UN in Viet Nam. Although the focus of the Paris Declaration and hence of the survey has been on budget support, some of these benchmarks do shed light on the alignment of Technical Assistance (TA).

Under Benchmark 4 on “Strengthening Capacity by Coordinated Support” the Government report stresses Viet Nam’s top priority on capacity building and the expectation that “the One UN Initiative, which is being piloted in Viet Nam ... should bolster the harmonisation efforts of Developing Partners in capacity development”. In this connection, the report finds that “Developing Partners need to do much more to harmonise and align their TA.”

Benchmark 6 on “Avoiding Parallel Implementation Structures” is a key to TA alignment. Here, the Government report points out that, while the number of parallel PMUs has overall decreased, there is a “considerable increase in number of parallel PMUs by UN agencies (mostly of small-size projects) to 27 in 2010 from 12 in 2007.”

In the light of the above, it can be concluded that the UN has deployed considerable harmonization efforts but that the results of these efforts are not yet satisfactory. Under the One Plan 2006 - 2011, UN agencies have continued using different procedures for planning, formulating and implementing their aid projects. While UNDP, UNFPA, UNICEF and the UN Resident Coordinator Office use HPPMG, WHO, UNESCO and FAO still use different tools but consider aligning themselves to HPPMG and HACT. UNIDO relies, to date, entirely on DIM and hence appears to be at the tail end of the UN harmonization efforts. The Business Registration Project seems to be the only one that has adopted the “integrated PMU” approach. Numerous interlocutors of the evaluation mission stressed the need for UNIDO to seriously consider testing and integrating elements of NIM under the next One UN Plan.

Another aspect of the “One set of management practices” concerns the efforts of UN Agencies to better coordinate their activities among themselves. To this end, the “One Plan” introduced the implementation modality of the so called “Joint Programmes” (JP) that are jointly executed by several Agencies. UNIDO is involved in two of the five JPs under the current One Plan. Early in 2011 all JPs were independently assessed with rather mixed results<sup>27</sup> that were confirmed by a more recent mid-term evaluation of the “Green Production and Trade” programme (UNIDO project 7). The difficulties and achievements of the JP modality are presented and analyzed in greater detail in the respective chapter of this report.

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<sup>27</sup> Independent Review of JPs under Delivering as One (DaO) Initiative in Viet Nam; January - March 2011; by Tim Dyce and Nguyen Van Phuc

### ***One communication***

The One UN communication team is well equipped with human and financial resources and it seems that its professionalism has improved the overall visibility of the UN system as a whole and also of UNIDO contributions. The 2010 One UN Annual Report for example gives ample room to the Business Registration Project and other UNIDO projects, of course without mentioning UNIDO, as this is one of the principles of the One UN Communication. However, the UR believed that the One UN communication team lacks the necessary expertise to communicate some of UNIDO's highly specialized activities and had therefore decided to hire a special UNIDO communication officer at UCOV. Unfortunately this communication officer left UNIDO in the meantime and the question is again open whether UNIDO could use the services of the One UN communication team in a more proactive manner.

### ***Green One UN House***

At the moment, the offices of UN Agencies are scattered across Hanoi but the planning for the One UN House is well underway. A joint decision has been made to go for a "Green" One UN House using ecological construction methods and equipment. UNIDO has been one of the drivers behind this decision and has already allocated its proportional financial contribution for the new building. The former UR also served as an alternate member in the project board, representing specialized agencies. There will be emphasis on "green procurement" when it comes to making equipment decisions in 2012. It is foreseen that all UN organizations will move in the Green One UN House between April and June 2013. It should be pointed out that space will be allocated according to the thematic areas determined by PCGs, and not by Agencies names.

## ***6.2. Assessment of UNIDO's involvement in One UN Viet Nam***

### ***Relevance***

All parties agree that One UN has increased the overall relevance of the UN System as a whole but also of the individual Agencies. The Government and the UN fully recognize the role and the mandate of UNIDO, even if its share in the "One Plan" 2007 – 2011 was rather limited. During the debriefing session with the evaluation team, the Government confirmed its commitment to One UN while making it clear that One UN should not be misunderstood as a one-size-fits-all exercise. Senior Government representatives encouraged UNIDO to further strengthen its comparative advantage and its identity under the forthcoming One UN Plan. This has implications on the field capacity of UNIDO. In particular, an additional NPO might be needed. The One UN emphasis on upstream policy activities encouraged UNIDO to develop a stronger presence in this area and thus contributed to enhancing the policy relevance of the Organization.

### ***Effectiveness***

One UN tends to strengthen UNIDO effectiveness. But the specific instrument of "Joint Programmes" raises concerns with regard to effectiveness.

***Efficiency***

The UNIDO workload connected to One UN has been high but all parties agree that the cost/benefit ratio of this investment has been ultimately positive.

***Ownership and Sustainability***

The One UN did not have a direct influence on ownership of UNIDO projects. But the better comparability of different implementation models is likely to increase the pressure on UNIDO to align its implementation mode with the more ownership oriented implementation modes promulgated by the Paris Declaration and the One UN.

***Impact***

Ultimately, the One UN has the potential to mobilize complementarities between the different UN Agencies and hence to improve the framework conditions for each of them to achieve impact. However, the previous One Plan did not yet mobilize this potential to its full extent. A clear chance for improvement exists under the 2012 – 2016 Plan under the condition that projects will actually be designed along the lines of the One Plan and its cascading logic.



## 7. RECOMMENDATIONS

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### *Recommendations for on-going projects*

1. The project on “Business registration reform” should be continued and expanded as planned. The project should consider a combination of NIM and DIM, based on agreement between UNIDO and the Agency for Business Registration based on HACT and HPPMG rules. This could further enhance national ownership and sustainability and would allow UNIDO to make steps towards a better alignment with the implementation mode of other UN Agencies under One UN.
2. The project on cluster development should ensure that its ongoing activities and delivery of equipment is accompanied by proper training. Notwithstanding the results of the forthcoming final evaluation, this project should not be extended in its present form. The promotion of clusters is very relevant but should be pursued as part of a future integrated SME package (see below). UNIDO should initiate negotiations with the donor (Italy) on such an integrated approach.
3. The Senior Technical Advisor of the project “Platform for investment monitoring and supplier development”, who is based at UNIDO HQ, should extend the duration of his field missions to allow for more continuous interaction with counterparts. The project should seek synergies with the “Business registration reform” project.
4. The project on CSR should bring its ongoing activities to a sustainable end. CSR is highly relevant and should be pursued as part of a future integrated SME package (see below). UNIDO should initiate preparatory negotiations with the donor (EU) on this more integrated approach.

### *Recommendations for the next country programme*

5. The five UNIDO projects with funding from the next One UN fund (2012 – 2016) should take on board the findings and recommendations of this country evaluation. In order to reduce funding risks it is recommended not to allow for a funding gap of more than 50%. Project specific recommendations are:
  - a) Essential generic drugs (1 million USD): no specific recommendations
  - b) Eco-city Hoi An (0.65 million USD): Previous experience under the UNESCO project should be analyzed and taken into account. Opportunities to increase relevance should be considered, e.g. by including energy efficiency.

- c) Supply capacity fruits & vegetables (1.2 million USD; funding gap 42%): this Joint Programme should be designed in such a way to avoid the administrative weaknesses of the current Joint Programme on green production and trade.
  - d) Policy advice Green Industry (1.65 million USD; funding gap 64%): the scope of this project should be reduced to reach a funding gap below 50% and an explicit risk strategy should be formulated.
  - e) Investment promotion (4.0 million USD; funding gap 70%): the scope of this project should be reduced to reach a funding gap below 50% and an explicit risk strategy should be formulated. It should also be reassessed if both strands (SPX and FDI) should be pursued with such limited funding.
6. The SME Cluster project (currently supported by Italy), the CSR project (currently supported by EU) and the TCB project (currently supported by SECO) should not be continued in a “more-of-the-same” fashion. Instead, the three themes should be pursued under a newly designed “integrated package of SME projects”. This package should also integrate the investment promotion project funded from One UN and be designed with a clear mechanism linking company level support with policy formulation and implementation and include a comprehensive monitoring component.
  7. In keeping with its core mandate, UNIDO should develop an approach and a funding proposition for a project tackling the poverty-environment link. The project should focus on the so called “craft villages” and foresee a mechanism linking village level support with policy formulation and implementation.
  8. In keeping with on UNIDO’s commitment to mainstreaming gender throughout its programmatic and operational activities in order to advance the goal of gender equality and the empowerment of women, UNIDO should develop an approach and an action plan to mainstreaming gender into its next country programme. In doing so, and in line with UNIDO’s commitment, UNIDO should make provisions for greater collaboration with other agencies in the United Nations system in the area of economic empowerment of women, where UNIDO has been requested by the Special Adviser on Gender Issues and the Advancement of Women to take the lead.
  9. There is an urgent need for UNIDO to develop attractive new funding propositions. Priority should be given to the identification and formulation of new projects and the preparation of a UNIDO country programme, which would operationalize UNIDO’s contribution to the 2012 – 2016 One Plan. A possible option could be streamlining the UNIDO country programme into two themes/components:
    - o Energy and environment
    - o Competitiveness and trade

10. The leadership for project and programme development should be with the UR, who should be given the authority and the financial resources to set up a task force, mobilize HQ expertise and hire external consultants as appropriate.

#### ***Recommendations for decentralization and Country Office strengthening***

11. UNIDO should consider making Vietnam a pilot country for decentralized implementation. Pooling project resources could be an option to make the necessary financial and human resources available at the Country Office. Instead of having several CTAs in the field and project managers at HQ, UNIDO should assign two project managers to the Country Office who would be the PAD holders and project managers. UNIDO should seek the agreement of the GoV for this option by explaining the considerable gains in effectiveness and efficiency that could be expected from strengthening Country Office capacity, which would also pave the way for gradual steps towards National Implementation. HQ missions to Viet Nam should be cleared by the UR and video / telephone conferences should be more utilised instead of numerous and costly missions.
12. The strengthening of the Country Office should also encompass a decentralization of monitoring and possibly also evaluation functions and stronger reporting and accountability mechanisms of UNIDO to the Government, however without duplicating or compromising the One UN mechanisms.
13. UNIDO should further explore the interest of the Government in an evaluation capacity building project. This project could use resources from the UNEG network under UNIDO leadership.

#### ***General recommendation to UNIDO management***

14. The UNIDO management should implement the provisions in the UNIDO gender policy (gender action plan; gender focal points; etc) and ensure effective gender mainstreaming in the design and implementation of its Technical Cooperation projects.





## **APPENDIX - 1: TERMS OF REFERENCE**

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### **Terms of Reference for the Independent Country Evaluation in the Socialist Republic of Viet Nam**

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## I. BACKGROUND AND CONTEXT

This independent country evaluation of the activities and involvement of the United Nations Industrial Development Organization (UNIDO) in the Socialist Republic of Viet Nam was requested by the UNIDO Executive Board as part of the biannual work programme of the UNIDO Evaluation Group (EVA) for 2010/2011.

In addition to assessing the implementation and results of country programme mechanisms, this independent country evaluation will also include an assessment of stand-alone projects, including Global Environment Facility (GEF) projects, components of regional projects, the performance of the Country Office, Global Forum activities and contributions of the country programme to the attainment of the Millennium Development Goals (MDGs). Findings from past and ongoing relevant evaluations will be considered.

UNIDO has been present in Viet Nam since 1969. All in all, UNIDO technical cooperation (TC) amounts to approximately USD 87 million. Viet Nam has been a forerunner in the “One UN” agenda and a substantial part of the TC funding for all UN Organizations and for UNIDO was generated under the “One UN” funding mechanism. Thus, the independent country evaluation will pay specific attention to UNIDO’s involvement in the One UN process in Viet Nam and to UNIDO’s contributions to the achievements of One UN policy.

Viet Nam<sup>28</sup> has enjoyed rapid economic growth since the launch of the *Doi Moi* reform process in 1986, with current growth rates averaging around 7-8% per annum. Viet Nam is making impressive progress toward achieving the Millennium Development Goals (MDGs). The country has more than halved its poverty rate and seen improvements in under-five mortality, primary school enrolment, child malnutrition, maternal mortality, life expectancy, and access to clean water and sanitation. Moreover, the reforms have created space for economic, social and cultural activities beyond the confines of Government and Party institutions. As Viet Nam rapidly moves toward middle-income status, it faces a new set of challenges. The complexity of these challenges have been guiding the design and implementation of the “One UN” Plan.

The recorded poverty rate fell from 58.1 % in 1993 to 19.5 % in 2004 and to 15.9 % in 2006 as based on the international poverty line (GSO – VHLSS). According to the Viet Nam poverty line, poverty decreased from 18% in 2001 to 7% in 2005 (see SEDP). Poverty rates are however still high and extreme poverty remains heavily concentrated in remote, isolated and ethnic minority regions.

Pressure to create sustainable, productive and decent employment for all, especially for youth, remains high. Shortage of skilled workers for the burgeoning manufacturing and service sectors has already emerged as a serious bottleneck. As the economy continues to grow, manufacturing and service sectors will require a rapid transfer of workers from agriculture, and an increased demand of specialized skills. Gender sensitive human resource development, vocational and skills training are strategies to ensure progress.

The domestic private sector is increasingly the main engine of economic growth and job creation. Both inward flows of FDI and domestic demand remain strong, as the Government further accelerates the reform process to liberalize markets and move closer to integration with world markets. Accession to the WTO and other international trade and investment agreements stimulates private sector activity. Globalization and further integration into the world economy may however benefit some groups more than others and international competition may impose large economic and social costs on some industries and groups. Developing social safety nets and ancillary national policies in areas including education, training, vocational education, entrepreneurship,

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<sup>28</sup> The description of the country background is drawing on the introductory chapter of the UN “One Plan”.

through regional and sector-specific programmes, and protecting women and children will be a priority for the coming years and be reflected as such in the next One UN plan.

Viet Nam is a leading exporter of agricultural commodities including rice, coffee, pepper, rubber, fish and seafood products; higher world prices are further encouraging production and commercialization in this sector. Agriculture is the largest employer (57% of the total labour force) and will continue to play a significant role in employment creation and poverty reduction, although its share of the national economy has continued to decline to about 20% of GDP. Rising incomes have started to shift consumer preferences towards higher added value and processed products. Viet Nam still needs to improve the competitiveness of its products, particularly quality and food safety, and to control plant and animal diseases.

The industrial sector has become the driving force for Viet Nam's economic growth, accounting for 41.5% of GDP in 2007. The female dominated low wage manufacturing sector accounted for 21.3% of GDP in 2006 and recorded strong annual growth of 11 % over the past decade. While Viet Nam continues to have a comparative advantage in light industries, other sectors such as electrical and motorcycle assembly have been emerging. If Viet Nam aims to achieve becoming an industrialized economy by 2020, it needs clear and realistic gender sensitive business environment, industrial innovation, science, technology and export strategies to increase value added and improve competitiveness.

As a result of greater competition with international markets, Government focuses on further elimination of structural weaknesses in state enterprises and the banking sector, enhancing productivity, developing basic infrastructure and enhancing human resource development, securing more efficient public service delivery and continued macroeconomic stability. Compliance with WTO SPS/TBT commitments and standards (for product quality and assurance, hygiene and safety, human health and environment) is a challenge that will affect export growth in both agricultural and industrial products, requiring measures such as enhanced capacity of national standards setting and managing bodies, investments in physical and human resource infrastructure in standards metrology, testing and quality (SMTQ) and other highly specialized technical services.

The "Viet Nam Industrial Competitiveness Report 2011", to be published by MOIT and UNIDO, highlights that if Viet Nam is to create wealth and jobs, the strengthening of the manufacturing sector should be at the core of the government's policy agenda. The report points to five main reasons:

- industrialization is linked to the process of economic growth and thus manufacturing can play a catalytic role in transforming the economic structure of agrarian societies;
- manufacturing accounts for the bulk of world exports (80 per cent in 2008), and is less exposed to external shocks, price fluctuations, climatic conditions and unfair competition policies;
- manufacturing generates externalities in technology development, skill creation and learning that are crucial for competitiveness;
- manufacturing has a 'pull effect' on other sectors of the economy;
- the internationalisation of production has spread the benefits of manufacturing

Over the last 20 years, Viet Nam has experienced impressive growth rates, driven by a shift from a centrally-planned to a market-led economy. This report makes the case that industrialization has been at the core of Viet Nam's economic growth, and boosting the manufacturing sector is likely to be even more important in the future. It also argues that structural change towards certain strategic technology intensive sectors can speed up the industrialization process, thus providing the right conditions for sustained growth. Viet Nam does not lack policies for industrial development (around 80 development strategies, master plans and plans for individual industries have been developed since 1995), but an effective implementation plan and coordinated institutional arrangements.

UNIDO's Competitive Industrial Performance (CIP) index: Viet Nam placed 58<sup>th</sup> in UNIDO's Competitive Industrial Performance rankings for 2009, a jump of 14 places in only 4 years, placing it among the fastest improving countries in the world.

Manufacturing Value Added (MVA): MVA growth has been impressive – between 2000 and 2009 MVA skyrocketed from US\$5.8 billion in 2000 to US\$15.4 billion in 2009 – and has managed double-digit growth rates in the first and second half of the decade.

Manufactured Export: The contribution of manufacturing to Viet Nam's economy is still among the lowest in the region, furthermore reliance on imports for factors of production are underwriting much of the gains observed in the export data. Between 2000 and 2009, Viet Nam's manufactured imports grew at 19 per cent per annum, almost matching manufactured export growth for the same period. As competition mounts, maintaining the industrial status-quo will not help Viet Nam move up in the competitiveness ladder. On the contrary, technological deepening and structural change may be the way if Viet Nam is to sustain growth and improve in the CIP ranking over the next few years. Data on Viet Nam's industrial structure highlight the growth drivers within the economy. Despite the growth observed over the last decade, the Vietnamese economy remains rooted in labour-intensive, low-tech manufacturing – accounting for 65% of manufactured exports. The shares of medium- and high-tech sectors in total manufacturing have remained almost unchanged at about 20%. In absolute terms the majority of growth has been based on an expansion of low-tech industry.

Low Product and Market Diversification: This should be a serious concern to Viet Nam's export sector as it makes it highly exposed and vulnerable to changing demand and third country competition. Viet Nam's top five manufactures accounted for more than 39 per cent of manufactured exports.

Despite improvements in exports of dynamic products, Viet Nam is still a net importer of this product group as of 2009. While exports of all dynamic products stood at US\$ 5.5 billion in 2009, imports amounted to over US\$ 13 billion in the same year. Viet Nam experienced trade deficits in 14 out of the 20 most dynamic products. If this trend continues, and these products remain in high demand within Viet Nam, the government should consider strategies to promote greater levels of production in order supply domestic demand and address the large trade deficit.

There are five key policy areas for government action to boost industrial competitiveness in Viet Nam:

1. reformulation of industrial policies and strategies
2. industrial diversification into high value added products
3. human resource development for manufacturing
4. technology development
5. targeting quality FDI for manufacturing

The five policy areas are interrelated and mutually reinforcing. The criteria for the prioritisation of the five policy areas respond to a combination of two sources: a) best practice policies designed and implemented successfully by other countries to achieve industrial transformation; and b) a thorough consultation with national and international experts on the key elements to be tackled by the government of Viet Nam."

## **II. UNIDO Presence in Viet Nam**

Given the development stage of the country and its national priorities, UNIDO is well placed to assist Viet Nam in achieving its goals. UNIDO's long-standing presence in Viet Nam has been previously

organized into Integrated Programmes (IPs). Since 2008, the UNIDO interventions in Viet Nam are fully integrated into the One UN country programme.

#### **a. The first UNIDO Integrated Programme (2001- 2005)**

The first UNIDO IP was put under the theme “Industrialization and modernization along the socio-economic development strategy, towards sustainable growth in the SME sector”. It was composed of six funded projects under four components targeting the socio economic and environmental dimension of sustainable development and cover the development of an appropriate institutional and policy set-up for SME promotion, the advancement of women entrepreneurship in rural industries, the promotion of cleaner production in manufacturing activities and the participation in UNIDO global forum activities.

A number of different donors supported this first UNIDO IP in Viet Nam, among which Belgium, Finland, Italy, Japan, Sweden and Switzerland. The planned budget of IP I amounted to USD 11.7 million of which USD 5.8 million were mobilized (50%).

In 2005, the UNIDO Evaluation Group conducted an independent evaluation of this IP. Since then, no other independent UNIDO evaluation has been conducted at the country level.

#### **b. The second UNIDO Integrated Programme (2006 – 2011)**

The second UNIDO Integrated Programme (IP 2) was put under the theme “Integrated services towards sustainable industrial development”. The planned budget of IP 2 was USD 23.3 million, of which USD 17.6 million were successfully mobilized (75%).<sup>29</sup>

IP 2 was structured into three components<sup>30</sup>:

- Cross-cutting issues
- SME sector
- Export oriented industries

When the One UN Programme became fully operational in 2008, the UNIDO IP was integrated into this programme. All ongoing projects were carried over into the One UN Programme and are described in chapter II.c below. The following two initiatives were longstanding UNIDO activities under IP 2, IP 1 and before. They were finalized under IP 2 and independently evaluated in 2007 and are therefore not included in chapter II.c

- “Assistance to establish the national and provincial SME support infrastructure”.
- “Entrepreneurship development for women in food processing in Central Vietnam”. Under IP 2, specific efforts were made to replicate and disseminate the training methodology developed under IP 1 to other regions.

#### **c. UNIDO part of the One UN Programme (2008 – 2011)**

Viet Nam has been at the forefront of United Nations reform and was among the first countries to become a “One UN” pilot. Work on the “Five Ones” in Viet Nam – One Plan, One Budget (One Plan Pooled Fund), One Leader, One Set of Management Practices, and One UN House has advanced rapidly since the beginning of 2007. Viet Nam adopted a two-track approach with the first track consisting of those funds and programmes that had initially agreed to become part of the “One UN” and a

<sup>29</sup> Status as of the latest available IP Progress Report dated March 2010

<sup>30</sup> Remarkably, the IP 2 did not include an environmental component.

second track involving the specialized agencies that subsequently signified their intention to join the “One UN” initiative. The “One Plan” and the “One Plan Fund” were launched for implementation in July 2007.

The UNDAF and the One Plan are both based on Viet Nam’s Social Economic Development Plan (2006-2010) (SEDP) and related national sector plans, and both are directly supportive of specific parts of the SEDP. The One Plan reflects the UN’s support to the Ha Noi Core Statement on Aid Effectiveness (July 2005) (HCS) and the Government led Partnership Group on Aid Effectiveness (PGAE) that monitors its implementation.

**Table 1 One Plan Vietnam – Five-year 2007-2011 budget proportions per UN agency**

<b>UN Agencies</b>	<b>Five-year 2007-11 budget Total (US\$)</b>	<b>percentage of total budget</b>
IFAD	2,710,000	0,58
UN Women	3,495,287	0,75
UNV	4,918,932	1,06
UNAIDS	5,829,802	1,25
UNHABITAT	6,641,076	1,43
UNESCO	10,432,661	2,25
UNODC	14,423,291	3,10
UNIDO	31,461,144	6,77
UNFPA	36,283,059	7,81
FAO	36,351,906	7,82
ILO	36,450,879	7,85
WHO	79,106,432	17,03
UNICEF	95,516,290	20,56
UNDP	100,952,588	21,73
<b>One Plan</b>	<b>464,573,347</b>	

The One Plan was built on the UNDAF (2006-2010) and has been revised and updated in 2008 to include the key results frameworks of UNIDO and the other specialized agencies that signified their intent to become part of the “One UN” in Viet Nam. The UNIDO contribution to the “One Plan” focused on sustainable development and private sector development. It also made contributions to the One UN components related to gender, rural development, and culture. Annex E provides a complete overview of UNIDO interventions and how these articulate with the different outcomes of the One Plan. Table 1 shows the One Plan budget proportions per UN agency.

The One Plan Vietnam budget for the years 2007 to 2011 amounts to almost 465 million US\$. UNIDO’s contribution accounts for about 31 million US\$, thus approximately 6.7% of the total budget.

Table 2 shows the so called “Joint Programmes” executed jointly by different agencies. UNIDO is involved in the “Green Production and Trade” programme (project 7 in Table 2) and – to a minor extent in the Gender Equality programme (project 15 in Table 2). All Joint Programmes were independently assessed in 2011<sup>31</sup>

<sup>31</sup> Independent Review of JPs under Delivering as One (DaO) Initiative in Viet Nam; January - March 2011; by Tim Dyce and Nguyen Van Phuc

**Table 2 Joint Programmes under One UN**

UN AGENCIES AND THE JPs THEY ARE INVOLVED IN					
	Avian Influenza	Food Security	Gender Equality	Green Trade	Kon Tum
FAO	•	••	•	•	
ILO			•	•	
IOM			•		
UNAIDS			•		
UNDP	••		•		•
UNESCO			•		
UNFPA		•	••		•
UNICEF	•	•	•		••
UNIDO			•	•	
UNIFEM			•		
UNODC			•		
WHO	•	•	•		
ITC*				••	
UNCTAD*				•	

•• Lead Coordinating Agency in a JP

\* ITC and UNCTAD are Non-Resident Agencies but partner with UNIDO in achieving One Plan 2006-2010.

Table 3 provides an overview of all 16 ongoing UNIDO projects with their start date, funding sources and project managers. The project numbering follows the Quarterly Project Monitoring Report of the UNIDO country Office, which is attached as Annex E to these TORs.

Project 12 dealing with the National Cleaner Production Centre (NCPC) is operationally completed and will be covered by an impact evaluation to be conducted in parallel to this country evaluation.

#### **d. The planning of the next One UN Programme (2012 – 2016)**

The planning of the next One UN Programme is currently underway. Annex G provides an overview of the planned UNIDO involvement. The findings and recommendations of this evaluation will feed into the final phase of the planning process.

In preparation of the next One UN Programme the UNIDO One UN Coordinator (Mr. Klaus Billand) will conduct a monitoring and preparatory mission that will take place in parallel to the evaluation mission.

#### **e. The UNIDO Country Office in Hanoi**

The country agreement between UNDP and the Government of Vietnam was signed on 15 May 1978 and in 1990 UNIDO set up a country office headed by a UNIDO country director. Since 1999, UNIDO appoints an official Representative accredited by the Government. The most recent UNIDO Country Representatives are Mr. Philippe Scholtes (2003 to 2006); Ms. Nilgun Tas (2007 to 2010); and Mr. Patrick Gilabert (since January 2011).

The UNIDO Country Office has 4 staff (UR, Assistant, NPO, Driver) for a monthly delivery from imprest account of about 200,000 USD and employs about 120 consultants and experts (see UN Capacity review 2011). To face the heavy workload generated from projects and One UN involvement, 1 assistant and 3 programme officers funded by project fund are located on a short term basis at the UNIDO Country Office. See staff table in annex L.

**Table 3: Portfolio of ongoing UNIDO projects in Viet Nam**

Nr	Project Title	Start	Total Budget (mio USD)	Project Manager	Funding source and budget shares (mio USD)
1	Business registration reform	2008	12.60	Nilgun Tas	NORAD (4.5); UNIDO & One UN Fund (1.5); SECO (6.6)
2	SME cluster development	2009	4.20	Gerardo Patacconi	Italy
3	Platform for investment monitoring and supplier development	2010	0.97	Stefan Kratzsch	One UN
4	Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam	Prep 2009 Main 2011	6.62	Shrestha Sanjaya	GEF/UNIDO (1.025); National, including firms (5.6)
5	Building national capacity in industrial diagnosis and trade competitiveness analysis	2009	0.63	Manuel Albaladejo	One UN
6	Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam	2009	2.47	Carmela Centeno	GEF/UNIDO (0.9); National (1.57)
7	UNIDO contribution to UN Joint programme "Green production and trade"	2009	4.12	René Van Berkel	Spanish MDG (UNIDO: 0.77)
8	Policy advice on environmental management <ul style="list-style-type: none"> <li>- Waste management in craft village</li> <li>- Climate Change Action Plan</li> <li>- Resource efficiency in the steel sector</li> </ul>	2009	0.40	Nilgun Tas	One UN & UNIDO
9	TCB in Mekong countries (regional project also including Lao PDR and Cambodia))	2006	1.7 (0.56 for Vietnam)	Toshi Miyake	NORAD
10	TBT/SPS capacity development	2008	2.40	Toshi Miyake	SECO
11	Policy advice to Science, Technology and Innovation Strategy	2009	0.60	Patrick Gilabert	One UN
12	Promotion of new cleaner production services (NCPC)	2004	2.30	Hans Leuenberger	SECO
13	Local pharmaceutical production	2004	0.04	Jürgen Reinhard	UNIDO; WHO
14	Corporate Social Responsibility	2009	2.80	René Van Berkel	EU
15	UNIDO contribution to UN Joint programme on "Gender equality	2009	4.5	Gabriele Ott	One UN (UNIDO: 0.13)
16	Survey on post-harvest losses in ASEAN countries	2010	0.22	Karl Schebesta	Korea



### **III. The Independent Country Evaluation**

#### **a. Rationale and purpose**

As mentioned above, the evaluation was requested by the UNIDO Executive Board and part of the ODG/EVA Work Programme for 2010/2011. The evaluation will be a forward-looking exercise and seeks to identify best practices and areas for improvement in order to draw lessons to enhance the performance of UNIDO's programme and the DaO process in Viet Nam.

The country evaluation will attempt to assess in a systematic and objective manner the relevance, efficiency, effectiveness (achievement of outputs and outcomes), impact and sustainability of the interventions under evaluation. The evaluation will assess the achievements of the interventions against their key objectives, including re-examination of the relevance of the objectives and the appropriateness of the design, specifically in regard to gender equality and empowerment of women. It will identify factors that have facilitated or impeded the achievement of the objectives.

The country evaluation is being undertaken at the end of the first One UN Programme 2008 to 2011. The planning of the next One UN Programme is currently underway. Findings and recommendations from this evaluation will be incorporated into the planning process for this programme.

In summary, the main purposes of the evaluation are the following:

- To assess the progress and achievements of Technical Cooperation (TC) projects towards the expected outcomes outlined in the UNIDO project and programme documents
- To assess the progress and achievements of UNIDO's non-TC interventions ("Global Forum")
- To assess the UNIDO portfolio of interventions in Viet Nam (TC and non-TC) for coherence and synergies
- To assess the integration of the UNIDO portfolio under One UN Vietnam and the extent to which UNIDO has made contributions to achieving the One UN objectives
- The extent to which UNIDO has made contributions to achieving the MDGs
- To assess the performance of the Country Office in Viet Nam in carrying out its functions and in relation to the delivery of the RBM-based work plan
- To generate key findings, draw lessons and provide a set of clear and forward-looking recommendations

#### **b. Scope and focus**

The evaluation will cover the full range of UNIDO's support to Viet Nam, including Technical Cooperation (TC) and so called "Global Forum" (GF) activities. It should go beyond a mere documentation of results by trying to identify success factors of projects and programmes. The evaluation will also identify how these successes and failures can be used to improve future UNIDO projects in the country.

As far as TC is concerned, the evaluation will consider the portfolio of the 16 ongoing UNIDO projects, as shown above in Table 2 above. Wherever relevant and possible, it will also take into account projects finalized between the end of IP 1, which was evaluated in 2004, and the start of the One UN Country Programme in 2008.

The evaluation will take into consideration the following UNIDO evaluations that covered projects in Viet Nam or addressed issues relevant to the country:

- Independent evaluation of the TBT/SPS capacity development project (2011)
- Independent evaluation of the regional TCB project in Mekong countries (2011)
- Thematic evaluation of UNIDO SMTQ activities (2010)
- Independent Thematic Evaluation of the UNIDO Cluster and Networking Development Initiatives (2009)
- Thematic Review of UNIDO Cleaner Production activities, more specifically including the evaluation of the NCPC in Viet Nam (2008)
- Independent evaluation of UNIDO Assistance to establish the national and provincial SME support infrastructure (2007)
- Independent evaluation of the UNIDO programme “Entrepreneurship development for women in food processing in Central Vietnam” (2007)
- Independent evaluation of the Integrated Programme I (2005)

In particular, the country evaluation should assess whether recommendations of the earlier evaluations have been adhered to.

UNIDO interventions are located across the entire territory of Viet Nam, with concentrations in Hanoi and Ho-Chi-Minh-City. A full coverage of all interventions will not be possible under this country evaluation. The reasons for selection or exclusion of certain interventions will be explained in the inception report. For that purpose basic evaluability assessments will be carried out if necessary.

The evaluation will be used for and feed into the following UNIDO thematic evaluations that will include projects in Viet Nam or address issues relevant to the country:

- Thematic evaluation of UNIDO’s work in the area of Persistent Organic Pollutants (POPs) (2011)
- Thematic evaluation of UNIDO Field Office Performance (2011)
- Thematic evaluation of UNIDO contributions to One UN (2011)
- Thematic evaluation of UNIDO contribution to MDGs (2010/2011)
- Thematic Evaluation of UNIDO initiatives related to competitiveness and enterprise upgrading (2011)

The exact scope of the country evaluation will be decided during the inception period.

The evaluation will be participatory and involve stakeholders, including national counterparts, donors and beneficiaries as well as UNIDO and project staff.

#### **IV. Evaluation issues**

##### **a. General evaluation criteria and cross-cutting issues**

In general, the country evaluation will consider the DAC Criteria (relevance, efficiency, effectiveness, sustainability, impact). In addition, the following specific evaluation criteria and cross-cutting issues will be mainstreamed in the evaluation of the Country Programme, individual projects, and the performance of the Country Office:

- Contribution to empowerment of women and gender equality
- Contribution to environmental sustainability
- Fostering of South-South cooperation

As already mentioned, the assessment of UNIDO's country presence will not simply address individual projects but will apply a portfolio evaluation approach considering synergies and complementarities between projects as well as how individual projects contribute to larger objectives. It will include an assessment of the design and implementation of the programme with regards to:

- strategic objective,
- geographic priority,
- subsector focus,
- collaboration with and role of counterpart institutions and
- programme management and coordination.

Identified evaluation issues in relation to the different OECD/DAC criteria are provided below.

### **Relevance**

*The degree to which the design and objectives of UNIDO's country programme is consistent with the needs of the country and with development plans and priorities as well as with UNIDO's strategic priorities.*

The extent to which the country programme was relevant to:

- the development challenges facing the country,
- the one UN Programme in Viet Nam,
- UNIDO's strategic priorities (Programme and Budget, Medium Term Strategic Framework, etc.),
- the target group and UNIDO's counterparts,
- UNIDO's policy on Gender Equality (GE) and the Empowerment of Women.
- The green industry agenda; and
- The creation of synergies between environment and development projects by including GEF projects in the CP

### **Efficiency**

*Efficiency measures the outputs -- qualitative and quantitative -- in relation to the inputs.*

The extent to which:

- UNIDO provided high quality services (expertise, training, equipment, methodologies, etc) that led to the production of outputs;
- the resources and inputs were converted to results in a timely and cost-effective manner
- coordination amongst and within components of the programme lead to collaboration and cooperation among stakeholders and to the production of outputs
- the same results could have been achieved in another, more cost-effective manner; and
- Objectives, outcomes and outputs were achieved on time
- Transaction costs variation caused by the One UN process

### **Effectiveness**

*The extent to which the programme achieved its objectives and major factors influencing the achievement or non-achievement of the objectives*

The extent to which

- outputs and objectives established in programme documents were achieved and
- women and men benefitted equally from the projects/programme.

### **Sustainability**

*Sustainability is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.*

The extent to which

- there is continued commitment and ownership by the government and other stakeholders and
- changes or benefits can be maintained in the long term.

### **Impact**

*The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.*

The extent to which the programmes contributed

- to developmental results (economic, environmental, social); including
- to the achievement of the MDGs and national development goals
- Gender Equality (GE) and Empowerment of Women.

### **Country Programme management**

The extent to which:

- efficient cooperation arrangements between the projects and with the Country Office were established;
- UNIDO's Country Office supported coordination, implementation and monitoring of the programme;
- UNIDO HQ based management; coordination and monitoring have been efficient and effective.

### **Partnership and coordination**

*UNIDO's contribution to coordinating external assistance and to building government and country ownership*

The extent to which

- effective coordination arrangements with other development partners were established;
- UNIDO participated in the UNDAF and One UN coordination mechanisms;<sup>32</sup> and
- UNIDO adhered to the principles of the Paris Declaration on Aid Effectiveness (i.e., government ownership, alignment with government strategies, results orientation, program approaches, use of country systems, tracking results, and mutual accountability).

## **b. Evaluation of individual projects and regional project components**

### **Project design**

The extent to which

- a participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support;
- the project has a clear thematically focused development objective, the attainment of which can be determined by a set of verifiable indicators;
- the project was formulated based on the logical framework approach

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<sup>32</sup> This will also include an assessment of the contributions made by the One UN Coordinator based at UNIDO Headquarters.

- the role of self-financing assisted in the design and implementation of specific projects, and
- the project/programme appropriately reflected the needs and priorities of women, girls, boys and men in the design.

### **Relevance**

The extent to which

- the project/component was formulated with participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders.
- the counterpart(s) has (have) been appropriately involved and was (were) participating in the identification of their critical problem areas and in the development of technical cooperation strategies, and were actively supporting the implementation of the component.
- the project/component is relevant to the higher-level programme-wide objective
- the project/component is relevant to national and international strategic priorities (MDGs, etc.)
- the outputs as formulated in the project document are necessary and sufficient to achieve the objectives

### **Efficiency of implementation**

The extent to which

- UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements;
- UNIDO provided high quality services (expertise, training, equipment, methodologies, etc) that led to the production of outputs;
- operationally completed projects are closed in a timely manner; and
- resources and inputs were converted to results in a timely and cost-effective manner.

### **Effectiveness of the project**

The extent to which

- outputs and objectives established in the project document were achieved
- women and men benefitted equally.

### **Sustainability**

- Assessment of the probability of continued long-term benefits

### **Impact**

- Assessment of the developmental changes (economic, environmental, social) which have occurred or are likely to occur
- Assessment of contribution to MDGs

#### **c. Evaluation of Global Forum activities**

Global Forum (GF) activities will also be addressed as part of the country evaluation. GF activities are those which are initiated by UNIDO (or the United Nations system) to exchange and disseminate knowledge and information, as well as facilitate partnerships. They intend to produce an “output”, without a pre-identified client, which increases understanding of sustainable industrial

development issues. Global forum activities have informative, advocative and normative functions.

The assessment of global forum activities will include:

- I. UNIDO GF activities nurturing national knowledge and dialogue globally and with regard to industrial development and, at the same time,
- II. activities at the national level, including TC projects, contributing to UNIDO GF activities and products

The selection of global forum activities to be assessed and the methodology to be used will be defined in the inception report. This should be done, considering the framework in Annex G.

#### **d. Assessment of the UNIDO Country Office in Viet Nam**

The UNIDO Country Office will be assessed with regard to its contribution to UNIDO's Technical Cooperation (TC), Global Forum (GF) functions and the One UN process. For TC, the performance of the Country Office with regard to managing the UNIDO country programme will be assessed as well its performance with regard to liaising and coordinating with One UN (see above).

For GF, the evaluation will assess the performance of the UNIDO Country Office in contributing to UNIDO's convening and normative role. More specifically, the evaluation will assess the policy support provided by the Office to the Government of Viet Nam and how the Government perceives these contributions.

The assessment of the UNIDO Country Office will be an organizational or functional assessment of the Office based on the implementation of its RBM-based Work Plan as opposed to a staff assessment focusing on individuals. The assessment of the Country Office will review both administrative and substantive functions of the office and its work. It will not replace the audits performed by UNIDO's Office of Internal Oversight Services (IOS)

Taking into account the prominence of One UN in Viet Nam, the evaluation will give particular attention to the role of the Office in the One UN process.

The performance of the Country Office will be assessed in relation to the three evaluation criteria of Relevance; Effectiveness and Efficiency.

The detailed approach that will be used can be found in Annex H.

## **V. Evaluation approach and methodology**

This ToR provides information as regards the methodology. It should not be regarded as exhaustive but it is meant to guide the evaluation team in elaborating an appropriate evaluation methodology that should be proposed, explained and justified in the inception report.

In terms of data collection the evaluation team should use a variety of methods ranging from desk review (project and programme documents, progress reports, mission reports, Infobase search, Agresso search, evaluation reports, etc) to individual interviews, focused group discussions, statistical analysis, surveys and direct observation at project sites.

The evaluation team should ensure that the findings are evidence based. This implies that all perceptions, hypotheses and assertions obtained in interviews will be validated through secondary filtering and cross checks by a triangulation of sources, methods, data, and theories.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all stakeholders. These include government counterparts, private sector representatives, other UN organizations, multilateral organizations, donors, beneficiaries as well as UNIDO- and project staff.

Depending on the complexity and the strategic importance of each project/activity, different approaches can be used for the individual project assessments which will be included in the evaluation. With reference to Table 2 showing the portfolio of 16 ongoing UNIDO projects, the following individual project evaluations are underway or will be undertaken as part of or in parallel to the country evaluation.

a. Fully fledged Independent Project Evaluations

For projects that are due for a mandatory evaluation<sup>33</sup> within the same timeframe as the country evaluation and for other projects that are considered strategically important, a fully fledged independent evaluation, with separate ToR, are carried out. The methodologies applied are described in the corresponding evaluation ToR.

Two fully fledged project evaluations are underway for the following projects:

Nr	Budget Mio USD	Project title	Donor
9	1.7 (0.56 for Viet-nam)	TCB in Mekong countries (regional project also including Lao PDR and Cambodia)	NORAD
10	2.40	TBT/SPS capacity development	SECO

The findings, conclusions and recommendations from these two evaluations will be used as inputs by the country evaluation.

b. Impact evaluation of the NCPC

The creation of and support to the National Cleaner Production Centre (NCPC) has been a long-standing UNIDO initiative in Viet Nam that was pursued under a number of subsequent projects, together with Switzerland (SECO) as the main donor. In the past, the NCPC initiative has been evaluated twice, for the first time as part of the independent evaluation of IP 1 in 2004 and then as part of the thematic evaluation of all UNIDO NCPCs in 2007. The latest and final NCPC project has come to an end in 2010 and SECO and UNIDO have agreed to conduct the (mandatory) final evaluation of this project (number 12 in Table 1) as an impact evaluation covering not only this project but spanning the entire sequence of NCPC projects in Viet Nam since 2000. This evaluation will be funded by SECO under separate ToR.

Nr	Budget (mio USD)	Project title	Donor
12	2.30	Promotion of new cleaner production services	SECO

Every effort will be made to synchronize this impact evaluation with the country evaluation so as to allow feeding the evaluation results into the country evaluation report.

c. In-depth project assessments

<sup>33</sup> For which an evaluation is mandatory according to UNIDO and/or donor requirements, or in accordance with the evaluation provisions in the project document.

An in-depth project assessment will be conducted for projects that have not had a formal independent evaluation or that are not yet due for evaluation, but for which a comprehensive assessment is regarded important because of the size of the project, its innovativeness or its strategic role in the UNIDO portfolio. The projects that are foreseen for in-depth project assessments are listed in the table below.

Nr	Total Budget (mio USD)	Project title	Donor and budget shares (mio USD)
1	12.60	Business registration reform	NORAD (4.5); UNIDO & One UN Fund (1.5); SECO (6.6)
2	4.20	SME cluster development	Italy
3	0.97	Platform for investment monitoring and supplier development	One UN
5	0.63	Building national capacity in industrial diagnosis and trade competitiveness analysis	One UN
7	0.77	Green production and trade	Spanish MDG (UNIDO: 0.77)
11	0.60	Policy advice to Science, Technology and Innovation Strategy	One UN
14	2.80	Corporate Social Responsibility	EU

Note:

- A Mid-term review mission of project 7 by the MDG Fund will take place from September with a field visit planned from 17 to 28 October 2011
- A verification mission of project 14 by the EU will take place from September with a planned field visit from 27 September to 5 October 2011.

d. Reviews

Project reviews will be carried out for other projects of minor size or importance; projects that just started; technically specialized projects that will be evaluated in 2012; and for pipeline projects. The following review methodology will be applied: a review of the available documentation, including the project document; a validation of the foreseen intervention logic/design with a special focus on the relevance to national priorities and to the country programme or UNIDO's strategic priorities; interviews with the project counterparts.

The following will be covered by a project review:

Nr	Total budget (mio USD)	Project title	Donor and budget shares (mio USD)
4	6.62	Promoting energy efficiency (preparatory phase and planning of main phase)	GEF/UNIDO (1.025); National including firms (5.6)
6	2.47	Introduction of Best Available Technologies to reduce POPs	GEF/UNIDO (0.9); National (1.57)
8	0.40	Policy advice on environmental management <ul style="list-style-type: none"> <li>- Waste management in craft village</li> <li>- Climate Change Action Plan</li> <li>- Resource efficiency in the steel sector</li> </ul>	One UN & UNIDO
13	0.04	Local pharmaceutical production	UNIDO; WHO



15	4.5	UNIDO contribution to UN Joint programme on gender equality	One UN (UNIDO: 0.13)
16	0.22	Survey on post-harvest losses in ASEAN countries	Korea
	5.00	Control, phase out and reduce POPs and mercury releases (pipeline)	GEF
	3.00	SECO Industrial Zone (pipeline)	GEF

A final list of projects to be included in the evaluation will be provided in the inception report.

## VI. EVALUATION TEAM COMPOSITION

The evaluation team will include:

- 1) One Senior International Evaluation Consultant with extensive experience in evaluating energy and environmental projects (Ms. Henny Andersen);
- 2) One National Evaluation Consultant familiar with evaluation techniques and pertinent sectors and issues (Ms. Tran Thi Hanh, CIEM);
- 3) One ODG/EVA staff member (Senior Evaluation Officer, Peter Loewe) who will be responsible for the evaluation of the UNIDO Office and the review of Global Forum functions and also act as evaluation manager.

The international and national consultants will be contracted by UNIDO. The tasks of the consultants are specified in their respective job descriptions, attached to this ToR as Annex A.<sup>34</sup>

All members of the evaluation team must not have been involved in the design and/or implementation, supervision and coordination of any intervention to be assessed by the evaluation and/or have benefited from the programmes/projects under evaluation. The Senior Evaluation Officer will manage the evaluation and act as a focal point for the evaluation consultants. The Country Office in Viet Nam will support the evaluation team and assist in planning and coordinating the evaluation mission.

## VII. EVALUATION PROCESS AND REPORTING

The evaluation team will use a participatory approach and involve various stakeholders in the evaluation process. The responsibilities for the various evaluation stages are outlined below:

	ODG/EVA	PTC	Country Office	Government of Viet Nam	Evaluation team
Review of background documentation					X
Comments and input from project counterparts		X	X	X	
Interviews at UNIDO HQ		X	X		X
Inception report					X
Comments on inception report	X				
Evaluation mission			X	X	X
Presentation of preliminary findings in the field					X
Presentation of preliminary findings at HQ					X
Drafting of evaluation report					X
Comments on draft report	X	X	X	X	
Final evaluation report					X
Evaluation brief					X

<sup>34</sup> The attached JDs cover only the inception phase. The JDs for the main phase of the evaluation will be formulated on the basis of the inception report.

The evaluation team will present its preliminary findings in Hanoi to the Government and to UNIDO staff and at UNIDO Headquarters. A draft evaluation report will be circulated for comments and factual validation. The reporting language will be English.

The ToR and the draft report will be shared with the national counterparts, the main donors and relevant UNIDO staff members for comments and factual validation. This consultation also seeks agreement on the findings and recommendations. The evaluators will take comments into consideration when preparing the final version of the report. The final evaluation report will serve as a basis for the preparation by the evaluation team of the evaluation brief, which is to be submitted together with the final evaluation report to ODG/EVA for final review and approval.

The final evaluation report will be submitted 6 to 8 weeks after the field mission, at the latest, to the Government of Viet Nam, the donors and to UNIDO.

### VIII. Time schedule and deliverables

The country evaluation is scheduled to take place by a phased approach between July and December 2011. Table 4 shows the tentative time schedule of the evaluation tasks. The table includes also other activities that do not come under these TORs but with which the evaluation has to be coordinated (shown in italics).

**Table 4: Time schedule**

<b>Task</b>	<b>Who</b>	<b>Timeline</b>
<i>Evaluation mission for evaluation of projects</i> <ul style="list-style-type: none"> <li>• <i>TCB in Mekong countries (project 9 - regional project also including Lao PDR and Cambodia)</i></li> <li>• <i>TBT/SPS capacity development in Viet Nam (project 10)</i></li> </ul>	<i>Project evaluator Mr Daniel Keller</i>  <i>UNIDO Senior Evaluation Officer Mr Peter Loewe</i>	<i>Mission in May 2011</i>  <i>Evaluation reports in September 2011</i>
Screening of UNIDO country portfolio; desk studies; identification and discussion of evaluation issues with project counterparts	National evaluator Ms Tran Thi Hanh	July – August 2011
Briefing sessions with project managers at UNIDO Headquarters	Evaluation team: Ms Henny Andersen Ms Tran Thi Hanh Mr Peter Loewe	12 to 15 September 2011
Preparation of inception report	International evaluator Ms Henny Andersen	September 2011
Additional data collection; preparation of mission schedule; arranging meetings	National evaluator Ms Tran Thi Hanh	October 2011
<i>UNIDO One UN monitoring mission</i>	<i>Mr Klaus Billand UNIDO Senior Coordinator for UN System Coherence</i>	<i>Tbd (November)</i>
Evaluation mission	Evaluation team	Tbd (November)
<i>Impact evaluation of NCPC</i>	<i>Project evaluator Mr Daniel Keller</i>  <i>National evaluator</i>	
Presentation of preliminary findings in Hanoi	Evaluation team	End of mission
Presentation of preliminary findings at UNIDO HQ	Ms Henny Andersen	End of November

Drafting of evaluation report	Ms Henry Andersen with contributions from the other team members	December 2011
Circulation of draft report; integration of comments and drafting of evaluation brief	Evaluation team	January 2012
Issuance of final report, Management Response Sheet and Evaluation	EVA	February 2012

*Note: Tasks in italics are connected to the country evaluation but covered by different ToRs.*

The evaluation will produce the following deliverables

1. Inception report
2. Draft report
3. Final report
4. Evaluation brief

## **IX. QUALITY ASSURANCE**

All UNIDO evaluations are subject to quality assessments by the UNIDO Evaluation Group. Quality control is exercised in different ways throughout the evaluation process (briefing of consultants on EVA methodology and process, review of inception report and evaluation report). The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality in Annex B.

The applied evaluation quality assessment criteria are used as a tool to provide structured feedback.

## APPENDIX - 2: KEY DOCUMENTS CONSULTED

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### **Vietnam Socio-Economic Documents:**

ASEAN Investment report, 2011

CIEM- NUS (2010): *Vietnam Competitiveness (2010) Report*, Hanoi.

EduViet, the Association of Young entrepreneurs and VinaTest (2011): “*Personnel management of enterprises in Vietnam*” survey report, Hanoi.

Government of Vietnam (2001): *The 2002- 2010 Socio- economic development Strategy*, Hanoi.

Government of Vietnam (2006): *The 2006- 2010 Socio-economic development plan*, Hanoi.

Government of Vietnam (2010): *The 2011- 2020 Socio- economic development Strategy*, Hanoi.

Government of Vietnam (2011): *The 2011- 2015 Socio- economic development plan*, Hanoi.

GSO-UNDP (2011): *The 2010 Urban poverty survey report*, Hanoi.

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UNDP (2011): *Social services for Human Development Viet Nam*, Human Development Report 2011.

UNIDO-MoIT (2011): *Vietnam Industrial Competitiveness*, (Draft), Hanoi,

VCCI-USAID (2010): *Vietnam Provincial competitiveness Index report*, Hanoi.

### **UNIDO general documents:**

UNIDO (May 2009): *Policy on Gender Equality and The Empowerment of Women*, Vienna.

UNIDO (June 2009): Industrial Development Board, Thirty-sixth session, Item 7 of the provisional agenda: *United Nations system-wide coherence: UNIDO's role*, Report by the Director-General, Vienna.

### **Past Evaluations:**

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UNIDO-UNEP (May 2008): *Independent Evaluation of the UNIDO-UNEP Cleaner Production Programme*

UNIDO (2007): Independent Evaluation Viet Nam: *Entrepreneurship development programme for women in food processing in central Viet Nam (phase II)*, project TE/VIE/04/002, Vienna.

UNIDO (2007): Independent Evaluation Viet Nam: *Assistance to establish the national and provincial SME support infrastructure*, UNIDO projects; TF/VIE/03/001, TF/VIE/04/001, TF/VIE/06/002, Vienna.

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### **Business Registration Reform (#1):**

UNIDO (January 2008): Project Document: *Technical Assistance to Business Registration Reform in Viet Nam*, TF/VIE/08/0

UNIDO (October 2010): Project Document: *Technical Assistance to Business Registration Reform in Viet Nam*, TFVIE0800, XPVIE08002, FBVIE09006 (Phase A Module I), US/VIE/10/02 (Phase A Module II and Phase B)

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UNIDO (April 7, 2008): Project Allotment Document, TFVIE09001 - Technical Assistance to Business Registration Reform in Viet Nam (Phase A Module I).

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UNIDO (November 2009): *Project Budget Revision Request* (XP/VIE/08/002/G)

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### **SME Cluster Development (#2):**

Nguyen Thi Xuan Thuy (VDF) and Vu Hoang Nam (FTU) (September 18, 2009): *Industrial Clusters: From Theory To Practice In Vietnam*, VDF Workshop (power point presentation).

(May-June 2011). Report: SME cluster Development, MPI – UNIDO – Project TEVIE08003, Ho Chi Minh city. Audit Team: Mr. Giovanni Risso - Senior Consultant in Footwear Industry. Ms Vu Thi Thuy Quynh – Local coordinator and Translator. Mr. Nguyen Minh Truong – Local Expert in Shoes Manufacturing. Project Manager: Gerardo Pataconi - UNIDO VIENNA.

(undated) *Plan of TA in Garment Sector Hanoi*, revised

UNIDO (December 2007): Project Document: *SME Cluster Development, TE/VIE/08/003 (Phase II of TF/VIE/004/001. Assistance to Establish the National and Provincial SME Support Infrastructure)*.

UNIDO (November 6 2009): *Progress Report covering July 2009 to December 2009*.

*Progress Report II (draft) covering January-June 2010*, Project TEVIE08003.

*Progress Report III covering the period July 2009 to December 2010*, Project TEVIE08003.

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1st to 12th November 2010, In cooperation with HAWA.

UNIDO (June 2010): *Workplan July to December 2010*, draft, Hanoi.

Textile - Initial Audit and Upgrading Plans:

(May 2011): 30-4 Garment & Leather Joint Stock company, HCMC. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector, Project Manager : Gerardo Pataconi – Unido Vienna.

(May 2011): An Phuoc Garment – Shoes – Embroidery Company Limited, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna

(April 2011): Anh Khoa Co., Ltd. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna

(April 2011): Anh Vu Garment Company, Hanoi. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna. (SHORT AUDIT AND UPGRADING PLAN.)

(May 2011): Canifa, Hoang Duong Co. Ltd., Hanoi. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (ENTERPRISE INITIAL AUDIT AND UPGRADING PLAN).

(March 2001 ?): Como Co., Ltd. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna. (INITIAL AUDIT AND UPGRADING PLAN)

(June 2011): Garment 10 Joint Stock Corporation. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(May 2011): Garmex Saigon Js, Ho chi Minh City, Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(May 2011): Gia Dinh Garment – Textile Company, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): Hafasco - Hanoi Trading Service & Fashion Company LTD. Hanoi. Audit team: Ms. Pham Minh Huong and Mr. Vu Quoc Tuan. (S ENTERPRISE SHORT-AUDIT AND UPGRADING PLAN)

(April 2011): HAN THUAN MINH Co., Ltd, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster in Garment/Textile Sector in Ho Chi Minh City and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT REPORT AND UPGRADING PLAN)

(April 2011): HO GUOM GARMENT JSC COMPANY, HANOI. Audit team: Ms. Pham Minh Huong and Mr. Vu Quoc Tuan (SHORT AUDIT REPORT AND UPGRADING PLAN)

(April 2011): HUNG LONG GARMENT JSC COMPANY, HUNG YEN. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna ( SHORT AUDIT AND UPGRADING PLAN)

(April 2011): HUNG YEN GARMENT JSC COMPANY, HUNG YEN. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(June 2011): MINH PHUONG COMPANY LIMITED, HANOI. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(April 2011): KICO FASHION CO.,LTD, Hanoi. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (ENTERPRISE INITIAL AUDIT AND UPGRADING PLAN)

(May 2011): LAN TRAN Company Limited, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Gar-

ment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): MINH DONG Company, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(May 2011): MINHTRI LIMITED COMPANY, HANOI. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(April 2011): NAMSON GARMENT COMPANY, HANOI. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(June 2011): NAM THANH TEXTILE COMPANY, HANOI. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(March 2011): Nha Be Corporation, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector in Ho Chi Minh City and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): NHU QUYNH GARMENT CO.,LTD, HUNG YEN. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN). (Two files: FINAL + another file: INITIAL\_REV)

(April 2011): PHO HIEN GARMENT COMPANY., LTD, HUNG YEN. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(April 2011): PHU KHANG GARMENT COMPANY., LTD, Hung Yen. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(May 2011): Quoc Tuan Garment – Embroidery Company Limited, HO CHI MINH CITY. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): Saigon2 Garment Joint-Stock Company, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, CDA in Garment/Textile Sector in Ho Chi Minh City and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): Saigon3 Garment Joint-Stock Company, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, CDA in Garment/Textile Sector in Ho Chi Minh City and Ms Ta Ngoc Quyen, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (ENTERPRISE SHORT-AUDIT AND UPGRADING PLAN)

(April 2011): SON HA GARMENT COMPANY, HANOI. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(May 2011): Tan Pham Gia Company Limited, Ho Chi Minh City. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): VIEBA GARMENT COMPANY, HUNG YEN. Audit team: Ms. Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (SHORT AUDIT AND UPGRADING PLAN)

(April 2011). VitaJean, HO CHI MINH CITY. Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

Vita Jean Profiles 2011



(May 2011): Viet Tien Garment Joint Stock Corporation, Audit Team: Ms Vu Thi Thuy Quynh, Cluster Development Agent in Garment/Textile Sector and Ms Ta Ngoc Quyen, National Expert in Garment/Textile Sector. Project Manager : Gerardo Pataconi – Unido Vienna (INITIAL AUDIT AND UPGRADING PLAN)

(April 2011): YEN CHI PRIVATE COMPANY. Hanoi. Audit team: Ms.Pham Minh Huong, CDA in Garment/Textile sector in Hanoi and Mr. Vu Quoc Tuan, National Expert. Project Manager : Gerardo Pataconi – Unido Vienna (ENTERPRISE INITIAL AUDIT AND UPGRADING PLAN)

**Platform for Investment Monitoring and Supplier Development in Viet Nam (#3):**

Vietnam Development Forum (2009): FINANCING VIETNAM'S GROWTH. Domestic and Foreign Sources of Development. Edited by: Nguyen Ngoc Son and Tran Thi Thanh Tu

UNIDO (December 11, 2009): *Project Allotment Document*, Project FBVIE09009.

UNIDO (November 2009): Project Document: *Platform for Investment Monitoring and Supplier Development (Phase I)*. FB/VIE/09/009, Hanoi.

*Progress Report February (month 1) 2010 until end July (month 6) 2010*, Project FB/VIE/09/009

(November 2008): *Service Summary Sheet*, Project FB/VIE/09/009

VCCI. UNIDO (November 30, 2010): *Quarterly Progress Report No. I*, Project FB/VIE/09/009

VCCI, UNIDO (March 31, 2010): *Quarterly Progress Report No. II*, Project FB/VIE/09/009

*Workplan January – December 2011*

One pager project brief.

Investors Survey: Questionnaire / Database / Result

Investment Platform Contact List.

**Promoting Energy Efficiency(#4):**

Shrestha, Sanjaya (July 2011): Back to Office Mission Report (25 June – 1 July)

UNIDO (December 16, 2010): *Project Allotment Document*, ProjectGFVIE10003

GEF (October 2010): *Endorsement Letter*

World Bank (November 2010): *Letter of Commitment*

EPRO Consulting JSC and ENERTEAM -Energy Conservation Research and Development Centre (October 2009): *Policy, Regulatory and Institutional Analysis*, RFP No VN/2009/001, Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam

GEF (April 2010): *Request for CEO Endorsement/Approval*.

GEF (October 12, 2010): GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS.

UNIDO (January 2008 ): Service Summary Sheet for GEF project: *Promoting Energy Efficiency in the Industries through System Optimization and Energy Management Standards*,

EPRO Consulting JSC and ENERTEAM -Energy Conservation Research and Development Centre (November 2009): *Industrial Energy Efficiency Survey*, Under RFP No VN/2009/001, Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam

GEF (September 2009): *Project Identification Form*.

GEF (December 2008): *Request for Project Preparation Grant*

**Building National Capacity in Industrial Diagnosis and Trade Competitiveness Analysis (#5):**

UNIDO (November 2009): Project Document: *Building National Capacity in Industrial Diagnosis and Trade Competitiveness Analysis*, FB/VIE/09/008, Hanoi.

**Persistent Organic Pollutants (POP) (#6):**

UNICO (May 2008 ): Project Document: *Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam*, GF/VIE/08/005

UNIDO (November 2010): Progress Report: : *Introduction of BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced persistent organic pollutants (UP-POPs) releases from the industry in Vietnam*, GF/VIE/08/005

UNIDO (November 2010): Progress and Workplan, Power-point presentation.

UNIDO (July 3, 2008): *Project Allotment*

**UNIDO Contribution to UN Joint Programme ‘Green Production and Trade’ (#7):**

Lefebre, Vincent, and Tuan Phan Phan (January 2012): *Mid-term Review of the Joint Programme “Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor”*, Draft Report.

Lefebre, Vincent (September 2011): *Pre-Mission Report: Mid-Term Review of the Joint Programme on ‘Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor’ (MDG-2065)*,

Mid-term Evaluation Team of MDG-f (November 2011): *Presentation of Preliminary findings* (power point), Hanoi.

Reubens, Rebecca (April 2011): *Rattan and Bamboo Product Development, Joint Programme on Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor*, Final Report.

UN and the Government of Viet Nam (December 2009): *Joint Programme on Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor*, Hanoi.

UN (December 2010): *Monitoring Report (Report 2) July-December 2010*, Hanoi.

UNIDO (September 2011): *Mid-Year UNIDO Project Meeting. The Joint Programme (2010-2012)*, Power Point Presentation, Hanoi.

VIRI & HRPC (November 2010): *Baseline Value chain survey for handicraft Producers and SMEs*, Hanoi.

VNCPC (August 2011): *Assessment of cleaner Production and Design for Sustainability*, Hanoi.

VNCPC (June 2011): *Cleaner Production and Design for Sustainability Assessment. In five value chains: Lacquerware; Rattan; Handmade Paper; Seagrass; Sericultural;Final Report (for five value chains)*, Hanoi.

VNCPC (undated): *Presentation and Fact Sheet for Training of Trainers* (two rounds).

**Policy Advice on Environmental Management in Viet Nam (#8):**

UNIDO (June 2011): Project Document (approved): *Policy advice on environmental management: Green industry development*, FB/VIE/11/002 (extension/follow up for FB/VIE/09/010).

UNIDO (2008): Project Document: *Strengthening One UN Implementation in Viet Nam*, XP/VIE/08/006

(Unnamed Undated): Appendix 4a. *CONTENTS OF ODA TECHNICAL ASSISTANCE PROJECT DOCUMENT. (Development of the waste treatment models in craft villages)*

(Unnamed Undated): ANNEX 1. *List of facilities used in the Project*

UNIDO (2011): *Progress Report January-June 2011 & Work Plan July-December 2011*, FB/VIE/09/010.

UNIDO (September 2009): Interoffice Memorandum: *FBVIE09010-Policy Advice on Environmental Management*

UNIDO (August 2010): Interoffice Memorandum: *FBVIE09010-Policy Advice on Environmental Management*

**TCB Mekong (#9):**

UNIDO Evaluation Group (2011): Independent Evaluation: *Trade Capacity Building in the Mekong Delta Countries Phase II*, UNIDO Project TE/RAS/06/001, Draft, Vienna.

UNIDO (April 2006): Regional Project Document. *Trade Capacity Building in the Mekong Delta Countries Cambodia, Lao PDR, and Viet Nam, through Strengthening Institutional and National Capacities Related to Standards, Metrology, Testing and Quality (SMTQ) - Phase II*, TF/RAS/06/001

#### **Post WTO (#10):**

UNIDO Evaluation Group (2011): Independent Evaluation: *Post WTO Accession Support to Viet Nam: TBT/SPS Compliance Capacity Development related to Key Export*, UNIDO Project US/VIE/08/004, (Draft), Vienna.

#### **Science Technology Innovation Strategy (#11):**

UNIDO (November 2009): Project Document: *Policy Advice to Science, Technology Innovation Strategy (STIS) 2011-2020 and High Technology Law Implementation* (FB/VIE/09/007), Hanoi.

*Project Concept and Methodology*, Coordination Mission 7-11 March 2011, (Powerpoint I: Vietnam's Project), Hanoi.

*Project Concept and Methodology*, Coordination Mission 7-11 March 2011, (Powerpoint II: project organisation/infrastructure), Hanoi.

*Socio-economic Trend Analysis and Implications in the STI System Report*, (Draft report for the workshop 07-08.07.2010), STI-WP1-MOD5-001-V.4-290610

*SWOT Analysis*, STI-WP1-MOD6-013-V.1-150311

#### **NCPC (#12):**

UNIDO (September 2010): *UNIDO Green Industry. Green Industry Policy Study: Vietnam*

UNCRD, UNEP/RRC.AP, IGES (2009): *National 3R Strategy Development – A progress report on seven countries in Asia from 2005-2009*.

Institute for Global Environmental Strategies (No date): Kitakyushu Initiative for a Clean Environment: *Successful and Transferable Practices: Ho Chi Minh (Vietnam): Promotion of Clean Production*.

Asean Environmental and Compliance and Enforcement Forum: *Sharing International Experience on Environmental Compliance and Enforcement*, Bangkok, Thailand, October 27-28, 2004.

(December 2005): *Vietnam 2005 Country Assessment Report: Environmental Compliance and Enforcement Program*,

#### **Corporate Social Responsibility (#14):**

Van Berkel, René (July 2011): 2<sup>nd</sup> *Interim Narrative Report*, SWITCH Asia 2008 – VN/171-192.

Van Berkel, René (November 12, 2010) : *Progress Report : 1 February 2009 – 30 September 2010*.

Project Document: Annex 1: *Description of the Action*, SWITCH Asia 2008 – VN/171-192

UNIDO, Vietnam Country Office (July 2009) : Brief Note on the Project Status : *Helping Vietnamese SMEs Adapt and Adopt CSR for Improved Linkages with Global Supply Chains in Sustainable Production*, Ref No. SWITCH Asia 2008 – VN 171-192.

Work Plan 2010: *Helping Vietnamese SMEs Adapt and Adopt CSR for Improved Linkages with Global Supply Chains in Sustainable Production*, Ref No. SWITCH Asia 2008 – VN 171-192.

(November 2010): Monitoring Report: *Helping Vietnamese SMEs Adapt and Adopt CSR for Improved Linkages with Global Supply Chains in Sustainable Production*, Ref No. SWITCH Asia 2008 – VN 171-192.

Baseline Survey Report 2010: Awareness, Understanding and Usage of CSR among Vietnam's Small and Medium Enterprises

**Gender Equality (#15):**

Beck, Tony (December 2010): *Mid-Term Evaluation of the Joint Programme on Gender Equality in Viet Nam*, Hanoi.

Hampel-Milagrosa, Aimee et al (December 2010): *Gender related Obstacles to Vietnamese Women Entrepreneurs*, Vienna.

## APPENDIX - 3: LIST OF PERSONS MET BY THE EVALUATION TEAM

### UNIDO staff met during inception phase:

Name	Project concerned
Mrs. Tas	1. Business registration form; 8. Policy advice on environmental management Former UR in Viet Nam
Mr. Albaladejo	5. Building national capacity in industrial diagnosis and trade competitiveness analysis
Mr. Leuenberger	12. Promotion of new cleaner production services
Mr. Shrestha	4. Promoting energy efficiency
Mr. Billand	One UN
Mr. Kratzsch Mr. Portelli	3. Platform for investment monitoring and supplier development
Mr. Reinhardt	13. Local pharmaceutical production
Mr. Pataconi	2. SME Cluster development
Ms Ott	15. UNIDO contribution to UN Joint programme on "Gender equality
Mrs. Tas	5. Business registration form; 8. Policy advice on environmental management
Mr Gilabert	11. Policy advice to science, technology and innovation strategy; UR Hanoi
Mr. Hisakawa and Mr. Otsuka	UNIDO Regional Programme
Mr Van Berkel (By Phone)	7. UNIDO contribution to UN Joint programme 'Green production and trade' 14. Corporate Social Responsibility
Mrs Centeno	Introduction of best available technologies to reduce POPs
Mr. Miyake	TCB in Mekong countries; TBT/SPS capacity development

### Persons met during field mission:

GACA:

Ms. Nguyen Yen Hai, Deputy Director of FERD, MPI

Mr. Nguyen Thuong, Senior official, FERD, MPI

#### Project #1

1. Mr. Le Quang Manh- Deputy Director, Agency for Business Registration
2. Mr. Gunar Koren, Chief Technical Advisor
3. Mr. Nguyen Bich Lam, General Deputy Director , General Statistics Office, member of the project Steering Committee
4. Ms. Thuan, Deputy Director General, IT Department of MOF

5. Ms. Kim, Deputy Director General, Tax Registration and Accounting Department of MOF
6. Ms. Viet Anh, Ms. Thuy, Ms. Nga, Ms. Huyen, Mr. Thang, project office staff
7. Mr. Nguyen Tuan Cuong, Vice Director of Hung Yen provincial DPI
8. Mr. Tan, Chief of division, Hung Yen DPI
9. Mr. Nam and Ms. Thuy, Deputy Chief of division, Hung Yen DPI

Project # 2

10. Mr. Nguyen Trong Hieu, Deputy Director General, Enterprise Development Agency; Tel: (84-4) 0804 3853; email: [hieunt@business.gov.vn](mailto:hieunt@business.gov.vn) (Project # 2);
11. Mr. Francesco Russo, Chief Technical Advisor, Tel: (84-4)3733 8171; Email: [fr.russo@unido.org](mailto:fr.russo@unido.org), (Project # 2);
12. Mr. To Nam, project manager
13. Ms. Dang Phuong Dung, Mr. Dao, Chairwoman and vice chairman of VITAS
14. Mrs. Bui Thi Vuong, Vice Director of Pho Hien company, Hung Yen province
15. Mr. Nguyen Viet Dien, Chief of Import- Export division, Pho Hien company, Hung Yen province
16. Mr. Nguyen Van Nhan, Chief of Personnel and Organization division, Pho Hien company, Hung Yen province
17. Mrs. Phan Thi Phuong Nga, Deputy Director of Hung Yen Garment company, Hung Yen province
18. Mr. Hung, Chief of Planning division, Hung Yen Garment company, Hung Yen province
19. Mr. Le Thanh Tam, Director of Yen My Garment and Cloth Export company, Hung Yen province
20. Mr. Huynh Van Hanh, Chairman of Wood Association (HAWA)
21. Mr. Nguyen Van Khanh, Chairman of LEFFASO
22. Mr. Nguyen Huu Phuc, Director of COMO (HCM city)
23. Mr. Nguyen Van Chien, Director of Thuan Buom Ltd.(HCM city)
24. Mr. Tran Van Nga, Ton Phat company (HCM city)
25. Mr. Tran Ngoc Danh, Director of ADS (Binh Duong province)
26. Mr. Nguyen Chanh Phuong, Director of Danh Moc Ltd (Binh Duong province)
27. Mr. Hiep, Director of Lam Viet company (Binh Duong province)
28. Mr. Thanh, Hiep Long company (Binh Duong province)
29. Mr. Van, national advisor on Wood

Project # 3

30. Ms. Le Hai Van-Deputy Head of Statistics and Policy Division, Foreign Investment Agency, Tel: (84-4) 0804 4050; email: [vanlh@mpi.gov.vn](mailto:vanlh@mpi.gov.vn), (Project # 3);
31. Mr. Nguyen Noi, Vice Director of PMU, MPI
32. Ms. Vo Thi Chau Giang, project manager
33. Ms. Hanh, Mr. Hung, VCCI

Project #4

34. Ms. Pham Thi Nga, Coordinator, Email: [N.pham@unido.org](mailto:N.pham@unido.org),

Project # 5

35. Mr. Cao Quoc Hung, PMU director, General Director of ICD, MOIT
36. Mr. Nguyen Viet San, International Cooperation Department, Tel: (84-4) 22202358; email: [sannv@moit.gov.vn](mailto:sannv@moit.gov.vn),
37. Mr. Le Huu Phuc, Deputy Director of the PMU, ICD, MOIT
38. Mr. Hao, member of Advisory Board, former Vice Minister of MOIT
39. Ms. Dung, Ms. Duong, members of ICG, MOIT

Project # 6

40. Mr. Nguyen The Loan, project director, MONRE
41. Mr. Tuan, Assistant to the project director, MONRE
42. Mr. Tu Binh Minh, project manager, Tel: (84-4) 3722 7678; Email: [tubinh-minh@gmail.com](mailto:tubinh-minh@gmail.com) (Project # 6)

Project # 7

43. Mr. Koen Osteroom, Senior Technical Advisor, (Project # 7)
44. Ms. Hoang mai Van Anh, Project coordinator (UNIDO component)
45. Ms. Huong, Project office Secretary
46. Yuriko Shoji, Resident Representative of FAO
47. Ms. Lien, Mr. Long, Mr. Chung (VNCpC)
48. Mr. Truong Van Tuyen, Head of Rural Industry division, Thanh Hoa DOIT
49. Mr. Nguyen Viet Dzung, Deputy Head of Rural Industry division, Thanh Hoa DOIT
50. Mr. Nguyen Van Nam, staff of Rural Industry division, Thanh Hoa DOIT
51. Mr. Do Gia Vinh, Assistant to the project component
52. Mr. Le Vu Tien, Director of Dang Dung company (Thanh Hoa province, rattan)
53. Mrs. Nguyen Thi Tham, Head of Tan Tho Cooperative, (Thanh Hoa province, rattan)
54. Mrs. Nguyen Thi Binh, Chairwoman of Woman Union, Tan Tho commune, Thanh Hoa province
55. Mr. Hoang Quoc Viet, Director of Viet Linh company (Thanh Hoa province, bamboo)
56. Mr. Dung, Director of Thanh Duc company (Thanh Hoa province, silk)

Project # 8

57. Mr. Tu Binh Minh, project coordinator
58. Ms. Ha Thanh, Ecotown expert, VN Development Forum
59. Mr. Nguyen Thuong Hien, Vice Director of Pollution management and environment protection dept., MONRE
60. Mr. Dinh Viet Cuong, Vice Head of Administration, PMEP, MONRE
61. Mr. Le Van Chien, National consultants, Environment and Sustainable development center, National University
62. Thai Van Tan, National consultants

Project # 11

- 63. Mr. Richard Jones, Senior Technical Advisor
- 64. Mr. Ta Doan Trinh, President of NISPASS, Project director
- 65. Mr. Nguyen Manh Quan, project coordinator
- 66. Mr. Tuyen, Ms. Mai, Mr. Thu (NISPASS) Ms. Cam Ha (VAST)- members of the Core Team

Project # 14

- 67. Mr. Nguyen Quang Vinh, Director General, Office for Business Sustainable Development (SD4B)
- 68. Ms. Yen, Training coordinator
- 69. Mr. Tran Van Han, national expert on labour
- 70. Ms. Phuong, Eurocham
- 71. Ms. Chung, Business sustainable development center, VCCI
- 72. Ms. Dang Phuong Dzung, VITAS
- 73. Ms. Huong, Electronic Association



## APPENDIX -4: DRAFT INTERVIEW GUIDELINES FOR TC ASSESSMENT

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### Draft Interview Guidelines:

#### Independent Country Evaluation in the Socialist Republic of Vietnam

##### ***Programme design and management***

- What was the origin of the component/project concept and approach used? How were the various components of the programme identified and formulated?
- How were government counterparts and other stakeholders involved in the project identification and development?
- What type of analysis and assessment was completed prior to the development of the project/programme? How were any critical issues addressed? Was this sufficient and appropriate? If not, why?
- What was the involvement of HQ, Regional and Field Offices in the design and overall management of the programme/project and at which points?
- How was gender mainstreamed into the programme/project?
- Was there a logical relationship between objectives at various levels, activities and inputs?
- Were results indicators developed and did they facilitate the assessment of progress?
- How were changes during implementation approved and documented?

##### ***Funds mobilization***

- Can you describe the process for obtaining funding and donor support?
  - What was the involvement of national parties in fund mobilization?
  - To what extent were UNIDO HQ and field staff active in funds mobilizations?
  - What kinds of mechanisms were used for funds mobilization?
- Please describe the volume, origin and use of mobilized funds?
- Please describe the funds mobilized by UNIDO vs. the Government?

##### ***Effectiveness***

- Were the identified outputs, outcomes and impacts achieved? Are they expected to be achieved? Why or why not?

##### ***Relevance***

- What is your view of the relevance of the programme and of the individual components (at the design phase and currently)?
- What is your view of the relevance in relation to:
  - National needs and priorities (SEDP, others?)
  - Specific national sector policies (energy policy, industrial policy, trade policy, poverty reduction)
  - UNDAF
- What is your view of the relevance in relation to UNIDO Strategic Priorities?
- What is your view of the relevance of the individual components to the programme?

##### ***Efficiency***

- Please describe the timeliness, adequacy (quantity and quality) and cost of both the government and UNIDO inputs and activities.
- What were the national management and field coordination mechanisms?

- Please describe the involvement of UNIDO HQ in management, coordination and monitoring.
- To what extent has there been coordination between components? Has this led to tangible benefits (cost savings, improved implementation)?
- To what extent has there been coordination and collaboration among stakeholders and counterparts? Has this led to tangible benefits (cost savings, improved implementation)?
- What are some of the linkages between components and integrated services such as policy making, support institutions and enterprise support?

### ***Impact***

- How would you assess the actual or potential impact of the programme/project or individual component?
- In what way will the programme/project be able to contribute to the MDGs?
- How has/will the individual component or project contribute to the advancement country programme?
- In what way has the project/programme contributed to the achievement of the national development goals (National Development Plan, Vision 20/2020 and 7 Point Agenda)?
- What are the actual or potential economic, environmental and social oriented developmental changes?
- What are some of the actual and/or expected affects on gender equality and empowerment of women?

### ***Partnership and Coordination***

- Describe the work of any other agencies working this same area. How did UNIDO cooperate and collaborate with these agencies?
- Describe UNIDO's involvement in the UNDAF.

### ***Sustainability***

- How is it expected that the changes and/or benefits can/will be maintained long term?
- What arrangements are in place to ensure sustainability? Specifically technical, financial and organizational arrangements.
- Can you describe the commitment and ownership of the programme/project by the government? By other stakeholders and counterparts?

### ***Lessons learned***

#### ***The Future***

- Recommendations for a next phase?

## APPENDIX - 5: PROJECT ASSESSMENTS

### TRADE CAPACITY BUILDING IN THE MEKONG DELTA COUNTRIES OF CAMBODIA, LAO PDR AND VIETNAM, THROUGH STRENGTHENING INSTITUTIONAL AND NATIONAL CAPACITIES RELATED TO STANDARDS, METROLOGY, TESTING AND QUALITY (SMTQ) – PHASE II

<b>Total Budget:</b>	€ 1 500 000 + increase with € 53€ 1 500 000 + increase with € 5360
<b>Funding Sources:</b>	NORAD
<b>Start/End:</b>	April 2006 – December 2008, extended twice until June 2011
<b>Implementing Partner:</b>	General Department of Standards, Metrology and Quality (STAMEQ) and the Bureau of Accreditation (BOA).
<b>Development Objective:</b>	Facilitation of industrial development, consumer protection and export capabilities of Cambodia, Lao PDR and Vietnam through the strengthening of standards, metrology, testing and quality management institutional infrastructure and national capacities
<b>Immediate Objective:</b>	Under the overall development objective, the project aimed more specifically at developing new and strengthening existing conformity infrastructure, developing national capabilities on different standards related to key export industries, ensuring regional and international credibility of the conformity infrastructure, and developing enquiry points for Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS) in each of the three countries.
<b>Expected outputs</b>	<b>Summary status</b>
Upgraded textile testing laboratory of QUATEST 1	MEKONG II did not provide any funding (funded by SECO). QUATEST 1 decided to not further pursue accreditation, due to the high cost of maintaining it and low demand for textile testing.
Product certification scheme for CE marking and other IEC-EE requirements	Training at TUV SUD PSB, Singapore on GLOBALGAP completed. Some companies in Hanoi, Bac Ninh and the former Ha Tay province visited to assess situation and raise awareness. No actual training provided. Project input under NORAD-funding very limited. IEC-EE scheme was not established due to the lack of interest of STAMEQ.
Upgraded Vietnam Metrology Center	Equipment identified and procured. The inventory list "laboratory equipment supplied under TE/RAS/06/001 and SECO phase 1" checked during the field mission includes both equipment funded by SECO and NORAD. Despite significant efforts, it was not possible to determine the source of funding for each piece of equipment.
Upgraded legal metrology facilities of QUATEST 2 and QUATEST 3	Equipment identified and procured. The inventory list "laboratory equipment supplied under TE/RAS/06/001 and SECO phase 1" checked during the field mission includes both equipment funded by SECO and NORAD. Despite significant efforts, it was not possible to determine the source of funding for each piece of equipment. Staff training was not considered as necessary since the equipment is easy to use.
National proficiency scheme launched and BOA staff trained in specialized areas	All completed, except overseas training. National proficiency testing scheme was launched. Some laboratories participate in the scheme (e.g. QUATEST 2)
Strengthened capability of BOA for HACCP and inspection body accreditation.	1 expert mission of accreditation expert (on HACCP). Assessors for medical laboratory assessment against ISO/IEC 15189 trained (request by BOA, approved by Steering Committee)

#### **PROJECT CONTEXT:**

The Government increasingly emphasizes quality rather than the quantity of growth. A key element is to shift from exporting raw commodities to more internationally competitive, value added products and services. Testing services are an important element for meeting buyer requirements, ensuring product quality, and meeting standards of importing countries.

**PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

Mekong II was designed as a follow-up to a first phase “Market Access and Trade Facilitation Support for Mekong Delta Countries”, which ended December 2005. MEKONG I focused on building initial SMTQ capacity, raising awareness of the importance of SMTQ for industrial development, and upgrading some technical infrastructure. MEKONG I underwent evaluation in June 2005.

In Vietnam, MEKONG II aimed at selectively strengthening specific aspects of the National Quality Infrastructure (NQI). The textile testing laboratory of QUATEST 1 would be upgraded to better meet the needs of the garment industry. The chemical metrology capacities of the Vietnam Metrology Center (VMC) and the legal metrology facilities of QUATEST 2 and QUATEST 3 would be improved through equipment procurement and training. Furthermore, the project aimed at building capacities for product certification schemes (CE-marking), requirements of the International Electrotechnical Commission (IEC-EE requirements) and in EU traceability (EUREPGAG, GVP and GAP). Mekong II also planned to strengthen the capability of the BOA as a HACCP inspection body and to launch a national proficiency scheme in specialized areas.

Interventions of other donors were carefully taken into consideration, such as the SECO funded SMTQ project in Vietnam, but cooperation with other projects was not formalized through agreements. The logical framework tool was not properly used; no risks and assumptions were defined. This might be one of the reasons why objectives were too ambitious/not feasible considering the limited time and budget available. The outline of governance and management structures is rudimentary, which partially contributed to overlaps and miscommunications during implementation.

**RELEVANCE:**

MEKONG II was highly relevant in terms of international priorities, national policies and the expressed demands of direct beneficiaries (government institutions) covered. Objectives are well aligned to UNIDO’s core mandates and competencies. The mix of strengthening different “conform” aspects was well selected. Relevance for enterprises would have been increased through including “compete” aspects along the supply chain and for some sectors “connect” aspects.

**EFFECTIVENESS:**

The resources of this regional project allocated to Vietnam were very limited. Hence, the value added of this project for Vietnam was rather marginal. A National proficiency scheme has been launched and staff of the Bureau of Accreditation (BOA) has been trained in specialized areas. The strengthening of capability of BOA for HACCP and inspection body accreditation has been initiated. However, no funds were provided to the intended upgrading of the textile testing laboratory of QUATEST1 and the IEC-EE scheme was not established due to the lack of interest of STAMEQ. The low degree of fulfilment of expected outputs is partially a result of overambitious objectives that were not commensurate with the little budget and time available. The right mix of capacity building (training combined with equipment provision) as well as the excellent quality of technical input contributed to the effectiveness of implementation. A more systematic approach to planning and managing the project would probably have further increased effectiveness.

**EFFICIENCY:**

Overall, MEKONG II was at the technical level efficiently implemented, with the exception of procurement. In general, the project provided the right type of support. A significant amount of funds for expertise were channeled into praxis-oriented activities that directly benefited stakeholders. Better management and coordination would have further enhanced efficiency. Lack of funds, coordination problems, slow progress of work to be undertaken by counterpart institutions and low frequency and quantity of UNIDO expert input were the key factors that contributed to the delays.

***OWNERSHIP:***

Ownership of counterparts and direct beneficiaries was mixed. Positively, ownership is evidenced by significant staff input to implementing activities, contributions to building infrastructure, a relationship of trust with UNIDO experts and the initiative to request changes to the project plan, where the originally planned outputs were not relevant anymore. Some institutions were rather passive.

***SUSTAINABILITY AND IMPACT:***

The expertise built within the laboratories seems to be sustainable, with a rather limited risk to be lost through staff turnover. Without further donor support however, laboratories are unlikely to maintain expensive international accreditation. With the exception of Vietnam, significant concerns that laboratories are unable to cover the cost of maintenance and replacement of testing equipment procured remain. The same applies for the more sophisticated calibration/verification services. Quality marks are likely to continue to be granted, but an expansion of their application and a renewal of accreditation would require additional donor funding. Standard formulation requires further highly specialized expertise and as it seems also support to cover the cost for organizing technical committee meetings.

Overall, the impact of MEKONG II on export development was insignificant. The case of the Cambodian garment industry shows that the development of a huge export oriented garment sector is not dependant on the availability of a public textile laboratory. Building SMTQ capacity is however a long-term effort, which is justified in sectors with significant export potential. The domestic impact is increasing but hampered by shortcomings of the inspection and market surveillance system combined with limited consumer awareness. Through testing of drinking water, environmental testing, verification of gas stations and electricity meters, there is also some evidence for a social and poverty impact.

***UNIDO SYNERGIES:***

While MEKONG II was coordinated well with other SMTQ projects all three countries, the project missed the opportunity for synergies in implementing company level work with the two UNIDO Cleaner Production Centers in Lao PDR and Cambodia.

***ONE UN SYNERGIES:***

There are no direct synergies with the One UN.

***CROSS-CUTTING CONTRIBUTIONS:***

The project does not explicitly aim at contributing to enhancing gender equity. The project does also not aim at contributing to poverty reduction or achieving the VN MDGs. There are no direct contributions to south-south cooperation as the project was largely implemented in three parallel tracks (one for each of the three participating countries).

***CONCLUSIONS AND RECOMMENDATIONS:***

The evaluation corroborated many of the findings from the thematic evaluation of UNIDO SMTQ activities and provided evidence that UNIDO is putting the recommendations of the thematic evaluation into practice, although certain recommendations are not yet fully implemented. The project documents should apply a longer-term strategic approach with a 'master plan' for NQI development including expected contributions by other donors, should also define clear governance and management structures including specific competences, responsibilities and accountabilities of each of the parties involved and should include baselines and monitoring mechanisms for outcomes and impact. SMTQ projects in LDCs should give specific consideration to developing SMTQ services for the national market and should include a strong awareness building component addressing firms and consumers. Technical capacity building should be complemented with institution building, including management capacities. For efficiency reasons, TCB projects in a given country should be managed by the same project manager in UNIDO HQ. In countries

with a UNIDO field office, the UNIDO representative or head of operation should be given responsibility for day-to-day project management.

## POST WTO ACCESSION SUPPORT TO VIET NAM: TBT/SPS COMPLIANCE CAPACITY DEVELOPMENT RELATED TO KEY EXPORT SECTORS

<b>Total Budget:</b>	MUSD 2,42
<b>Funding Sources:</b>	SECO
<b>Start/End:</b>	July 2008 – June 2011, extended by six months to December 2011
<b>Implementing Partner:</b>	STAMEQ and NAFIQAD
<b>Geographic Coverage:</b>	Hanoi, Ho Chi Minh city, Da Nang
<b>Development Objective:</b>	Reduce technical barriers to trade for Vietnam's exports in order to enhance access to global markets.
<b>Immediate Objective:</b>	1. WTO TBT/SPS requirements related to metrology met by the Vietnamese government (i.e. calibration services by metrology laboratories in Hanoi, Ho Chi Minh City and Da Nang). 2. Testing, certification and food traceability capacities developed and strengthened at the national level (i.e. testing laboratories in Hanoi, Da Nang and Ho Chi Minh City).
<b>Expected outputs</b>	<b>Summary status</b>
1.1 Enhanced and strengthened metrology capacity in selected laboratories, providing precise and recognized calibration services to the industry 1.2 Pilot technical regulations formulated for implementation of Law on Standards and Technical Regulations (No. 68/2006/QH11).	Output 1.1 is likely to be achieved for VMI and QUATEST 3; QUATEST 1 and 2 decided not to apply for international accreditation, due to the lack of demand from customers and high cost to maintain the accreditation. Appropriate facilities for some calibration equipment purchased for QUATEST 1 (volume) are not yet available. Furthermore, this equipment does not serve the purpose to meet WTO TBT/SPS requirements, but is expected to be used for the inspection of petrol stations. VMI already received recognition under CIPM MRA for time, frequency, mass, laser radiation, gauge blocks, line standards and diameter standards. VMI confirms that support from the previous SECO-funded project was instrumental. Output 1.2 is not logically linked to objective 1 (formulating standard does not contribute strengthening the metrology to meet SPS/TBT requirements). As a result of the regulatory impact assessment, the regulations on Electromagnetic Compatibility (EMC) were not promulgated. This is evidence that the assessment of impact of regulations on the industry was meaningful.
2.1 Testing capacity enhanced and strengthened in selected testing laboratories, providing testing services to the country's growing export sectors (textile/apparel, footwear, electrical products, agro-products, etc.) in focal growth areas (Hanoi, Ho Chi Minh City, Da Nang). 2.2 Awareness of GLOBALGAP compliance developed for selected food sectors and awareness of OHSAS 18000 more broadly extended while supporting the certification capacity for both GLOBALGAP and OHSAS 18000 certification systems 2.3 Food traceability systems implemented in a group of pilot enterprises to comply with the requirements of the EU Regulation of Food Law (EC) No. 178/2002 2.4 Strengthen capacity of selected laboratories to comply with RoHS EU directive requirements in the electrical and electronics industry 2.5 Strengthen capacity of selected chemical testing laboratories to comply with REACH (Registration, Evaluation and Authorization of Chemicals) EU regulation requirements	Output 2.1 not yet completed. Project selected food microbiology (NAFIQAD 1, QUATEST 1, QUATEST 2), textiles (QUATEST 1) and food chemistry (QUATEST 2, QUATEST 3 – on Genetically Modified Organisms), and REACH/RoHS compliance testing (QUATEST 3) as focal areas. QUATEST 1 decided not to further pursue accreditation for its textile laboratory, mainly due to a lack of demand for testing services and because of competition from the Vietnam Textile Institute. Funding for the necessary initial assessment for international accreditation is not available. Without this assessment, laboratories are not "capable of recognition by international accreditation". Output 2.2: Amended by Steering Committee Meeting 6 October 2008 – originally, it was planned to strengthen HACCP/ISO22:000 and OHSAS certification capacities, including pilot implementation in selected enterprises). Expected output achieved. Output 2.3: An assessment of 10 coffee companies has been completed (report was not yet available to evaluators by June 2011). 2 of the 3 companies interviewed by the evaluators have already traceability systems in place – it was not possible to assess whether those comply with the above-mentioned EU-norm. Output 2.4 achieved, yet unclear how many of the substances covered by RoHS could be tested. Output 2.5 achieved (too early to assess whether the RRIC will be "fully functional by 2013 – this would rather be an outcome). Not clear to what degree the laboratory would be able to test for REACH requirements (covers over 3'000 substances).

### **PROJECT CONTEXT:**

The Government increasingly emphasizes quality rather than the quantity of growth. A key element is to shift from exporting raw commodities to more internationally competitive, value added

products and services. Testing services are an important element for meeting buyer requirements, ensuring product quality, and meeting standards of importing countries.

***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The project was designed as a follow-up to “Market Access Support through the Strengthening of Capacities related to Standards, Testing and Conformity” (2004 – 2007), which was also funded by SECO. The expected long-term impact of the project is a lower rejection rate of Vietnamese export products. Design was based on a careful technical assessment of beneficiary institutions. At the outset of the project, a user survey among laboratory users was conducted as a basis to decide on specific testing/metrology capacities to be strengthened. The overall supply of testing/calibration services in Vietnam was however not assessed and taken into consideration. The project document includes standard planning tools (logical framework), yet not a result-based budget.

While the management structure defined in the project document was rudimentary, the more elaborated structure approved by the first Steering Committee Meeting meets good practices and worked well during implementation. In Vietnam’s more advanced development context, the type of “mixed project execution” used by UNIDO lead to a good balance between ensuring aid effectiveness and ownership of beneficiary governments.

***RELEVANCE:***

The project was highly relevant and fully in line with the strategies, plans and policies of the Government, as well as objectives and priorities of the main counterparts, and the target groups. Objectives are also highly relevant in terms of international priorities, including the MDGs. Objectives are well aligned to UNIDO’s core mandates and competencies. Relevance is not limited to the GoV’s export-related policies, but includes consumer and environmental protection aspects. Support provided to metrology and testing laboratories responded well to the needs of enterprises. A strong and recognized compliance infrastructure scores high as an important factor relative to other elements of an enabling business environment. This perception is equally shared by exporters and non-exporters and is essentially also valid for metrology services. Availability of information to enterprises on RoHS and REACH is important, as confirmed by the sector association. The relevance of including testing services to enterprises (as planned) into the scope of activities of the RRIS is rather questionable, unless they cover new areas the already existing RoHS/REACH testing laboratories in the country are unable to satisfy. Support to piloting traceability systems within selected companies in coffee industry is of relevance for complying with industry-specific standards. In a sector such as coffee there is often a series of separate enterprises from farm to import receiver. Accordingly, the scope of the traceability component of the project focused on what the project considered the most pivotal link in the chain, namely coffee producers. A comprehensive, holistic approach to strengthening coffee value chains would however better meet the needs of beneficiary companies, for which the main concern is to achieve higher prices through better quality.

***EFFECTIVENESS:***

Good cooperation with counterparts, high quality of expertise and the selection of the right type of laboratory equipment contributed to effectiveness. However, to date, the planned outputs are only partially achieved. In the area of metrology, the capacity to provide accredited calibration services to industry has been partially achieved. In the area of testing, the enhancement and strengthening of the selected laboratories to provide testing services to the country’s growing export sectors made considerable progress but is not yet completed. The capacity of selected laboratories to comply with the EU RoHS directive for the electrical and electronics industry has been achieved, but it remains unclear how many of the substances covered by RoHS could be tested. The capacity of selected chemical testing laboratories to comply with REACH (Registration, Evaluation and Authorization of Chemicals) EU regulation requirements has been achieved, but it remains unclear to what degree the laboratory would in effect be able to test for REACH requirements. The pilot regulations on Electromagnetic Compatibility (EMC) were not promulgated as a result of the



regulatory impact assessment. Under the traceability component of the project, 10 coffee companies were assessed, but it remains uncertain whether the traceability system complies with the requirements of the EU-norm. As a result of the evaluation, an extension by at least 12 months has been agreed to complete the outstanding activities (support to laboratories, traceability systems for coffee producers), which would increase the chances to achieve the remaining outputs. However, the funding problem for maintaining the international accreditation of laboratories is likely to continue.

***EFFICIENCY:***

A lack of a result-based financial reporting system makes an assessment of efficiency of fund use impossible. Efficiency of implementation is mixed. Good coordination with other donors contributed to efficiency. On the other hand, the project is considerably delayed, which is at least partially due to coordination problems and slow response of UNIDO to partners' requests. Another reason for delays is inappropriate sequencing of activities, notably the procurement of equipment. Strengthening of some testing capacities that were already available to the export sector before the project started also reduced efficiency. Governance and day-to-day management worked generally well in practice. UNIDO selected the right CTA and NPC for a project in a more advanced development context. Financial reporting to the Steering Committee and partners was rudimentary and not result-based.

***OWNERSHIP:***

Ownership of counterparts and beneficiaries was high as reflected by significant staff input to project activities, important investments in building infrastructure and active participation in decision making. Customer orientation has significantly improved in all institutions, showing that laboratories increasingly care about company needs. The active role in coordinating donor input by STAMEQ is also a good sign of ownership.

***SUSTAINABILITY AND IMPACT:***

The capacity built at the laboratories seems to be sustainable, with a low risk of losses through turnover of staff. Laboratories are able to obtain a budget for repairing, maintaining and replacing equipment. However, most laboratories are unlikely to maintain their international accreditation without further donor support. Whether the planned traceability systems in companies will be sustainable remains to be seen. However, interviews with companies show that they are only willing to use a system if they can reap economic benefits from it. This would require more systematic, comprehensive and institutionalized efforts.

***UNIDO SYNERGIES:***

The project is embedded into the Joint UN Programme for Trade Development, which was initiated in collaboration with FAO, ITC, UNCTAD, UNIDO and the GoV under the One UN Plan for Vietnam. It is fully furthermore fully aligned with the UN Country Programme and UNIDO's core competencies. The project is one of several of SECO's well coordinated trade-related measures that aim to enhance competitiveness and value added of Vietnamese exports.

***ONE UN SYNERGIES:***

There are no direct synergies with the One UN.

***CROSS-CUTTING CONTRIBUTIONS:***

The project does not explicitly aim at contributing to enhancing gender equity. The project does also not aim at contributing to poverty reduction or achieving the VN MDGs. There are not direct contributions to south-south cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The independent evaluation validated many of the findings of the thematic evaluation of UNIDO SMTQ activities and provided evidence that UNIDO is putting the recommendations into prac-

tice. Projects aiming at strengthening supply of SMTQ services for exporters should prioritize target export sectors taking into consideration their socio-economic impact, the international competitiveness and government policies/strategies. Comprehensive assessment of existing supply of SMTQ services, including all services and not only services by one public institutions, should be conducted. UNIDO country programmes should be planned and executed as synergetic entities and the UNIDO representative or head of operations should be given responsibility for day-to-day project management. Results-based financial reporting should be made mandatory.

## VIETNAM NATIONAL CLEANER PRODUCTION CENTRE

<b>Project Numbers:</b>	US/VIE/96/063; US/VIE/04/063; US/VIE/04/064
<b>Total Budget:</b>	4,700,235
<b>Funding:</b>	
<b>Start/End:</b>	1998 - 2010
<b>Implementing partners:</b>	Technical University of Hanoi (hosting the VNCPC)

The above three projects have been subject to a combined impact evaluation, which was conducted in parallel to the country evaluation. A separate impact evaluation report is available. The present project evaluation sheet is different from the others in the following ways:

- The three project documents were developed in 1996 and in 2004. There is no overarching project document, no unified intervention logic or logframe and hence no common development objective, immediate objective or outputs. The evaluators developed a generic intervention logic, which is included in the impact evaluation report.
- Because the evaluation focused on impact the report does not include a chapter on efficiency.

### ***PROJECT BACKGROUND:***

The VNCPC is part of the global network of NCPCs that UNIDO set up since the 1980s. CP is a standard UNIDO approach, which encompasses institutional capacity building and focuses on SMEs and “good housekeeping“ measures.

### ***PROJECT CONTEXT:***

Environmental protection, mitigating industrial pollution and, more recently, Climate Change are high on the political agenda in Vietnam.

### ***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The project was designed in 1996 but implementation started only in 1998. The design follows the standard NCPC approach. For the capacity building, the Technical University of Hanoi was selected as a host. Implementation was directly with the University, without significant involvement of the Ministry of Environment or the Environmental Agency.

### ***RELEVANCE:***

The NCPC intervention was highly relevant to GoV policies. The initiative was just-in-time to respond to the Directive on strengthening environmental protection in 1998 and the Declaration on Cleaner Production in 1999. Its policy relevance was further increased by a range of environmental policy measures issued between 2000 and 2010. At the company level, the intervention was also relevant, in particular for SMEs.

### ***EFFECTIVENESS:***

Users interviewed under the company survey were “very satisfied” (47%) or “satisfied” (53%) with VNCPC services. The same reply was obtained on the *usefulness* of the services. 17% of the companies implemented all recommended CP options, 30% most, 35% several, and 13% none. Key enterprise benefits recorded are energy saving, reduction of water consumption, improvement of working conditions and meeting environmental regulation of government. VNCPC was particularly successful in convincing companies about “low cost options”. Companies ranked the “availability of CP services” high among different competitiveness factors. Especially for businesses with low production margins and high resource consumption, the reduction of manufacturing cost significantly contributes to higher competitiveness in terms of product prices.

### ***EFFICIENCY:***

UNIDO encouraged the VNCPC to provide services to projects from other donors. As a result, the majority of the companies were reached with non-UNIDO funding. This strategy has been highly successful in terms of “value for money” but also with regard to sustainability (see below).

***OWNERSHIP:***

The VNCPC management demonstrated very high ownership. The

***SUSTAINABILITY:***

In the beginning, UNIDO used a full-time CTA who became part-time after a couple of years. This gradual phase out of international expertise, together with the pro-active linkage of the VNCPC to other donor projects laid the foundation for good sustainability prospects. During the last year of the intervention, the VNCPC became financially autonomous under the legal status of a public enterprise. Therefore, there seems to be no major threat to sustainability except for the rather standard problem of management succession.

***IMPACT:***

The expert panel found that the VNCPC has made significant contributions to three major environmental policies and some contributions to two other policies and that these policies have been effective in tackling industrial pollution. The combination of policy advice, networking and demonstration projects was the right strategy for policy impact. VNCPC was successful in putting CP on the agenda of businesses and the GoV.

***UNIDO SYNERGIES:***

UNIDO used the expertise of the VNCPC for several of its projects in Vietnam.

***ONE UN SYNERGIES:***

The intervention addresses very well outcome 3 of the current One UN Plan. The VNCPC has been a key player in the Joint Programme on Green Trade.

***CROSS-CUTTING CONTRIBUTIONS:***

The intervention did not have specific gender targets and did not collect gender-specific monitoring data. There is only weak evidence for a potential wider impact of CP on poverty reduction. Given the limited evidence for an impact on competitiveness, the job creation potential is also limited. The most plausible impact on poverty could be improved working conditions, which ranks very high in the companies' assessment of CP benefits. However, cottage industries, which are widely known as the type of production units where working conditions tend to be worst, were reached only marginally, if at all.

***CONCLUSIONS AND RECOMMENDATIONS:***

The VNCPC intervention has been very successful. Through this longstanding intervention, CP has become familiar as a strategy to alleviate industrial environmental damage and UNIDO has become recognized as major player in this area. The sustainability prospects of the VNCPC are positive.

The VNCPC should develop more sector specific expertise and continue to strike the balance between its roles as a policy advisor and a provider of commercial CP services. UNIDO should use the VNCPC capacities for future interventions while avoiding to distort the emerging market of CP services. Specialized CP services should be further developed for future diverse UNIDO projects ranging from enhanced competitiveness of exporting companies to addressing "environmental poverty" of backward and informal village industries.

## TECHNICAL ASSISTANCE TO BUSINESS REGISTRATION REFORM

<b>Total Budget:</b>	MUSD 14
<b>Funding Sources:</b>	NORAD, UNIDO and SECO and Government contributions as project counterpart funds at the beginning stage.
<b>Start/End:</b>	NORAD: December 2011; SECO: April 2013
<b>Implementing Partner:</b>	Agency for Business Registration (ABR), General Department Taxation (GDT), Ministry of Finance (MOF), Ministry of Public Security (MPS) and General Statistics Office (GSO)
<b>Geographic Coverage:</b>	National level and all 63 provinces
<b>Development Objective:</b>	The development objective of the project is business environment for business startup and operations improved
<b>Immediate Objective:</b>	<ol style="list-style-type: none"> <li>1. To reduce the time for business registration (at least 75% in all provinces from 2007- 2009)</li> <li>2. To reduce the costs for business registration (at least 50% in all provinces from 2007- 2009)</li> <li>3. To make financial statements of stockholding companies available to public (within 2011)</li> </ol>
<b>Expected outputs</b>	<b>Summary status</b>
Phase A (Module 1). Computerized National Business Registration System (NBRS, containing registration information on enterprises nationwide, is operational in 63 provinces, except for web-enabled enterprise information service by December 2010.	<ul style="list-style-type: none"> <li>- Assisted and advised the Reform Task Force in drafting, consulting, revising the draft Decree 43/2010 on Business Registration and related Circulars, guidelines--&gt; Common legal framework regarding business and tax registration for authorities concerned;</li> <li>- Consolidated application forms</li> <li>- Automation of processing workflows</li> <li>- Ability to check availability of company name prior to registration minimizing the risk for duplication of the use of business names</li> <li>- The standardization of business registration procedures has been gained for all 63 provinces (65 BROs) by 31/12/2010.</li> </ul>
Phase A (Module 2). The NBRS is complemented with capacity to enable provision of web-enabled enterprise information services nationwide by December 2012	<ul style="list-style-type: none"> <li>- All information of the pre-reformed registered enterprises were transferred into the system</li> <li>- Legal documents governing procedures and outcomes of the transfer of business information to the NBRS has been issued.</li> <li>- ABR will be equipped with the web-enabled information system and capacity, offering the nation wide information on enterprises through the country.</li> </ul>
Phase B. The National Business Registration System (NBRS) is complemented with a computerized financial statements filing and dissemination system operational in 63 provinces by December 2012	<ul style="list-style-type: none"> <li>-Capacity of ABR and 65 BROs will be strengthened to establish and operate a computerized annual financial statements filing and financial statement information dissemination system, expertly by December 2012 (through improvement of the related legal framework through policy advice, training, awareness raising activities...).</li> <li>-Computerized business processes and operation system for financial statement filing is completely rolled out to and operational in 65 BROs through putting the financial statement filing operation system "beta version" on ABR hardware, issuing the relevant regulations and guidelines and providing training to the ABR and all BRO staff.</li> </ul>

### **PROJECT CONTEXT:**

A second SME Development Plan 2011-2015, including SME cluster policy, has recently been presented. It reiterates the high emphasis that Government puts on sustaining and improving the competitiveness of the SMEs, with particular reference to the importance of SMEs in employment generation. Industrial and export growth depends largely on the exploitation of natural resources and an abundant and comparatively cheap labour force. Identified obstacles to improved competitiveness of the SMEs include limited and insufficient Government support systems, such as limited access to finance, to land and production premises. The cumbersome legal framework and limitations in public services to SMEs are other obstacles. The business environment needs to become more enabling, to facilitate for SMEs to smoothly set up their businesses and to fulfil their legal obligations. An efficient business registration system which provides nation-wide access to legally valid business information is in this context of utmost value, particularly for SMEs as such access will be simple and less expensive .

The SME sector is benefitting from many ODA projects. UNIDO itself supports four other projects aiming at strengthening the Vietnamese SMEs in various ways: the Platform for Investment Monitoring and Supplier Development, SME Cluster Development, Corporate Social Responsibility, and Green Industry projects (all of which are included in this country evaluation). In addi-

tion, there are several relevant projects supported by other donors: USAID (Government's Project 30 on Administrative Procedures Reforms); JICA (Assignment of Advisory Expert on SME Promotion Policy).

***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The project is a continuation of two previous UNIDO initiatives: "Assistance to Industrial SMEs in Viet Nam" (1996-2000) and the "Assistance to establish the national and provincial SME support infrastructure" (2004- 2009), implemented by ASMED/MPI. The previous phases helped the Government agencies to reach consensus and to create commitment to continued business registration reforms and to design this project in a highly participatory manner. The Norwegian business registration model was selected.

The project objective is to upgrade the computerized nation-wide National Business Registration System (NBRIS) in order to enable on-line registration and web-enabled demand-based enterprise information services. The system is set up at national and provincial levels. The project has been designed in two phases and three modules to facilitate underway monitoring of progress and results. It takes a holistic approach, covering institutional strengthening (policy advice to legal framework development, organizational restructuring through establishment of ABR and financially autonomous business registration support units under the ABR, inter-agency coordination between MPI, MOF, MPS and GSO, and provision of hardware and registration software) as well as individual capacity development of registration officers at the central level and in all of the 63 provinces. It also covers awareness raising among government staff, leaders and enterprises and future potential users of the legally valid information which will be made available.

Currently, key stakeholders are discussing a follow-up phase from 2013 to expand the project registration to also cover FDIs and cooperatives.

As in many other projects, the key stakeholders of the project are the national project director (NPD), small project management unit (PMU) staff, UNIDO-Government financed project management office (PMO) staff, which also includes large number of professional and technical staff of the reform task force, and the chief technical advisor (CTA). Important stakeholders are also in MOF/GDT, MPS and GSO on a part-time basis, financed fully by the Government. The NPD has participated in the project since the design and has shown strong leadership and ownership, in both design and implementation. The coordination and cooperation between the various units of the project (ABR, PMO and PMU) is good. For many technical issues the CTA works on behalf of the NPD with his approval. The ABR and PMU staff has benefited from on-the-job-learning through working together with the CTA and the PMO staff.

***RELEVANCE:***

The project has helped improve the business environment for enterprise start-up and operation. The project is highly and directly relevant to industrial development and trade promotion, and thus indirectly relevant to employment generation and poverty reduction. The project is directly linked to policy while also providing downstream benefits to the enterprises. The Project Manager provides strategic policy advice to the leaders of ABR and to MPI on the reform. The CTA and other project experts provide practical policy solutions, such as resolving issues between MPI and MoF along the strategic direction. The project's combination of institutional and individual capacity building has been a good and relevant example of practical policy advice through 'on-the-job' activities.

The improved environment for enterprise start-up and operation will help in trade promotion and improve the national and industry competitiveness of Vietnam.

***EFFECTIVENESS:***

The project achieved most of its planned outputs and outcomes without delays. All 65 BROs (Business Registration Offices) in all 63 provinces have standardized their business registration procedures. A common legal framework regarding business and tax registration has been adopted. Processing workflows have been automated with consolidated application forms and the ability to check the availability of a company name prior to registration, thus minimizing the risk for duplication. Outcomes, in terms of reduced time and simplified procedures for business registration, have been achieved (down from 15 days to 5 days, and down from 6 procedural steps to one). Work efficiency has increased as enterprise data is entered by MPI and shared with the Tax office, thus releasing the Tax officers from entering data into their system. . An additional positive effect of the synchronized data entry is that a large number of registered enterprises that do not have tax registration are now being investigated by the tax authorities, which has helped reduce cases of un-intended and/or intended tax avoidance. On-going activities are progressing as planned towards releasing web-enabled enterprise information services nationwide and towards complementing the NBRS (National Business Registration System) with a computerized system for the filing and dissemination of annual financial statements for shareholding companies as required by Law. The coordination between the key project partners, the government agencies (horizontal and vertical) and between NPD, CTA and project management unit/office staff has been good and contributed to the effective implementation of this project.

***EFFICIENCY:***

In this project communication channels function well and there is close coordination between the NPD, CTA and the Project Manager. The project manager in Vienna has further in practice decentralised decision making, thus facilitating a smooth decision making process in project implementation. The CTA together with the NPD takes technical and day-to-day management decisions.

***OWNERSHIP:***

The project showed strong national ownership, as reflected in strong leadership by the national counterpart. The NPD and the CTA have jointly decided about strategic project decisions.

***SUSTAINABILITY AND IMPACT:***

The project's contributions to improving the business environment are likely to be sustainable as there is strong political commitment to continuing the business registration reform process. The capacity built is potentially sustainable provided successful measures to ensure financial sustainability and to ensure continued market-based staff remuneration levels, will be successful which will be required in order to avoid losses of trained staff. It is expected that when the NBRS is in full operation it can raise revenues from the charges imposed on the business information users to operate the system. A key impact is the contributions to improving the business environment, as evidenced by Vietnam's climbing up the ranking list in terms of easiness of doing business.

***UNIDO SYNERGIES:***

The project holds the potential for synergies with two other UNIDO-supported projects: the SME Cluster project and the project in support of a platform for investment monitoring and supplier development.

***ONE UN SYNERGIES:***

UNDP (2001) helped MPI to set up a National Business Information Network (NBIN) and UNCTAD supported the Foreign Investment Agency within MPI in developing a web portal aimed at providing on-line information to foreign investors in the process of establishing business operations in Viet Nam. In addition, the business registration reform initiative contributes to the One UN Plan and received funding from the One UN Fund in the first phase of implementation.

***CROSS-CUTTING CONTRIBUTIONS:***

The project does not explicitly aim at contributing to enhancing gender equity. By making registration simple, rules based, and inexpensive, the business registration project is expected to contribute to creation of a larger number of enterprises (and new employment opportunities), and is thereby expected to contribute indirectly to VMDGs. There are no direct contributions to South-South cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project has been well designed and implemented with strong ownership from the beneficiary side. The project is likely to contribute to sustainable improvement of the business environment. The impact and outcomes of the project should be sustained through expanding the project support to other groups of businesses (such FDI and cooperatives).



## SME CLUSTER DEVELOPMENT

<b>Total Budget:</b>	€ 3 000 000
<b>Funding Sources:</b>	Italian Ministry of Foreign Affairs plus national in-kind
<b>Start/End:</b>	July 2009 – June 2012 (initially planned from Jan-Feb 2007)
<b>Implementing Partner:</b>	Agency for SME Development (ASMED), Ministry of Planning (MPI)
<b>Geographic Coverage:</b>	Hanoi, Hung Yen, Ho Chi Minh City, Binh Duong and Dong Nai provinces
<b>Development Objective:</b>	To contribute to local economic development by strengthening SME competitiveness at local levels through a cluster based and public-private partnership approach.
<b>Immediate Objective:</b>	To upgrade and strengthen up to 3 SME clusters/company networks, including those that may be export oriented, and industry associations for twinning with Italian SME clusters/company networks and industry associations and to facilitate business partnerships between selected Vietnamese and Italian enterprises.
<b>Expected outputs</b>	<b>Summary status</b>
1. Vietnamese and Italian SME industrial sectors are analyzed and up to 3 SME clusters/networks, including those that may be export oriented and suitable for institutional twinning and business matching are identified.	Quick company diagnosis have been prepared for Vietnamese SMEs in three sectors. One cluster in the North and three clusters in the South have been selected.
2. Up to three Vietnamese SME clusters; corresponding industry associations; and, selected SMEs in each cluster are upgraded.	Partly underway through on-going and planned activities.
3. Up to 3 Vietnamese SME clusters, including those that may be export oriented, and their industry associations are twinned with Italian clusters and industry associations and business matches are initiated between selected Vietnamese and Italian SMEs.	Initial contacts are under way but very uncertain if the output will be achieved.

### **PROJECT CONTEXT:**

A second SME Development Plan 2011-2015, including SME cluster policy, has recently been presented. It reiterates the high emphasis that Government puts on sustaining and improving the competitiveness of the SMEs, with particular reference to the importance of SMEs in employment generation. Industrial and export growth depends largely on the exploitation of natural resources and an abundant and comparatively cheap labour force. Identified obstacles to improved competitiveness of the SMEs include limited and insufficient Government support systems, such as limited access finance as well as to land and production premises. The SMEs further work in sectors with low value added, and there is an identified need for strengthened technical capacity. The Vietnamese SMEs are thus vulnerable to intensive global competition, with developed country manufacturers and traders tightening their procurement guidelines to comply with CSR requirements.

The SME sector is benefitting from ODA projects. UNIDO itself supports several other projects aiming at strengthening the Vietnamese SMEs: Business Registration Reform, Corporate Social Responsibility, and Green Industry projects (all of which are included in this country evaluation). In addition, there are a number of relevant projects supported by other donors. These include: ADB (Making Markets Work Better for the Poor (M4P)); DANIDA (Business Sector Program Support); EU (Private Sector Support Program); SNV (Market Access for the Poor (MAP)); GTZ (SME development Program); ILO (Poverty Reduction through Integrated Small Enterprise development-PRISED); JICA (Assignment of Advisory Expert on SME Promotion Policy); USAID (Vietnam Competitiveness Initiative-VNCI).

### **PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

The project is a second phase of: 'Assistance to Establish the National and Provincial SME Support Infrastructure' (TF/VIE/04/001) (ended December 2007). A third phase is under consideration. An independent evaluation is planned for beginning of 2012.

The project is designed for downstream support to Vietnamese SMEs aiming at a direct link to Italian business interests. The project's aim to contribute to SME cluster development and enter-

prise upgrading, at a pilot level is in line with the Action Plan of the Government's first SME Development Plan (2006-2010). The project focuses on three selected sectors with a view to facilitate capacity building in industry associations for institutional twinning with Italian industry associations and enterprise upgrading for selected enterprises in each cluster for business matching with Italian businesses. Key technical posts in the project, including the long-term post of CTA, are as per design to be offered to Italian experts.

The intervention logic as represented in the log-frame is unclear (it does e.g. not show any clear distinction between immediate objective and expected output 3). Although activities are outlined in very broad terms no inception phase to streamline and adapt the design to the Vietnamese context was planned for.

The project design is not well adapted to the Vietnamese reality. The concept of cluster is not yet well-rooted in Vietnam, which was however an underlying assumption of the project. The project design seems of higher relevance to involved Italian businesses as a large share of the budget was intended for the delivery of Italian equipment. This aspect of the project design is of considerable less relevance to the participating SMEs and the strengthening of their capacity and competitiveness.

The project is managed by a UNIDO Task Manager in HQ. In the field there is a PMU (in ASMED/MPI) with a NPD (ASMED/MPI staff) as well as a PMO with an international CTA (project staff). The CTA is to be the counterpart of the NPD and functions as the team leader of project experts and facilitates the delivery of inputs under the supervision and guidance of UNIDO Task Manager. A full-time NPM (project staff reporting to the CTA) ensures delivery of technical inputs. The Project Steering Committee was established late and held first meeting in April 2011. Members are from UNIDO, MOIT, MPI, Italian Cooperation, VINASME (industry associations).

**RELEVANCE:**

The cluster approach is relevant to strengthening the capacity and competitiveness of SMEs in Vietnam. The project has shown remarkable flexibility in taking on-board policy aspects which has increased the relevance to GoV. It is also of direct relevance to the participating Vietnamese SMEs. The cluster approach is also relevant to UNIDO, although relevance to UNIDO would most likely have been stronger had the project not been tied to one European country (Italy).

**EFFECTIVENESS:**

The project prepared quick company diagnoses for SMEs in three sectors (textile and garment; footwear and leather; furniture). One group of textile and garment companies has been identified in the North and three groups (one in each sector) in the South. The identified groups of SME do however not yet function as clusters and the understanding of the cluster concept is not yet well developed among the participating SMEs and their industry associations. Initial activities are underway, or currently being planned, to provide support to the upgrading of the participating SMEs and industry associations. The achievement of the third expected output of twinning SME clusters and their industry associations with Italian clusters remains uncertain. Till date activities are limited to initial contacts being in the process of being taken. Expected outputs have thus been only partially achieved and it is not likely that the expected outcomes of upgrading and strengthening three SME clusters/company networks, twinning with Italian SME clusters/company networks and industry associations and facilitating business partnerships between selected Vietnamese and Italian enterprises will be achieved. The vagueness in design and approach has contributed to lowering effectiveness of the project. Recent flexibility in revising the project approach (e.g. providing input to the SME Development Plan 2011-2015) may contribute to a higher degree of effectiveness during the remaining project duration.

***EFFICIENCY:***

The weak contextual adaptation of the project design to Vietnamese reality has caused delays in project implementation. The assumed Vietnamese SME clusters did not exist and there was not clear understanding of the cluster concept. The efficiency of project implementation is consequently assessed as low.

The approach to technical capacity strengthening is also not entirely efficient. SMEs consistently point to the need to have more continuous access to technical expertise, allowing for a closer interaction between technical inputs and on-the-job applications. Flexibility in procuring inputs is hampered by the strong linkage to Italian interests. The provision of technical assistance has been short-term and at times driven more by availability of Italian expertise than by demands from the Vietnamese SMEs.

Tensions in communication and cooperation between the PD and the CTA have increased transaction costs and negatively influenced the efficiency.

***OWNERSHIP:***

There is GoV ownership through the allocation of inputs (a NPD heading the PMU provision of premises for a PMO). When it comes to shared day-to-day decision-making, and to transparency of planning and resource allocation, ownership seems weak within the PMU. Associations are involved in carrying out activities, and more so in HCMC than in Hanoi. The participating SMEs in the South expressed appreciation of inputs provided to them through the project, whereas the degree of appreciation among participating SMEs in Hanoi was lower. However, none of the participating associations or SMEs expressed a sense of general project ownership.

***SUSTAINABILITY AND IMPACT:***

The capacity for cluster development is not likely to have been sufficiently strengthened at the time the project ends. The use of short-term experts flying in and out is not a solid approach to capacity building. There is not sufficient information to make any assessment about potential impact – be it positive or negative, direct or indirect, intended or non-intended. The prospects for sustainability of project benefits are therefore assessed as weak.

***UNIDO SYNERGIES:***

There is potential for synergies with other UNIDO projects, such as the CSR. SMEs in the Cluster project might also benefit from upgrading advice based on information produced through VIMP. Such potential synergies were however not considered in the project design. The project has reflected on possibilities to coordinate with e.g. the CSR project but no synergies have as of yet materialized.

***ONE UN SYNERGIES:***

Potential synergies with the One UN were not considered in the project design and have also not been considered during project implementation.

***CROSS-CUTTING CONTRIBUTIONS:***

There is no explicit effort to contribute to the enhancement of gender equity. The project holds the potential to contribute to poverty reduction through creation of stable employment opportunities. It may thus also potentially contribute to achieving the VN MDGs. As of yet, no such effects have however materialized. The project does not include any contribution to south-south cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project shows very limited effectiveness and efficiency. One explanation is the poor project design which was not well adapted to the Vietnamese SME context. The tensions in project management, in particular in the field offices, also contributed. The inflexibility through the ‘tied-aid’-

approach is yet another contributing factor. It is not recommended to embark on a next phase unless firm steps are taken to redesign the project to better suit the Vietnamese reality. It is recommended that the forthcoming independent evaluation looks into and assesses whether or not the prerequisites to achieve actual impact of a SME cluster approach are in place in Vietnam.

## PLATFORM FOR INVESTMENT MONITORING AND SUPPLIER DEVELOPMENT IN VIETNAM

<b>Total Budget:</b>	\$ 975,024
<b>Funding Sources:</b>	One Plan Fund
<b>Start/End:</b>	December 2009/December 2011
<b>Implementing Partner:</b>	Foreign Investment Agency (FIA), MPI SME Promotion Centre (SMEPC), Viet Nam Chamber of Commerce and Industry (VCCI)
<b>Geographic Coverage:</b>	Hanoi with enterprise survey nation-wide
<b>Development Objective:</b>	The project development objective is to expand productive capacities and improvements in competitiveness of Vietnamese private sector, through maximizing the impact of foreign and domestic investment on Vietnam's economy, leading to better integration into global trade and investment flows and more prosperity through wealth creation.
<b>Immediate Objective:</b>	<ol style="list-style-type: none"> <li>1. Better monitoring and management of investment flows by national institutions and private sector decision makers (primarily through FIA/DPIs/MBs) leading to an increase in the quality of investment flows into key productive sectors.</li> <li>2. Domestic manufacturing sector is better equipped to present itself as a viable and competitive supplier base for global enterprises; offering a more welcoming environment for foreign investors as well as benefiting more from foreign investment</li> </ol>
<b>Expected outputs</b>	<b>Summary status</b>
1. Creation of the investment monitoring platform as host for the survey database	<ul style="list-style-type: none"> <li>- Investor Survey Vietnam 2010 was done in manufacturing sector; draft analysis report will be completed with some delay;</li> <li>-The workshop on the survey result dissemination was in Sept. 23rd 2011</li> <li>-Preparation of the System Requirement Specification (SRS) for effective transfer of functions of the Africa Investment Monitoring Platform towards VIMP has been prolonged because of the delays with the Africa IMP. The Portal meta was delivered; data is being put in the system</li> </ul>
2. National Institutions linked to Investment Monitoring Platform and their capacities upgraded for utilizing	<ul style="list-style-type: none"> <li>- Training on using the Platform, the Platform- exported data analysis will be provided for policy making to the three basic areas within these institutions (a) research capacity, (b) capacity for the formulation of policies based on empirical evidence and testing of policies using the monitoring platform, (c) capacity for service delivery</li> </ul>
3. Establishment of the supplier benchmarking and subcontracting exchange (SPX) within the VCCI to sustain the benchmarking and matchmaking services to the benefit of local SMEs and large buyers.	<ul style="list-style-type: none"> <li>- SPX established in May 2011</li> <li>- SPX staff has been trained on the use of profiling questionnaires</li> <li>- Preparations for SPX short- term and midterm strategy in terms of identification of sectors, provinces and delineation of action plan and 500 profiles completed by the end of October 2011</li> </ul>

### **PROJECT CONTEXT:**

The FDI becomes increasingly important to economic development in Vietnam. The FDI stock relative to GDP has increased from 25.5% in 1990 to 53.8% 2008<sup>35</sup>. The FDI inflow has however moved away from manufacturing and into the real estate and service sectors. The FDI spill-over effects on technology transfer have been low. The Government acknowledges the need to develop an investment promotion policy in which the current emphasis on FDI volume is increasingly replaced with a focus on quality of FDI as measured in terms of impact on the Vietnamese economy and growth of the domestic productive capacity. Maximizing the positive impact of all large investors through enhanced collaboration with local firms and suppliers is central to leveraging FDI for economic development. The project supports the FDI policy change through setting up an investment monitoring platform (VIMP) as well as a subcontracting and partnership exchange programme (SPX).

<sup>35</sup> Reports of FIA, 2010, 2011

There are several on-going UNIDO projects with a close linkage to the VIMP and SPX: SME Cluster Development; Building National Capacity in Industrial Diagnosis and Trade Competitiveness Analysis; and Business registration reform. Further, UNCTAD (with Luxemburg funds) has supported FIA to establish “<http://vietnam.eregulations.org>” website.

***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The VIMP is new to Vietnam and this component was designed with limited participation of the government partners. The VIMP builds on the work done on the platform launched in Africa. The investment portal assists FIA/MPI in deploying results and developing a consensus for an enhanced investment promotion strategy among national stakeholders. The design put strong emphasis on technical input and data, but paid inadequate attention to the socio-economic situation and culture of working in Vietnam. The design and setting up of the SPX component, to match suppliers and users and the tools to monitor the matching, seems logical. The SPX component supports VCCI to work with the FIA in assisting local SMEs penetrate the supply chains of global enterprises.

The Project Manager and the CTA are both based in Vienna. The National Project Director (from FIA) is supported by PMU staff in FIA and VCCI. A Project Steering Committee supports the project management. A National Project Manager, located in an office outside of both FIA/MPI and VCCI, holds responsibility for the day-to-day monitoring of project activities and for progress reporting.

***RELEVANCE:***

The project objective is highly relevant to the GoV. The project aims at supporting expanded productive capacities and improved competitiveness of the Vietnamese private sector, through maximizing the impact of foreign and domestic investments. The project could thereby indirectly contribute reducing poverty and to achieving the MDGs. The national and industrial competitiveness and trade performance of Vietnam could increase as a result of better quality of FDI and of improved domestic productive capacity.

***EFFECTIVENESS:***

A foreign investor survey in the manufacturing sector has been conducted and the data analysis is underway with some delays. The intention is to use the FDI data for policy making (preparing the policy proposal to be submitted to the Prime Minister). Several critical outputs however remain to be achieved and it is uncertain if this will be possible before the project ends. Outstanding activities include completing the training on using the VIMP and training on analysis of the VIMP-exported data in order to build research capacity and capacity for formulation and testing of policies based on empirical evidence (using the monitoring platform). The SPX component has set up the basis for facilitating subcontracting linkages through enterprise profiling. It is however too early to assess whether or not the SPX component will achieve the intended outcomes of more buyers being linked to suppliers and more local subcontracting relations in Vietnam. The short and fix time set by the One Plan funds, in combination with delays in implementation, may cause problems for FIA and VCCI to achieve all intended results.

***EFFICIENCY:***

It seems that the FIA staff has benefited less during implementation because the CTA has been based in UNIDO HQ. This has resulted in rather loose cooperation between the CTA and the NPD and PMU staff. The efficiency of the VIMP component has been hampered by delays in the survey implementation and awaiting the setting up of the African Platform. To date the SPX component has suffered in efficiency caused by delays and problems with the server located in Turkey. The intended synergies between the two project components has also not yet materialised as intended.

***OWNERSHIP:***

In both components the government partners have shown good ownership and active involvement in the project implementation. However, low level of familiarity with the technology limited the participation of the GoV partners in project.

***SUSTAINABILITY AND IMPACT:***

The sustainability and impact hinges on the Governments capacity and willingness to analyze and use the data from the VIMP for policy making. If the data is used it could contribute to attracting better quality FDI. However, if the project is not extended in order to complete the training on how to use the data from the VIMP and on data analysis, the capacity may not be sufficient and therefore expected impact will in such case most likely not materialize. In order to ensure sustainability there is further a constant need to increase the user data base through recurrent surveys or updating of information of companies surveyed before, which requires the Government to mobilize financial means. It is uncertain if sufficient institutional capacity has been developed during the project's duration to continue and sustain data collection. The sustainability of the SPX and its impact will depend on the value the intended clients see in the services offered by the SPX, and thus the intended clients' willingness to pay a fee for accessing the services. The Government plans to seek continued support from UNIDO to further develop capacity on using the VIMP, on data analysis and continued data collection.

***UNIDO SYNERGIES:***

A number of SMEs/supplier firms involved in the SME Cluster Development project might benefit from upgrading advice based on information produced through VIMP, and would also be excellent candidates for benchmarking through the SPX. The results from the project to build national capacity in industrial diagnosis and trade competitiveness analysis could provide high quality input towards the VIMP. None of these potential synergies has however as of yet materialized.

***ONE UN SYNERGIES:***

Results to be achieved by the project are an integral part of the One UN Plan (One Plan Result 1.18.1, "investment policy assessment and formulation capacity enhanced at the national level", expected to lead to Output 1.18 "Improved investment environment").

***CROSS-CUTTING CONTRIBUTIONS:***

The Investor Survey produced certain gender disaggregated data; the role of women in the companies and the wages/salaries paid to female staff. The project has not directly contributed to poverty reduction or to achieving the MDGs. The VIMP is transferred from the functioning of the Africa Investment Monitoring Platform, and has thus contributed to enhancing the South-South Cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project is highly relevant to the Government's agenda and demonstrates ownership and potential for effectiveness. The impacts on the country development could be high and sustained if the the policy makers will be capacitated and willing to use and analyze the data from the VIMP for policy making. Therefore, the project should be extended in order to complete the training activities. The new support to help FIA to use the data for preparing the 2011- 2010 FDI strategy will help sustain the project's policy impact and to improve further the environment for attracting FDI of high quality for economic development.

## BUILDING NATIONAL CAPACITY IN INDUSTRIAL DIAGNOSIS AND TRADE COMPETITIVENESS ANALYSIS

<b>Total Budget:</b>	\$0.635 million
<b>Funding:</b>	UN One Plan Fund
<b>Start/End:</b>	11/2009 to 12/2011 (extension requested)
<b>Implementing partner:</b>	Ministry of Industry and Trade (International Cooperation Department)
<b>Development objective:</b>	To boost exports and industrial growth of sectors that can help to alleviate poverty through employment generation and improved income distribution
<b>Immediate objective:</b>	To build the institutional capacity in the public sector (MOIT) to monitor and analyse industrial and trade competitiveness as a solid and objective input into the formulation of industrial strategies and policy.
<b>Expected outputs</b>	<b>Summary status</b>
Training courses for MOIT professionals in UNIDO's methodology for national industrial diagnosis	Training courses conducted for
Training courses for MOIT professionals in UNIDO's methodology for value chain and sectoral trade competitiveness analysis	Training courses for value chain and sectoral trade competitiveness analysis not yet conducted (planned for 2012)
Establishment and operationalization of the Industrial Competitiveness Group (ICG)	ICG composed of young professionals established
Establish Trade and Industrial Competitiveness Observatory	Observatory has not been established
Publication of Viet Nam Industrial Competitiveness Report, value chain/sectoral studies and a series of regular short information notes on topics of current strategic interest to the industrial sector	Viet Nam Industrial Competitiveness Report prepared and launched in December 2011; no other studies or information notes published

### **PROJECT CONTEXT:**

Following the “Law on Competitiveness” promulgated in 2004, several Government departments and also donors put competitiveness high on their agenda. In 2010, USAID supported a provincial competitiveness report. The World Bank supports an agricultural competitiveness programme. In 2011, CIEM issued a Vietnam Competitiveness Report in 2011 together with Professor Michael Porter, upon request by the Deputy Prime Minister. As a follow-up of this project, a “Competitiveness Council” is being created. In the narrower context of industrial competitiveness, JICA and CIEM recently embarked on a project to develop Vietnam’s Industrial Strategy 2020.

### **PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

Similar projects have been conducted or are underway in a number of other UNIDO partner countries that apply the same UNIDO “blue print” approach. This approach supposes the institutionalization of a specialized industrial competitiveness unit and relies pretty much on UNIDO HQ expertise. This is also reflected in the project implementation structure. In the case of Viet Nam, the implementation structure has been hampered by the fact that the project was allocated in the International Cooperation Department of the MoIT and not at the Institute of Industrial Policy and Strategy, which would have been its natural host.

### **RELEVANCE:**

The project is highly relevant to the Government’s priority on competitiveness and evidence based industrial policy making. Indirectly, the project is potentially relevant to poverty reduction, as Viet Nam’s poverty reduction strategy relies to a large extent on industrial exports.

### **EFFECTIVENESS:**

The project has effectively delivered an Industrial Competitiveness Report of very good quality but has been less effective in national capacity building. This shortcoming originates partly from the suboptimal institutional location of the project and partly from the fragmented implementation structure for industrial policy.

### **EFFICIENCY:**

Project efficiency has been hampered by the centralized implementation mode and the reliance on the very specialized knowledge of the project manager, which apparently has led to the repeated



changes of international experts. At the expected end of the project, several outputs have not yet been achieved and a significant portion of the budget has not yet been implemented.

***OWNERSHIP:***

In its capacity as the direct project counterpart, the International Cooperation Department of the MoIT has shown good ownership. However, the project was less successful in stimulating ownership of other MoIT departments and of other Ministries.

***SUSTAINABILITY AND IMPACT:***

The impact of the project depends entirely on the policy implementation capacity of the national administration. Due to the limited success in capacity building and in creating ownership beyond the direct project counterpart, the prospects for sustainable impact are questionable. The members of the Industrial Competitiveness Group (ICG) are paid from the project budget. The ICG is not yet institutionalized and the Industrial Competitiveness Observatory has not even been created.

***UNIDO SYNERGIES:***

Theoretically, the project had the potential to raise multiple synergies with other UNIDO projects. Future improvements of industrial competitiveness depend critically on outward linkages and more strategic attraction of FDI, which is the objective of the “investment promotion” project, as well as on building indigenous innovation and R&D capacities, which is the objective of the STI project. Furthermore, this project could have benefited from a close cooperation with the company survey conducted under the “investment promotion” project. This cooperation was not possible because of the timing of the two projects.

***ONE UN SYNERGIES:***

No collaborative efforts with other UN Organizations identified.

***CROSS-CUTTING CONTRIBUTIONS:***

No direct contributions to gender mainstreaming and poverty reduction. The project approach implies industrial performance benchmarking with other developing countries and thus creates the potential for future South-South Cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project has been relevant to Government priorities. The Vietnam Industrial Competitiveness Report is of good quality. It offers benchmarks for policy makers to assess Viet Nam’s competitiveness in a South-South context and will be potentially useful for developing Viet Nam’s Industrial Strategy 2020. However, due to the limited success of the project with regard to capacity building and the fragmented policy space, the prospects for sustainable impact are questionable. Potential synergies with other policy related projects of the UNIDO portfolio were not mobilized.

For the remaining months of the project, it is recommended not to conduct additional research but to focus on opportunities to improve the implementation prospects of the valuable recommendations made by the Vietnam Industrial Competitiveness Report.

For a possible follow-up project, it is recommended to adopt a more integrated approach taking on board FDI and STI as integral parts of industrial policy, which would also contribute to better policy alignment between MoIT and other Ministries.

## JOINT PROGRAMME ‘GREEN PRODUCTION AND TRADE TO INCREASE THE INCOME AND EMPLOYMENT OPPORTUNITIES FOR THE RURAL POOR’

<b>Total Budget:</b>	USD 4 120 000 - of which: ITC (USD 1 515 888); UNIDO (USD 774 680); ILO (USD 683 730); FAO (USD 607 867); UNCTAD (USD 417 835)	
<b>Funding Sources:</b>	Spanish MDG Fund (USD 4 000 000), VIETRADE (in-kind USD 20 000), VIETCRAFT (in-kind USD 100 000)	
<b>Start/End:</b>	2010-2012 (36 months)	
<b>Implementing Partner:</b>	VIETRADE/MOIT (in collaboration with VIETCRAFT)	
<b>Geographic Coverage:</b>	Ha Noi, Nghe An, Thanh Hoa, Phu Tho, and Hoa Binh provinces (in 13 districts, 22 communes, and reaching 4 480 direct beneficiaries, e.g. farmers, households, SMEs and exporters)	
<b>Development Objective (UNDAF/One Plan Outcome):</b>	<p>One Plan Outcome 1: Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions.</p> <p>One Plan Output 1.12: More coherent and conducive regulatory framework and policies for private sector development and practices that promote investment, trade, wealth and employment creation, especially among youth, at national and provincial levels</p> <p>One Plan Expected Result 1.12.7: Improved policies, programmes and practices for pro-poor local economic development – including micro, small, artisanal and cooperative enterprises and entrepreneurship promotion – focusing on the particular needs of rural populations, women and other disadvantaged groups</p>	
<b>Immediate Objectives:</b>	<p>Outcome 1: Improved understanding of the handicrafts and small furniture value chains in four provinces</p> <p>Outcome 2: An environmentally and economically sustainable increase in craft raw material growers'/collectors' incomes in four provinces</p> <p>Outcome 3: A sustainable increase of crafts related rural households' and enterprises' incomes in four provinces</p> <p>Outcome 4: Improved policies and regulatory frameworks at the provincial and national level that meet the needs of rural small enterprises, in particular raw materials and crafts producers, processors and traders</p>	
<b>Expected outputs of Joint Programme</b>		<b>Summary status of UNIDO outputs</b>
1.1 Baseline and monitoring studies in four provinces, good practice cases on raw materials producers/collectors and their suppliers.(FAO/RUDEC)		--
1.2 Baseline and monitoring studies in four provinces; good practice cases on grassroots crafts and small furniture producers, collectors, traders, buyers and exporters (UNIDO/VIETCRAFT)		1.2 Baselines conducted. Good practices studies yet to be done.
1.3 Integrated value chain baseline and monitoring studies & dissemination (ITC/VIETRADE)		--
2.1 Improved production capacity of farmers (quantity and quality) (FAO/NOMAFSI)		--
2.2 Improved farmer sales capacity (FAO/ICARD)		--
2.3 International and national links established (e.g. through INBAR) (FAO/HRPC)		--
3.1 Improved offer of market intelligence, market linkages and design services to rural crafts buyers and crafts producing communities/SMEs (ITC/VIETCRAFT)		--
3.2 Improved market knowledge and market links of key crafts enterprises for the four provinces (ITC/VIETCRAFT)		--
3.3 Improved business management and business plan implementation capacity of SME crafts & small furniture producers (UNCTAD/VIETRADE)		--
3.4 Improved production and clean design capacity of SME crafts & furniture producers and SME raw material processors (UNIDO/VNCPC)		3.4 Training and other preparatory activities implemented - but at the time of the evaluation no evidence of improved production and clean design capacity of SME crafts & furniture producers had yet materialised.
3.5 Improved business management skills and business representation of grassroots crafts & furniture producers (ILO/VCA)		--
3.6 Improved green production capacities of grassroots crafts & furniture producers (UNIDO/VNCPC)		3.6 Training and other preparatory activities implemented - but at the time of the evaluation no evidence of improved capacity of grassroots crafts & furniture producers had yet materialised.

<p>4.1 Provincial action plans for crafts and small furniture sectors in each province developed and backed by the public and private sector (ILO/DOLISA)</p> <p>4.2 Policy recommendations for the national and international level for the sustainable development of income generation for the poor (UNIDO/VIETRADE)</p>	<p>--</p> <p>4.2 Not yet implemented</p>
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**PROJECT CONTEXT:**

The Joint Programme (JP) aims at contributing to pro-poor growth, which is well in line with Government policies and aspirations. Findings show that the social development has fallen behind the pure economic development in Vietnam during more recent years. This underlines the importance of efforts to ensure that poor and more vulnerable groups are included in and benefit from economic growth. The poor work primarily in labour-intensive sectors with low value added and they do not always have access to information and networks which are necessary to capture opportunities. Efforts to create linkages down- and upwards to e.g. FDI as well as to Vietnamese companies producing for the domestic markets are thus valuable.

Other relevant programmes include the National Programme No. 135; EU project for sustainable rattan development in Indochina; Global Competitiveness Fund (GCF) and OXFAM Hong Kong (Nghe An); JICA (Hoa Binh). In addition, some SME support projects may be highly relevant as well (e.g. UNIDO projects on CSR, SME Cluster, Green Industry, Cleaner Production).

**PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

This is one of the UN Joint Programmes (JPs) in Vietnam. It is part of the current One Plan and a second phase is planned under the forthcoming One Plan 2012-2016. It involves 5 implementing UN Agencies together with a number of national agencies as co-implementing partners. The Government partner is MOIT at the national level (signatory of the agreement). The Government partner at the provincial level is the Provincial Department of Ministry of Agriculture (DARD) in three of the provinces and Department of Industry and Trade (DOIT) in one of the provinces.

The programme strategy follows the value chain approach (five value chains: bamboo/rattan; sericulture; sea grass; lacquer ware; handmade paper). Main focus is on downstream support to individual beneficiaries, but the programme also aims at contributing to improved policies and regulatory frameworks at provincial and national levels. The programme aims at addressing the complex challenges of the five value chains through combining the core competencies of the partner organizations with their experience in forestry and agriculture, SME development, cleaner production, CSR and trade promotion. Each of the expected four outcomes has a set of expected outputs. Each expected output is formulated as a participating UN organization-specific output. A national agency is identified as Co-implementing partner for each expected output. A recent mid-term review by the donor came up with preliminary rather critical findings, which shall feed into the planned second phase of the JP.

The project design is very ambitious in intended geographical coverage, in number of value chains and in number of end beneficiaries. The value chain approach has further in effect been adapted to suit the five implementing UN agencies and their perceived comparative advantages. The design focus on which UN agency shall do what opens up for each agency to plan independently instead of planning jointly. The intended synergies of activities within a value chain approach are thereby easily lost.

Overall, the institutional set up is complex. It is not clear how exactly MOIT is to be involved and UN implementation structures are cumbersome. A complex project management and implementation structure with several layers has further been set up. At the top layer is the MDTF Office (Administrative Agent) together with the MDG-F Steering Committee and its Secretariat and the financial reporting from the participating UN Organizations. A National Steering Committee is the next level, with a Programme Management Unit (PMU) under it, and with a Programme Man-

agement Committee feeding in in-between these two. Participating UN Organizations provide technical backstopping, financial and administrative management support and monthly financial reports to the PMU. The PMU interacts with other implementing partners (VIETRADE, VIETCRAFT, DARD, DOIT, RUDEC, NMAFSI, VNCPC VCCI, VCA, DILOSA, HRPC, ICARD) who in turn interact with the end beneficiaries.

***RELEVANCE:***

The value chain approach, aiming at strengthening capacity and competitiveness of individual beneficiaries working in labour-intensive sectors, is relevant for poverty reduction and for achieving several MDGs. The project is further located in poorer areas of Vietnam. The project also aims at informing government policies, although there is as no clear strategy how the downstream experiences will be translated into policy-making. The value chain approach is relevant also to UNIDO and its mandate and priorities.

***EFFECTIVENESS:***

UNIDO and its national co-partners (VIETCRAFT, VIETRADE and VNCPC) are assigned direct responsibility for four outputs (out of a total of 14 outputs). At mid-term none of these outputs had been completed. A baseline has been conducted but the good practices studies remain to be done. Training in support of improved production and clean design capacity of SME crafts & small furniture producers and SME raw material processors, as well as training to support improved green production capacities of grassroots crafts & furniture producers have been conducted. However, evidence in support of the output (improved production and clean design capacity and improved green production capacity of the SME crafts and furniture producers) remain to materialise. Activities to provide policy recommendations for the national and international level for the sustainable development of income generation for the poor have not yet been implemented. The objectives and the outputs are ambitious and UNIDO's approach with pilots, international quality testing and international design standards implies long lead times. The level of sophistication of participating SMEs, on the other hand, remains low. It is therefore assessed as uncertain to what extent UNIDO will be able to achieve its expected outputs within the remaining programme life-time. The above findings are in line with the findings of the mid-term evaluation conducted by the donor in parallel to this country evaluation.

***EFFICIENCY:***

With a complicated management structure involving several implementing partners – both UN and national - the transaction and coordination costs are high. Communication channels have not proven efficient and decision-making structures have not proven conducive to efficient implementation. Each UN agency plans its activities without close consultations with other UN agencies. The prospects for efficiency are therefore assessed as low.

The programme was delayed by 6 months due to the long time required by the PMU to identify beneficiaries and the initial baseline survey. UNIDO implementation has also been slow; the requirement for backstopping from HQ seems to have contributed to the slow implementation. Delays in UNIDO implementation in turn negatively affect implementation of other agencies' activities and thus contribute to an overall decreased efficiency of this joint programme.

***OWNERSHIP:***

Stakeholder consultations were held in particular with the UN agencies but less so with GoV stakeholders during the design of the project. Efforts are made to ensure participation of national stakeholders in implementation. For UNIDO activities, planning of inputs and allocation of resources is done in Vienna. UNIDO implementing partners are involved in specific activities but not in the overall implementation of the programme. Activities are scattered and each national stakeholder is thus involved only in some activities. Ownership is therefore weak, and particularly so at the provincial and beneficiary level. It is noted that MOIT does not seem to be involved in implementation although it is the assigned national main counterpart of the joint programme.

***SUSTAINABILITY AND IMPACT:***

There are two direct 'killing factors' when it comes to the sustainability of the UNIDO outputs/outcomes: beneficiary capacity may not have reached the intended level and/or knowledge may not have been transferred as intended, and secondly, demand for the new designed products is not as high as expected. In addition, the UNIDO outputs are not the only outputs required to achieve each outcome. Thus, even though UNIDO may be successful, the achievements of other UN Agencies may negatively (or positively) influence the actual achievement of outcome. In this respect, the current UN Agencies parallel implementation approach is highly unfortunate. At this point in time, it seems rather unlikely that sustainability will be achieved.

***UNIDO SYNERGIES:***

Potential synergies with other UNIDO projects were built into programme design and implementation. The VNCPC is used as a subcontractor for cleaner production activities and use was made of the SPIN project for product design inputs. The potential for synergies with the CSR project are however not yet exploited.

***ONE UN SYNERGIES:***

The Joint Programme is designed to support the DaO/One Plan outcome, output and expected result. As a joint project it has been a very serious attempt to maximise synergies. If this fails, this has serious implications and raises the question if One UN synergies are impossible.

***CROSS-CUTTING CONTRIBUTIONS:***

Women are particularly mentioned as intended end beneficiaries but no explicit efforts seem to have been made to ensure the adequate involvement of women in implementation. The Joint Programme holds the potential for contributing to poverty reduction and achievement of MDGs. There is no expressed intention to encourage south-south cooperation. UNIDO has however used a design consultant from the region.

***CONCLUSIONS AND RECOMMENDATIONS:***

This Joint Programme is among the first of its kind in Vietnam. In this respect, the evaluation findings should be seen foremost in a forward-looking perspective, i.e. as providing inputs for future Joint Programme planning. Two crucial lessons are to avoid excessively complicated implementation structures and to set-up appropriate mechanisms to foster genuine joint implementation among UN Agencies.

## TECHNICAL ASSISTANCE TO POLICY ADVICE TO THE SCIENCE AND TECHNOLOGY STRATEGY 2011-2020 AND HIGH TECHNOLOGY LAW IMPLEMENTATION IN VIETNAM

<b>Total Budget:</b>	\$0.5 million	
<b>Funding:</b>	UN One Plan Fund	
<b>Start/End:</b>	11/2009 to 12/2011 (extension requested)	
<b>Implementing partner:</b>	National Institute for Science and Technology Policy and Strategy Studies (NISTPASS) under Ministry of Science and Technology (MOST)	
<b>Development objective:</b>	To enhance the capacity of Vietnamese stakeholders in developing policies and strategies on science, technology and industrial innovation compatible with the economic and social goals of the country	
<b>Immediate objectives (outcomes):</b>	A robust STI strategy 2011-2020, linking Vietnam's STI goals with its sustainable development goals, is adopted by the Government.	
	High Technology Law implementing regulations, benefiting from international practices, are issued.	
<b>Expected outputs</b>		<b>Summary status</b>
Enhanced national capacity to formulate STI strategy 2011-2020 through a foresight exercise on innovation and high technology		Strategy expected to be launched in December 2011
Improved capacity to implement the High Technology Law (decrees; circulars)		Very limited contributions to regulations on resource management and fuel economy

### **PROJECT CONTEXT:**

The Government of Viet Nam is fully aware that Science, Technology and Innovation (STI) are key factors for competitiveness. The Decision on “Solutions to increase growth quality, efficiency, and competitiveness of the economy” of October 2010 aims to increase a number of STI-related parameters: the quantity and proportion of high value-added export products; the number of enterprises producing new competitive products and brands; the contribution of technology and human capital to growth. It also aims to increase the number of enterprises producing high value-added products by applying environmental-friendly technologies.

In 2009, a new Law on High Technology Development was adopted, which overlaps with several other laws, such as the Law on Science and Technology, the Law on Information Technology, the Law on E-commerce and the Law on IPR and Technology Transfer. However, it seems to be widely recognized that, similar to other areas, STI policy tends to over-rely on laws and regulations, while policy alignment, involvement of industry and other stakeholders in policy making and effective policy implementation seem to be major areas for improvement. Moreover, STI development in Viet Nam is characterized by the typical challenges of transition economies, such as the disconnect between public and private sector research and a lack of awareness of “innovation” policy. It is in this context that the Government requested UNIDO in 2009 to assist with developing a Science and Technology strategy for 2011 – 2020 and with drafting the decrees and circulars necessary for the implementation of the High-Tech law.

### **PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

The project design builds on transferring a number of advanced analytical and policy tools for STI development, such as STI SWOT Analysis, Technology Foresight, Delphi surveys, Technology Vision workshops and Technology Road mapping. UNIDO has been promoting these tools since many years and in a number of countries, with a particular emphasis on Technology Foresight. The project document describes the technicalities and the intertwined application of these tools in considerable detail, whereas the stakeholder and context analyses remain rather superficial. It is true that the project was developed in close cooperation with a counterpart expert but project participants felt that major design flaws could have been avoided by running regular participative planning workshops.

Quite clearly, project designers already anticipated difficulties in applying the advanced UNIDO methodology in the given context. The project document is explicit on a number of risks, such as a lack of leadership of NISTPASS and MOST; difficulties to mobilize stakeholder participation; a lack of expertise in the country to conduct the exercise; a lack of continuity in political commit-

ment to the process; a lack of cooperation among the institutions involved; and a lack of suitability of the persons designated to carry out and coordinate project activities. Despite this impressive list of major risks, the project document assesses the likelihood of risk interference as low.

Given this awareness of capacity problems it is surprising that the project strategy does not really focus on capacity building. Capacity building is mentioned in the text but the related outcomes are not clearly specified. The relationships and definitions of outcomes and outputs are blurred and inconsistently applied throughout the text and the log frame, although the project document complies with formal quality criteria.

***RELEVANCE:***

The project is highly relevant to the Government's priority on developing STI as a key driver of competitiveness. The focus of the project design on transferring policy tools using participatory and consensus building methods is appropriate and relevant to the given context.

***EFFECTIVENESS:***

At the present stage, the project is assessed as not very effective. The contribution of the project to drafting regulations for the implementation of the High Technology Law has been limited to certain resource efficiency aspects of the law, thus relatively marginal. There is no evidence that the project attempted to influence the recent STI related Decisions of the Prime Minister (see the assessment sheet in Annex 7 for details). The STI strategy has been launched in December 2011 with some delay. It remains to be seen whether the quality of the strategy will live up to the expectations. From the current draft, there are signs that major elements of the strategy, such as the orientation towards developing nuclear power, do not arise from the participatory process under the project but from political decisions.

***EFFICIENCY:***

The efficiency of this project has been particularly weak. It is a UNIDO "blue print" project developed by specialized staff who also initiated project implementation. However, this UNIDO staff member retired and the HQ-based consultant left UNIDO during the course of the project. It should also be noted that UNIDO deals with the "technology foresight" and "innovation" but these themes are located in two different divisions. Transferring the project to the other division could have been an option, but was not envisaged.

Efficiency was threatened by the complex design. More than 10 international consultants were used on very short missions and some key international experts failed to become available. Language problems further reduced efficiency. Technology Vision workshops had to be held in Spanish causing difficulties with double translation. Project participants felt that the UNIDO manuals for technology foresight should have been translated into Vietnamese. On the ground, efficiency problems arose from the fact that some of the risks, which the project document had mentioned and assessed as "low", did actually materialize. The Technology Foresight exercise failed because the participation in the Delphi survey remained below 10%. Coordination between Ministries and leadership of MoST over other Ministries turned out to be difficult.

On the other hand, efficiency was dramatically enhanced when project management was transferred from HQ to the UR, who contracted a local expert and made bold decisions to readapt the project to changing conditions. Industry ownership was strengthened through a new format of participatory workshops. External exposure was enhanced by an international conference. However, some of the planned activities will have to be dropped due to the inefficiencies of the project.

***OWNERSHIP:***

Project ownership during the design phase was good. The NISTPASS manager who had actively participated in project design was also nominated Project Director for the implementation. How-

ever, when he was transferred to MoST, the NPD post remained vacant for quite some time at a critical implementation phase.

Counterparts perceive the UNIDO implementation model of DIM as a major cause for reduced ownership. They claim to be unaware of budget plans and disbursements and explicitly mention a similar UNDP project applying NIM as much better practice.

***SUSTAINABILITY AND IMPACT:***

There are signs that Viet Nam might adopt the world wide paradigm shift to a market based and enterprise driven Innovation policy. In case this trend materializes, it could be assumed that the project has contributed to this paradigm shift, which would be major achievement.

However, sustainability and impact are hampered by the project's weak contributions to capacity building that are enrooted in design failures and efficiency problems but also in Viet Nam's general weaknesses in policy alignment and policy implementation.

***UNIDO SYNERGIES:***

The project document explicitly refers to the key role of STI for competitiveness and lists concrete competitiveness gaps to be tackled by improved STI. On the other hand, there is also increased recognition that FDI policies should be used proactively to drive innovation. The new draft investment law mentions in this context the need to promote hi-tech value chains and R&D cooperation. Given this obvious potential for policy alignment and synergies, it is unfortunate that the project was designed and implemented in isolation from the two projects dealing with FDI and industrial competitiveness.

***ONE UN SYNERGIES:***

No collaborative efforts with other UN Organizations identified.

***CROSS-CUTTING CONTRIBUTIONS:***

No direct contributions to gender mainstreaming and poverty reduction. The rather vague ideas in the project document that the project could contribute to South-South Cooperation in the region did not materialize.

***CONCLUSIONS AND RECOMMENDATIONS:***

STI is highly relevant to Viet Nam's competitiveness and to Government priorities and UNIDO has the capacity to provide support in this area. However, relevance could have been dramatically enhanced by integrating the project with the two other UNIDO projects dealing with FDI and industrial competitiveness.

Effectiveness has been affected by the "blueprint" approach and insufficient customization of the blue print to Vietnamese conditions. All decisions were made at HQ without consultation of counterparts, including selection and fielding of international experts. Ownership was mixed, partly due to UNIDO's implementation model, and capacity building effects will be rather minimal. Taken together, it is likely that these factors will weaken the prospects for implementing the STI strategy 2011 - 2020. However, there are signs that the project has contributed to a paradigm shift from Government driven R&D to a market based and enterprise driven Innovation policy, which would be a major achievement.

For the next One UN Plan it is recommended to develop an integrated multi-partner and multi-stakeholder project aiming at an alignment of policies related to STI, FDI and industrial competitiveness and a stronger focus on capacity building.

It is recommended to the UNIDO management to carefully analyze the lessons from this project and to revamp the UNIDO approaches to technology foresight and to industrial innovation and concentrate the related capacities in one single unit.



## HELPING VIETNAMESE SMES ADAPT AND ADOPT CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR IMPROVED LINKAGES WITH GLOBAL SUPPLY CHAINS IN SUSTAINABLE PRODUCTION

<b>Total Budget:</b>	€ 2 014 334 (USD 2 800 000)
<b>Funding Sources:</b>	European Commission
<b>Start/End:</b>	October 2009 – October 2012
<b>Implementing Partners:</b>	Vietnam Chamber of Commerce (VCCI) European Chamber of Commerce in Vietnam (EuroCham) Vietnam leather and Footwear Association (LEFASO) Vietnam Textile and Apparel Association (VITES) Vietnam Electronics Industry Association (VEIA) Institute of Labour Science and Social Affairs (ILSSSA) Directorate for Standards and Quality (STAMEQ) National Metal and materials Technology Centre (MTEC) in Thailand Service Organization of the German Chambers and Employers' Association (SEQUA) in Germany
<b>Overall Objective:</b>	To contribute to the increased adoption of sustainable production patterns and behaviours among Vietnamese SMEs for reduced environmental impact, improved labour practices and enhanced international competitiveness through an improved understanding and strengthened cooperation between Europe and Asia
<b>Specific Objective:</b>	To enhance the sustainable integration of Vietnamese SMEs into global supply chains through an increased awareness, understanding and adoption of triple-bottom-line (TBL) corporate social responsibility (CSR)
<b>Expected results and outputs</b>	<b>Summary status</b>
<p>Awareness and understanding of a triple-bottom-line (TBL) CSR approach among Vietnamese SMEs, consumers and other relevant stakeholders increased.</p> <ul style="list-style-type: none"> <li>- CSR Awareness, Understanding And Use Surveys</li> <li>- Publication: AUU survey reports</li> <li>- Codes of Conduct (CoC)</li> <li>- Publication: Annotated CoCs</li> <li>- CSR Week (National audience reached through radio/TV/print)</li> <li>- Annual CSR Awards (National audience awareness enhanced)</li> <li>- Executive Course on CSR for Business Managers</li> <li>- Action Brochure</li> </ul>	<p>One baseline survey among 400 Vietnamese SMEs in three target sectors provides the basis against which to measure increase in awareness. No similar surveys among consumers and other relevant stakeholders have been undertaken, and thus increase in awareness among these target groups will be difficult to measure.</p> <ul style="list-style-type: none"> <li>- Outputs are achieved at an acceptable rate and media coverage has been achieved. Some outputs have been redefined and some events in addition to the activities in the Project Document have been implemented.</li> </ul>
<p>Compliance with CSR procurement standards, among Vietnamese SMEs, increased.</p> <ul style="list-style-type: none"> <li>- certified CSR Consultants</li> <li>- BMO Baseline Assessments &amp; plans, Survey tools &amp; membership surveys</li> <li>- Publication: Guidebook on SME clusters/sector units for BMOs</li> <li>- Rapid in-plant assessments and action plans for CSR implementation in participating SMEs</li> <li>- SME-TNC Partnerships</li> <li>- CSR Case Studies; Publication: Good practices in CSR in Vietnam</li> <li>- Technical Issue Seminars by Sector</li> <li>- Publication: Technical pamphlets on Eco-labelling, Green Procurement, RoHS, REACH, Cleaner production</li> </ul>	<p>The baseline survey provides some information against which to measure awareness actual implementation of improved environmental and social practices in SMEs, thus enabling them to comply with CSR procurement standards.</p> <ul style="list-style-type: none"> <li>- Outputs are implemented at an acceptable rate. Preparations for the CSR consultants training are done and training has started. Other outputs are planned for the latter part of 2011 (after the country evaluation) and 2012.</li> </ul>
<p>Policy and regulatory recommendations for promotion of sustainable production practices and behaviours identified through participatory processes.</p> <ul style="list-style-type: none"> <li>- Publication: Study on Labour Regulations and CoCs</li> <li>- Publication: Annotated bibliography of technical regulations governing the 3 selected sectors</li> <li>- Publication: Study on compatibility of technical regulations governing one sector and international regulations/standards, CoCs, CSR procurement guidelines</li> <li>- Publication: Study on hazardous substances and compatibility of domestic regulations with international standards/procurement guidelines</li> <li>- BMO Business Agenda</li> <li>- Publication: Draft CSR promotion Policy and CSR Newsletter</li> </ul>	<p>It is too early to assess the extent to which this expected result will be achieved.</p> <ul style="list-style-type: none"> <li>- Most outputs for this result are planned for implementation during 2012 or latter part of 2011 (after country evaluation).</li> </ul>

### **PROJECT CONTEXT:**

A second SME Development Plan 2011-2015 has recently been presented. It reiterates the high emphasis of the Government on sustaining and improving the competitiveness of SMEs, with particular reference to the importance of SMEs in employment generation. Industrial and export growth depends largely on the exploitation of natural resources and an abundant and comparatively cheap labour force. Obstacles to improved competitiveness of the SMEs include limited and insufficient Government support systems, such as limited access finance as well as to land and production premises. The SMEs further work in sectors with low value added. The Vietnamese SMEs are thus vulnerable to intensive global competition, with developed country manufacturers and traders tightening their procurement guidelines comply with CSR requirements.

The SME sector is benefitting from ODA projects. UNIDO itself supports several other projects aiming at strengthening the Vietnamese SMEs: Business Registration Reform, SME Clusters, and the Green Industry project (all of which are included in this country evaluation). In addition, there are a number of relevant projects supported by other donors. These include: ADB (Making Markets Work Better for the Poor (M4P)); DANIDA (Business Sector Program Support); EU (Private Sector Support Program); SNV (Market Access for the Poor (MAP)); GTZ (SME development Program); ILO (Poverty Reduction through Integrated Small Enterprise development-PRISED); JICA (Assignment of Advisory Expert on SME Promotion Policy); USAID (Vietnam Competitiveness Initiative-VNCI).

***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The project aims at the adoption of sustainable production patterns and behaviours among Vietnamese SMEs through strengthened business linkages with European firms. In doing so, the project however limits itself by design to preparatory actions, i.e. raising awareness and understanding among SMEs, consumers and other stakeholders; producing sector-specific Codes of Conduct; building CSR consultancy capacity; preparing, conducting and publishing baseline surveys and a number of studies to inform policy makers. The expected direct beneficiaries are the participating SMEs and Business Membership Organizations (BMOs).

The design as a stand-alone CSR project does not seem well adapted to the Vietnamese SME reality where SMEs work with small margins, in sectors with low value added. It therefore seems difficult to induce changed behaviour and adoption and internalisation of CSR as part of a business philosophy, unless the SMEs perceive immediate economic benefits. Targeting SMEs involved in global value chains might increase the relevance of a CSR project, in case SMEs do not already face CSR requirements from their international buyers. As regards increasing consumer awareness, which might contribute to increasing domestic pressure on SMEs, the project design includes only few activities, whereas it would be necessary to take a strategic approach given the nascent nature of consumer and community organisations.

Given the multitude of stakeholders, no PMU has been placed in a Government institution. The Steering Committee plays a crucial role in strategic decision making. The daily management of the project is done by a CTA located in a UNIDO-financed PMO. The Project Manager is located in UNIDO HQ.

The project is in its first phase with a second phase under consideration. An EU Verification Mission was recently performed.

***RELEVANCE:***

The issues addressed (social, economic and environmental) as well as the three targeted sectors (garments and textiles; leather and footwear, and electrical and electronics) are all relevant in the current Vietnamese context and in line with Government policies. Relevance is enhanced through the aim to increase awareness and understanding also among consumers and other concerned stakeholders. The CSR approach is also relevant to UNIDO and its mandate.

***EFFECTIVENESS:***

The project faced difficulties in identifying interested enterprises. The project design does not provide clear entry points for introducing CSR perspectives to SMEs. The members of the participating Business Membership Organizations (BMOs) were approached for participation but the refusal rate was so high that alternative ways for identifying SMEs had to be found. As implementation progressed, additional changes were agreed, such as to replace the formulation of sector-specific Code of Conducts (CoCs) by the formulation of practical guidance for SMEs on how to adopt CSR principles and reconcile different buyer requirements. Such adaptive management and implementation has contributed to effectiveness. The extent to which the expected outputs will be reached is however difficult to assess. Unfortunately, the project has missed the opportunity to conduct a baseline survey against which the potentially increased consumer awareness could be measured. The increased compliance of Vietnamese SMEs with CSR procurement standards can only be expected to materialise towards the end of the project (late 2012) - if at all. There is no automatic relationship between the expected outputs (certified CSR consultants, baseline assessments and plan, various publications, case studies etc) and the expected output of increased compliance. The activities and processes to identify policy and regulatory recommendations for promotion of sustainable production practices and behaviours are planned for implementation during 2012 or latter part of 2011.

***EFFICIENCY:***

More time and effort than anticipated had to be spent on getting access to SMEs, which has decreased efficiency. Although the implementation rate is assessed as acceptable, there are quite a few activities which remain to be done during the few months left of the project duration.

***OWNERSHIP:***

There are signs of strong ownership in various partners – although there is no single Vietnamese institutional owner of this project (given its multitude of implementing partners). It seems that the project was designed without close consultation with Vietnamese partners.

***SUSTAINABILITY AND IMPACT:***

The prospects for sustainability of project benefits are assessed as weak. The baseline study revealed that many Vietnamese SMEs did not perceive any benefits from adhering to CSR standards. The capacity for promoting the adoption of CSR principles is being strengthened, but most likely not sufficiently to overcome such resistance. Unless capacity building is linked to binding constraints for the SME to adhere to CSR principles it seems unlikely that such potential improved awareness will translate into changed practices.

***UNIDO SYNERGIES:***

In the project document potential for synergies with other UNIDO projects is acknowledged. Specific reference is made to the potential to find ample opportunities to share information, expertise and most likely some joint activities with the SME Cluster project. It is noted that the CSR project fits well with UNIDO's trade promotion interventions and investment related policies. Further, UNIDO's action on SMTQ infrastructure is seen as offering opportunities for information sharing and collaboration.

To date, the project used VNCPC as sub-contractor. No other synergies have as of yet materialised, although the project management is considering closer coordination with the SME Cluster project. The projects are however supported by two different donors, which is perceived as an obstacle.

***ONE UN SYNERGIES:***

The project document acknowledges that Vietnam is a pilot 'UN Delivery as One' country and the CSR project has accordingly been included in the second One UN plan.

***CROSS-CUTTING CONTRIBUTIONS:***

Despite its CSR focus the project does not explicitly contribute to enhancing gender equity or poverty reduction and achievement of MDGs. There are also no explicit contributions to south-south cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project shows acceptable effectiveness but limited efficiency. One explanation is the stand-alone project design to introduce CSR perspectives which are at this point in time not perceived by the intended end-beneficiaries as bringing benefits. It is recommended to reconsider the project design for a second phase, in particular to link the CSR perspectives to other SME interventions.

## PROMOTING INDUSTRIAL ENERGY EFFICIENCY THROUGH SYSTEM OPTIMIZATION AND ENERGY MANAGEMENT STANDARDS IN VIETNAM

<b>Total Budget:</b>	USD 1.025 million
<b>Funding Sources:</b>	GEF. The PMU will help energy efficiency projects to access loans from VEPF (Government budget) and VDB (loan from JICA)
<b>Start/End:</b>	January 2011/July 2014
<b>Implementing Partners:</b>	MOIT, STAMEQ, VDB and VFEPF are the key partners
<b>Geographic Coverage:</b>	The project activities will be mostly in Hanoi and with some demonstration projects at local level
<b>Development Objective:</b>	The development objective of the UNIDO Industrial Energy Efficiency (IEE) Program is to effect sustained energy management and efficiency practices in industry of developing countries and emerging economies in order to reduce the environmental pressure of economic growth while increasing productivity.
<b>Immediate Objective:</b>	1. to offer a system optimization approach to industrial enterprises to maximize energy savings at the system level 2. To build capacity to adopt the ISO energy management standards for industrial enterprises to integrate EE as part of the management cycle for the realization of continuous annual energy savings.
<b>Expected outputs</b>	<b>Summary status</b>
1. National Program to Build Capacity on Energy Management and System Optimization	<ul style="list-style-type: none"> <li>- Training materials, software and tools have been developing;</li> <li>- National awareness campaign to promote industrial energy management to move to adopting ISO 50001 will be done</li> <li>- A peer-to-peer network will be created and managed by the project management unit, to facilitate information exchange between the participating facilities.</li> <li>- Training will be given to national experts and factory personnel on energy management and on systems optimization (also to vendors)</li> </ul>
2. Implementation of Energy Management and System Optimization Demonstration Projects	<ul style="list-style-type: none"> <li>- Energy management projects will be implemented. Five industrial facilities will receive direct support and incentive through the project, enabling them to reach conformance level with ISO 50001.</li> <li>- Of the 25 completed projects, it is planned to document 10 projects as case studies. The case studies will be developed illustrating financially attractive investments in efficiency improvements for steam and compressed air systems.</li> </ul> <p>Recognition program will be developed, including the management of a peer-to-peer data base and the Website</p>
3. Financial Capacity Development to Support Energy Efficiency Projects in Industry	<ul style="list-style-type: none"> <li>- Training materials will be developed and project evaluation criteria will be harmonized to assist industrial facility managers understand how to better prepare system optimization and energy management project for financial support from investment firms and financial incentives/schemes. The Vietnam Environment Protection Fund is also to be involved on development of training materials and tools.</li> <li>- Training will be given to industrial enterprises to enhance financial capacity to develop bankable projects</li> </ul>

### **PROJECT CONTEXT:**

The National Strategy on energy development until 2020, and with orientation until 2050, was approved in 2007. Since then, MOIT has been seeking new approaches and support for implementation of the Strategy. Recognizing the barriers (technical, institutional, information, market, financial) and importance of following new ISO standards on energy efficiency, and appreciating the success gained in the STAMEQ support given by UNIDO, MOIT approached UNIDO for cooperation to promote energy efficiency. Funding was secured from GEF for the project preparation by the end of 2008 and for project implementation since January 2011.

There are many projects supporting energy efficiency, including promoting Energy Conservation to Small and Medium Enterprises (GEF through UNDP), providing technical trainings on EE and industrial energy audits (DANIDA), helping to prepare master plan, training for energy managers and 2-step loan given to VDB (JICA), promoting energy conservation in the industry sector (ADB), providing EE&C investment incentive grants and free energy audits (GEF), promoting energy consumption efficiency improvement & green production (WB's program loan), giving

credit to the borrowers committing to efficient use of energy and green production (IFC, Investment Finance Cooperation program with Techcombank).

***PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:***

The project focuses around the new ISO 50001 standards through introducing new energy efficient technologies to especially energy intensive Vietnamese industries. The project further intends to help enterprises in these industries to gain technical capabilities to develop bankable projects. The project does however not include a financing scheme. The project has been designed with the expectation of high synergy not only with other UNIDO projects (such as the cleaner production and CSR projects), but also with projects financed by other donors (ADB, DANIDA, JICA, IFC, WB). Policy impact is not a direct focus of the project, but with the awareness raising activities, energy efficiency considerations could translate into policy/decisions making.

The PSC has been established, including representatives from MOIT, UNIDO, STAMEQ/MOST, MONRE, GEF Focal Point, VCCI, VDB, and VEPF for good coordination and energy efficiency considerations in policy/decisions making. The National Project Director (NPD) from MOIT is to guide the PMU (financed by the project) in the implementation of the project. The PMU is to be fully responsible for day-to-day activities of the project and is to report to the UNIDO Project Manager. A number of national experts, subcontractors and international experts will support the PMU as and when needed to undertake the project activities.

***RELEVANCE:***

The project objectives are consistent with the objectives set in the 2006-2010 and 2011-2015 SEDPs. By introducing the new standard ISO 50001 the project is expected to improve the energy efficiency of firms, to reduce their costs and ultimately to increase their competitiveness.

***EFFECTIVENESS:***

It is too early to measure the achievements of outcomes. Because the project implementation started only in January 2011, most of the activities have started quite recently or will be implemented only next year.

***EFFICIENCY:***

The project started only recently, so it is too early to evaluate its efficiency.

***OWNERSHIP:***

The project was initiated by the Government. It was designed with extensive inputs from the major line ministries (Industry & Trade, Science & Technology and Environment) in the course of consultative meetings held at regular intervals to review the objectives of the project and discuss the overall results. The Government has shown continued good ownership during the inception phase.

***SUSTAINABILITY AND IMPACT:***

It is too early to assess the project's impact and sustainability. However, the expected impact of the project is to achieve more sustainable energy use and improved environmental protection. These intended results could be achieved in a sustainable way provided that the MOIT leaders remain strongly committed to energy efficiency and to raising adequate financial resources. The absence of a financing scheme is a potential weakness of the project.

***UNIDO SYNERGIES:***

The project sits at the borderline between energy efficiency and SMTQ, more specifically ISO certification. However, no visible efforts were made to take advantage of UNIDO's longstanding collaboration with STAMEQ, who is the key national player in standardization and certification.

***ONE UN SYNERGIES:***

The project is planned to contribute to Outcome 3, OPI 3.2 (Environmental strategies, policies, plans and regulations developed with broad participation of local people and stakeholders and in line with international environmental conventions) and OPI 3.4 (Initiatives to promote rational and efficient use of energy to reduce green house gases which cause Climate Change)

***CROSS-CUTTING CONTRIBUTIONS:***

Gender concerns are not mentioned in the project design. The project design does not include any linkage to contributing to achieving the MDGs. There is also no reference to South-South Cooperation in the project design.

***CONCLUSIONS AND RECOMMENDATIONS:***

With the strong ownership in project design, the project inception phase showed smooth implementation with active participation by the national partners. The project helps to address a very hot issue of Vietnam especially in the context of energy shortage. To ensure good and sustained impact from the project, the MOIT should cooperate closely with other stakeholders, especially with VEPF and VDB to target and select the right beneficiaries, and to facilitate access to credit by the participating beneficiaries.

## INTRODUCTION OF BAT AND BEP METHODOLOGY TO DEMONSTRATE REDUCTION OR ELIMINATION OF UNINTENTIONALLY PRODUCED PERSISTENT ORGANIC POLLUTANTS (UP-POPs) RELEASES FROM THE INDUSTRY IN VIETNAM

<b>Total Budget:</b>	USD 2 395 000 (excl support costs)	
<b>Funding Sources:</b>	GEF USD 800 000 Government of Vietnam (Ministry of Industry, MONRE/VEPA) USD 1 555 000 (in-kind) UNIDO USD 40 000 (in-kind)	
<b>Start/End:</b>	June 2008 – June 2010 (Revised completion date: July 2011)	
<b>Implementing Partners:</b>	Vietnam Environment Administration (VEA) (Previously: Vietnam Environmental Protection Agency (VEPA))	
<b>Overall Objective:</b>	To establish the required human resources and infrastructure to implement the obligations of the Stockholm Convention in Article 5 'Measures to reduce and eliminate releases from unintentional production' and coordinate its activities with the national strategies for environmental protection and the national strategies for industrial and sustainable development and cleaner production and thus contribute to the improvement of human and environmental health.	
<b>Specific Objective:</b>	<ul style="list-style-type: none"> <li>- Reducing unintentional production of POPs in key sectors of the industry listed in Part II: Source categories in Annex C of the Stockholm Convention by implementation of BAT/BEP</li> <li>- Supporting the BAT/BEP projects and addressing other UP-POPs related issues by development of monitoring and research capacities.</li> </ul>	
<b>Outcomes:</b>	<ol style="list-style-type: none"> <li>1. Capacity building of self-reliant managerial and technical personnel with professional competencies in applying BAT/BEP in priority industrial source categories to reduce UP-POPs releases</li> <li>2. Enhanced efficiency in reducing, avoiding and eliminating UP-POPs releases and reducing releases of other pollutants by coordinating the implementation of the Stockholm convention action plans with BAT/BEP activities in the industry on the national and regional scale and review and possibly improve national policies and regulations</li> <li>3. Capacity building for monitoring procedures for UP-POP chemicals as one key prerequisite for implementing BAT/BEP but also many other obligations of the Stockholm Convention</li> <li>4. A socio-economic development programme established to address efficacy and efficiency of possible control measures in meeting risk reduction goals including incremental cost estimation for the implementation of BAT/BEP as enterprise level and sector level</li> <li>5. Project management, monitoring and evaluation</li> </ol>	
<b>Expected outputs</b>	<b>Summary status</b>	
1.1 Pilot projects for UP-POPs reduction in the sectors of waste incineration, cement kilns, pulp and paper production and secondary metallurgical industry	Review of reports of baseline technology, environmental emissions and BAT/BEP application, and UP-POPs emissions and analytical methods completed. Training courses in BAT/BEP application and UP-POPs monitoring completed. Technical guidance booklets for BAT/BEP draft completed.	
1.2 Developing of monitoring capacity and linking of the research institutions and programs such as VNCPC on UP-POPs, POPs and other relevant toxic pollutant emissions in the country	Baseline measurement data for dioxin emission in pilot enterprises obtained. Technical reports on demonstration pilots completed.	
1.3 Harmonization of BAT/BEP reduction measures for UP-POPs with reduction measures for other environmental relevant pollutant releases	Technical reports of dioxin inventory in selected potential sectors completed.	
1.4 Development of information, education and communication (IEC) materials and implementation of IEC programs		
2.1 Coordinating project activities with other national and regional programs related to the BAT/BEP implementation	Joint workshops, training courses among different GEF-supported projects implemented.	
2.2 Survey and evaluation of international policies and regulations on UP-POPs and other pollutant releases from pertinent industrial source categories and their relationship and potential relevance for BAT/BEP measures	Regional BAT/BEP Forum in east and Southeast Asian region and training. Report on review of national policies and regulations related to dioxin emissions from selected industrial sectors completed.	
3.1 Training on the monitoring of UP-POP chemicals in Vietnam guiding and assessment of BAT/BEP projects	Training courses completed. Dioxin Laboratory (VEA) strengthened in technical capability to measure dioxin and furans in stack gas samples using isokinetic sampling methods, and chemical analysis of trace levels of dioxins in these samples. Baseline levels of dioxins and furans were obtained, which is the first and most extensive database of dioxins in industrial emissions/releases.	
4.1 Incremental cost estimation and cost-effectiveness evaluation for BAT/BEP implementation	Draft report on the development of methodology for incremental cost estimation and cost effectiveness evaluation for BAT/BEP implementation at enterprise level and sector level completed.	
4.2 Compilation of incremental cost estimates at sector level for total cost estimates for BAT/BEP implementation at national level		
4.3 Evaluation of cost/benefit of BAT/BEP options and comparison with environmental cost savings and improvement of occupational health and safety		



**PROJECT CONTEXT:**

Vietnam became a party to the Stockholm Convention from its beginning thus demonstrating its commitment to the reduction or elimination of POPs releases. The rapid industrialisation in Vietnam on the other hand contributes to a wide range of POPs sources and puts high pressure on the environment. Exposure to POPs and other pollutants causes potential chronic impairment to human health and has implications to national and international efforts to meet sustainable development targets. It is in this context crucial to strengthen the Government's human and institutional capacity to monitor the implementation of the Stockholm Convention as well as to demonstrate to the polluters the potential and benefits of cleaner production technologies and practices.

**PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

The project ended in June 2010. It aimed at introducing BAT and BEP methodology to demonstrate reduction or elimination of unintentionally produced POP releases from the industry in Vietnam. Gaps in Vietnam's institutional capacity to effectively design, implement and monitor POPs pollution prevention and control were addressed. The project aimed to demonstrate pollution prevention and control measures in an integrated way and to provide a more solid basis for decision making. The project thus worked with governmental authorities involved in environmental protection and industrial development, including local authorities, the VNCPS, the private sector, universities/research institutions and NGOs.

The project design was rather overambitious given the relatively short duration of the project. One component was to work with enterprises as pilot demonstrations suitable for upscaling. There was however no clearly identified mechanisms in place for how the intended upscaling was to be achieved, or how the downstream pilots were to feed into upstream policy making.

UNIDO has been the implementing agency with day-to-day responsibility to overlook project management. The project manager was based in UNIDO HQ supported in the field by one staff located in the PMO.

**RELEVANCE:**

The project had high relevance given the rapid industrialisation accompanied by rapidly increasing level of pollution and deterioration of the environment in Vietnam. It is further in line with the GoV efforts to fulfil its obligations under the Stockholm convention. It was further of high relevance also to UNIDO and its mandate. It is uncertain to what extent it was perceived as relevant by the involved enterprises, and the forthcoming external in-depth evaluation should assess this further.

**EFFECTIVENESS:**

The project has been effective in developing the capacity of the Dioxin laboratory of VEA. Technical capability has been strengthened to measure dioxin and furans in stack gas samples using isokinetic sampling methods and chemical analysis to trace levels of dioxins in these samples. In view of the limited budget, the project design was overambitious. The initial project document was therefore revised and the number of demonstration pilots was reduced from four to two. Besides the initial baseline monitoring possible reduction was demonstrated in two plants. Other activities included joint workshops, training courses among different GEF-supported projects and a participation in regional BAT/BEP Forum in east and Southeast Asian region. A set of booklets providing technical guidance for BAT/BEP options and a draft report on developing a methodology for incremental cost estimation and cost effectiveness evaluation for BAT/BEP implementation at enterprise and sector level has been completed.

***EFFICIENCY:***

The project has been comparatively efficient within the project time available once approval was granted by the Gov.

***OWNERSHIP:***

The national implementing partner showed strong ownership of project activities taking on an active role in initiating changes of project plans when these were not feasible. The GoV also contributed considerable in-kind inputs to the project.

***SUSTAINABILITY AND IMPACT:***

The prospects for sustainability of project benefits vary. The project has raised capacity within VEA's Dioxin laboratory, the sustainability of which depends on continued GoV financing and the retainment of staff. The pilots introduced new knowledge and raised awareness among individual enterprises. The project has been too small to create widespread awareness among enterprises, which would be necessary for sustainable and concrete effects in terms of changed behaviour and reduced POPs releases. There are as of yet no signs that the participating enterprises will apply the knowledge or change their behaviour when it comes to POPs releases. The forthcoming external in-depth evaluation should assess this further.

***UNIDO SYNERGIES:***

As per project design, the project used VNCPC as a sub-contractor.

***ONE UN SYNERGIES:***

There are not direct synergies with the One UN.

***CROSS-CUTTING CONTRIBUTIONS:***

The project does not explicitly aim at contributing to enhancing gender equity. The project does also not aim at contributing to poverty reduction or to achieving the VN MDGs. There are no contributions to south-south cooperation.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project shows acceptable effectiveness in implementing its technical activities, but did not achieve sustainable change in behaviour of participating demonstration enterprises. Mechanisms for how to ensure that demonstration pilots are to be upscaled and sustained should be paid stronger attention in project design. Focus has been on technical outputs (also visible in the completing report) whereas little attention has been paid to development outcomes of the technical inputs. There is for instance no mention of MDGs although this is supposed to be a crucial concern in all GEF supported projects.

## POLICY ADVICE ON ENVIRONMENTAL MANAGEMENT

<b>Project Numbers:</b>	<i>XP/VIE/08/006, FB/VIE/09/010 and FB/VIE/11/002</i>	
<b>Total Budget:</b>	48,000€, 200.000 USD and 500.000 USD	
<b>Funding:</b>	UN One Plan Fund	
<b>Start/End:</b>	11/2009 and 3 to 12/2011 (extension requested)	
<b>Implementing partners:</b>	<ul style="list-style-type: none"> <li>- Ministry of Industry and Trade (MOIT)</li> <li>- Vietnam Steel Association (VSA)</li> <li>- Ministry of Natural Resource and Environment (MONRE)</li> <li>- Vietnam Environment Administration (VEA)</li> <li>- Waste Management and Environmental Protection Authority (WMEPA)</li> <li>- Quang Nam Province (QNP)</li> <li>- Hoi An City People's Committee (HPC)</li> </ul>	
<b>Development objective (outcome 3 of 2008-2011 One UN Plan):</b>	Vietnam has adequate policies and capacities for environmental protection and rational management of natural resources and cultural heritage for poverty reduction, economic growth and improving the quality of life	
<b>Immediate objective:</b>	To adapt and adopt innovative Green Industry (GI) based policies for sustainable industrial development of key sectors, whilst mitigating greenhouse gas (GHG) and other emissions and wastes and reducing vulnerabilities to the likely impacts of Climate Change	
<b>Expected outputs</b>	<b>Summary status</b>	
Climate Change Action Plan of the MOIT	Fully achieved	
Benchmarking study on energy efficiency of electric Arc furnaces in the steel industry	Fully achieved	
Project document for a future craft village project	Not yet achieved	
Project document for a future eco-city project	Not yet achieved	
UNIDO "Green industry" framework developed for implementation under next One UN programme	Not yet achieved	

### **PROJECT BACKGROUND:**

This series of projects aimed at developing a "Green Industry" (GI) strategy for consideration by the Ministry of Industry and Trade (MOIT). During the course of the project, this Strategy took the form of a "Climate Change Action Plan" of the MOIT. This policy development was combined with the trial and evaluation of three specific pilots for scaling up and mainstreaming GI concepts and practices pertaining to

- Energy efficiency in the steel sector through benchmarking and technology road mapping for Electric Arc Furnaces (EAFs), in cooperation with MOIT and the Vietnam Steel Association (VSA);
- Waste and resource recovery and sustainable crafts production in craft villages, in cooperation with the Waste Management and Environmental Protection Authority (WMEPA) and the Vietnam Environment Administration (VEA).
- Eco-town development of the city of Hoi An in cooperation with the Hoi An People's Committee (HPV) and Quang Nam Province (QNP);

### **PROJECT CONTEXT:**

Environmental protection, mitigating industrial pollution and, more recently, Climate Change are high on the political agenda. However, a considerable number of laws, strategies and action plans pertaining to the environment are already in existence and there is a widespread perception among stakeholders that the implementation of these policies poses challenges, due to weaknesses related to policy monitoring, enforcement, participation, coordination and alignment.

### **PROJECT DESIGN AND IMPLEMENTATION STRUCTURE:**

The underlying project idea has been to combine policy development with pilot activities addressing key environmental challenges with key stakeholders in view of scaling up these pilots under the next One UN programme. This multi-stakeholder approach builds on UNIDO's combined strengths in policy development and technical assistance and is assessed as pertinent. The approach hinges on the efficient and effective combination of four different implementation structures with four different groups of stakeholders under one – relatively small – project. The latest project in the series started only in July 2011. Its initial timeframe of nine months has been ex-

tremely short but will be extended. The project document is of good quality with a sound intervention logic and meaningful and realistic indicators.

**RELEVANCE:**

The project is highly relevant to the Vietnamese context and to Government priorities. It is also relevant to outcome 3 of the One UN Plan and to UNIDO's priority on GI and Climate Change.

**EFFECTIVENESS:**

The effectiveness of the different components of this project is variable. The industry related part of the National Climate Change Action Plan (CCAP) was issued by the MOIT in August 2010 with a list of 29 priority actions. The effectiveness of this component is therefore excellent.

- The steel industry component addresses three priorities of the CCAP. Stakeholders consider the benchmarking and technology road mapping conducted under this component as top quality and an eye opener for the energy saving potential in the steel industry. Whether the steel industry will initiate follow-up activities remains to be seen but, as a pilot exercise, this component is assessed as highly effective.
- Time and again, Vietnamese Craft Villages have been identified as industrial pollution hot spots. The craft village component conducts socio-economic and environmental studies in several craft villages south of Hanoi aiming at a plan for a UNIDO project to be implemented under the next One UN Plan. At the time of the evaluation, the analytical work under this component was still ongoing. Therefore, an assessment of effectiveness is not possible at this stage.
- Hoi An is one of Viet Nam's top destinations for tourism. The eco-city component builds upon activities of an ongoing UNESCO project, which aims to protect the cultural and natural heritage of Hoi An. At the time of the evaluation, the analytical work under this component was still ongoing. The result of these studies should be a plan for a UNIDO project to be implemented under the next One UN Plan. Assessing the effectiveness of this component is not possible at the present stage.
- The UNIDO "Green industry" framework for implementation under the next One UN programme is still under development and its effectiveness cannot be assessed at the present stage.
- **EFFICIENCY:**

Project efficiency has been hampered by the multi-layered implementation structure with a project manager at UNIDO HQ, a national component manager in Hanoi and project managers for each component. This complicated structure has probably contributed to the delays of the project and did not fit its very short time horizon. Typically, this project would have benefitted from a more efficient **FIELD BASED** implementation structure.

**OWNERSHIP:**

The ownership of this project was rather good, although with some variations. The MOIT and the steel industry association demonstrated good ownership of their respective components. The craft village component seems to be well owned by the Waste Management and Environmental Protection Authority (WMEPA) but ownership may have suffered from the delays and inefficiencies originating from the implementation structure. Local ownership could not be assessed but there are some signs of research fatigue on the side of the craft villages and the local authorities. The ownership of the eco-city project in Hoi An could not be assessed but it seems that the previous UNESCO project may have suffered from certain implementation weaknesses of the local authorities.

**SUSTAINABILITY AND IMPACT:**

The potential environmental impact of the four project components is variable:

- The potential environmental impact of the CCAP is very high, provided it will be effectively implemented. Given the rather limited implementation effectiveness of previous policies, strong capacity building and monitoring efforts would be necessary for sustainable impact.

- The potential environmental impact of the steel industry component is high but it depends on the commitment and willingness of the steel industry to follow up on the project outputs. Stakeholders are optimistic given the considerable momentum generated by the project
- The Hoi An component could generate better waste and energy management in eight hotels and two craft villages. Its potential environmental impact is therefore rather limited.
- The impact of the Craft Village component with regard to the environment and to alleviation of multidimensional poverty is potentially very high. However, the underlying vicious circle of poverty, inadequate technologies and environmental damage has been identified since long and described in many studies. A huge multi-annual programme with a strong policy and capacity building component would be necessary to achieve sustainable impact.

***UNIDO SYNERGIES:***

The project used the expertise of the VNCPC (project 12) through subcontracts. There has been a potential but not practical synergy with the project on “Energy Efficiency”.

***ONE UN SYNERGIES:***

The project addresses very well outcome 3 of the current One UN Plan but no collaborative efforts with other UN Organizations were identified.

***CROSS-CUTTING CONTRIBUTIONS:***

Gender mainstreaming has not been addressed. Strong potential for multidimensional poverty reduction under the craft village component, if properly addressed. Some potential for future South-South Cooperation under the eco-city component.

***CONCLUSIONS AND RECOMMENDATIONS:***

The project is highly relevant to Viet Nam, One UN and UNIDO and has successfully contributed to policy development by using a multi-stakeholder approach. It demonstrates how UNIDO can combine its strengths in policy advice and technical assistance. The project has also the potential to produce sustainable impact, conditional to proper follow-up under the next One UN Plan.

For the implementation of the Climate Change Action Plan it is recommended to support the concerned Ministries MOIT and MONRE with a capacity building project under the next One UN Plan.

For the steel component a rather light follow-up is recommended that would facilitate access of the steel association to international expertise.

For the craft village component a two stage follow-up is recommended. Under the next One UN Plan the most promising appropriate technologies should be identified and tested and coalitions with other donors involved in capacity building at provincial level should be built. In the medium term, UNIDO should consider the possibility to develop and submit a large craft village project to the GEF.

The possibility for a future eco-city project in Hoi An should be considered in the light of its rather limited relevance for the country and for UNIDO and its rather limited potential to produce significant impact. Previous experience under the UNESCO project should be analyzed and taken into account.



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