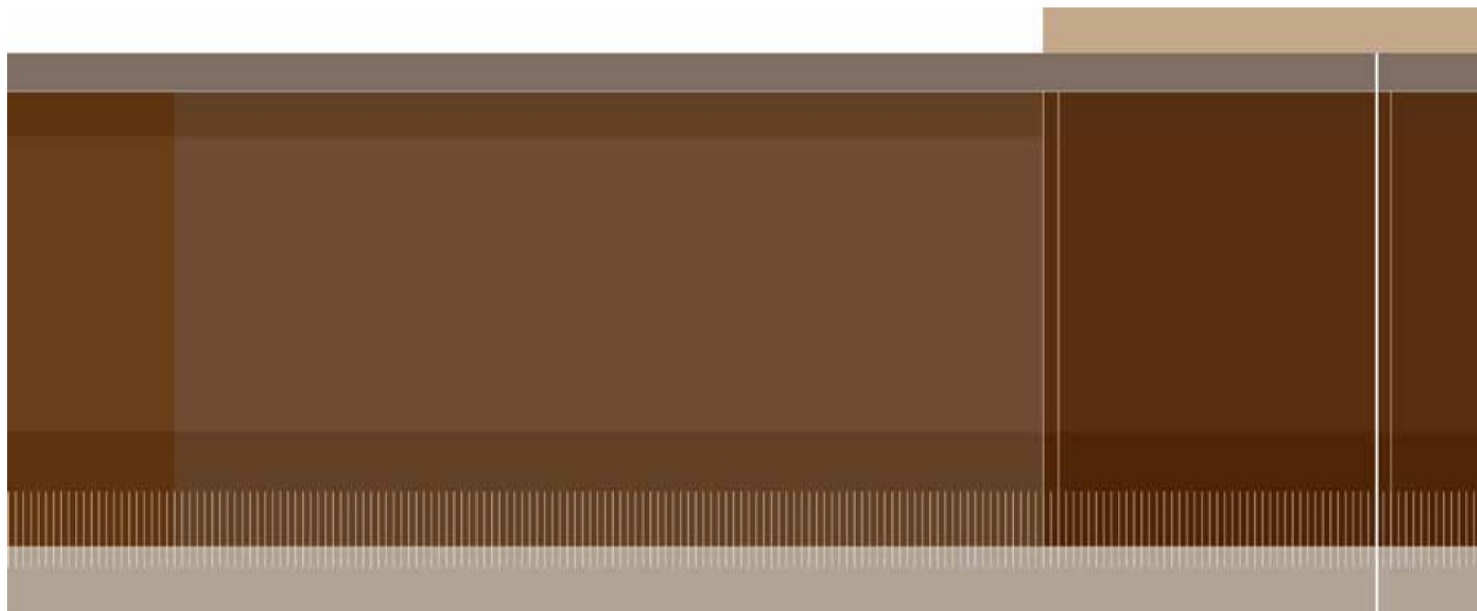

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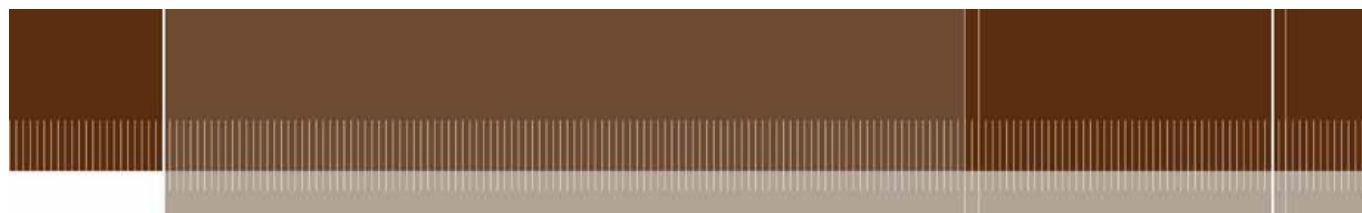
Annual program performance update 2006-07



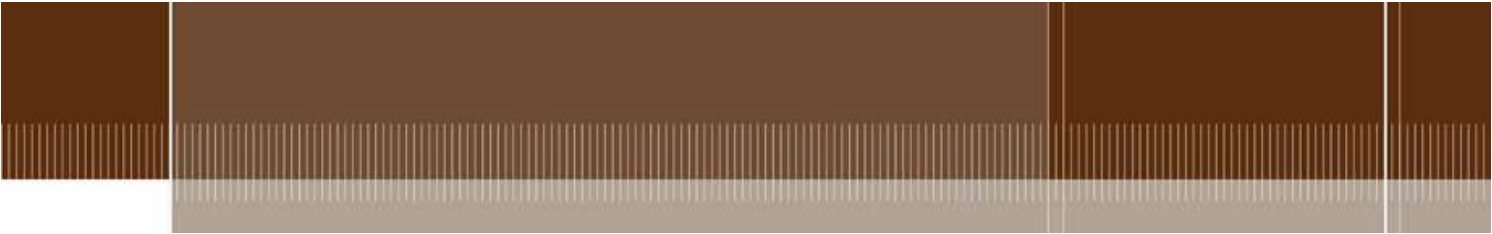
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Preface	v
Summary	vii
Chapter 1: Overview.....	1
1.1 A development success story	1
1.2 The Australian aid program in Vietnam	1
Chapter 2: Results	3
2.1 Strategy results	3
2.2 Other results	7
Chapter 3: Program quality.....	11
Chapter 4: Aid effectiveness.....	12
Chapter 5: The way forward.....	13
Appendix 1: Performance assessment framework	14
Strategy schema	15
Appendix 2: Country results	16
Strategic objective 1: Broad-based growth by strengthening the governance of institutions required for a competitive market economy.....	16
Strategic objective 2: Improved livelihoods for the rural poor, focusing on the Mekong Delta and Central Coast.....	16
Appendix 3: Australian aid program portfolio.....	19
Appendix 4: Location of program activities	21
Appendix 5: Evaluations 2006–07	22
Strategic Objective 1.....	22
Strategic Objective 2.....	22
Other evaluations	22
Appendix 6: Paris Declaration aid effectiveness indicators	23
Acronyms and abbreviations.....	24



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Preface

This annual program performance update (APPU) for the Vietnam Program summarises performance over the 2006 calendar year. Performance areas include:

- results – what has been achieved by the program
- quality – whether accepted good practice is being followed
- commitments – progress against some of the main objectives outlined by the Australian aid program.

For the three areas, the Australian aid performance assessment framework sets out 14 questions defining key performance criteria that form the basis of this update. The APPU process also leads to the identification of a number of management tasks for action that are expected to lead to stronger results in subsequent years.

The format of the report corresponds to the three performance areas set out in the Australian aid performance assessment framework: results, quality and key aid program commitments. The exception to this are the issues associated with the aid program commitments where progress on gender and anti-corruption have been included into the results section while the remaining issues are primarily addressed in Chapter 4 (Aid effectiveness).

The APPU process promotes evidence-based policy making and is an important output in its own right. Effective engagement with key partners and stakeholders is integral to maximising the utility of the process.¹

The principal source of information for the APPU is the Australia–Vietnam country strategy performance framework, which consists of the Vietnam Program’s objectives, performance matrix and performance management system (describing the sources of data; systems of collection and analysis; specific reviews and evaluations; and the processes used to monitor strategy implementation, assess contribution and report on effectiveness).²

The Australia–Vietnam Country Strategy 2003–2007 document sets out the objectives of the program.³ ⁴The strategy identifies two strategic objectives:

- supporting economic growth (with a particular focus on institutional governance)
- improving the livelihoods of the rural poor (with a focus on the Mekong Delta and Central Coast regions).

For each strategic objective, a number of sub-strategic and intermediate objectives were also identified.⁵ The focus of the Australian aid program was to be on the achievement of seven intermediate objectives.⁶

1 Engagement was limited for this APPU due to its pilot nature and time constraints.

2 See Appendix 1 for more detailed description of the Vietnam Program country strategy performance framework.

3 The objectives were refined as a result of the recommendations of the mid-term review of the strategy that took place in late 2005. See Appendix 1 for the strategy schema.

4 A new country strategy is being developed and is expected to be in place by 2007.

5 Given effectiveness at the intermediate objective level, a positive contribution at the higher strategic objective level was to be expected (although direct attribution would be difficult).

6 These are referred to as the Australian aid ‘primary impact’ intermediate objectives. Note that under the strategy 11 ‘secondary impact’ intermediate objectives were also identified.

Summary

The Australian aid program in Vietnam is in transition as the Vietnam–Australia Development Cooperation Strategy 2003–2007 draws to a close. Rapid policy and program development over the past 18 months is significantly reshaping the Vietnam Program. The Australian aid program objectives, the Vietnamese Government’s Socio-Economic Development Plan for 2006–2010 and early thinking on the next country strategy have been the key drivers.

The program has made some good progress towards the two strategic objectives of the strategy (supporting economic growth and improving the livelihoods of the rural poor), especially in rural development and in strengthening human resource development through the scholarship program. The Vietnam Program is likely to partly or fully achieve six of the seven strategy objectives. However, the desired level of scale-up, impact and influence at national level has not been achieved.

To improve aid effectiveness and impact, the new suite of programming initiatives is strongly aligned with Vietnamese Government programs and systems. They have been informed by experience and practical on-the-ground knowledge. All the new initiatives are based on partnerships with a broad range of other donors, such as the World Bank, the Asian Development Bank, the United Kingdom Department for International Development, Denmark and the Netherlands. The initiatives involve interaction with a broader range of key Vietnamese institutions (State Bank of Vietnam, Office of Government and Ministry of Finance) that make up a new set of entry points to Vietnamese Government policy.

The Vietnam Program’s focus on different aid modalities is seen as a complement to focused, practical project interventions, rather than as a substitute for them. We are developing innovative programs that will draw on existing practical, local-level interventions and to shape broader provincial and national policy settings.

Vietnam has set an ambitious but attainable target of becoming a middle-income developing country by 2010. To meet its target, it will need more sophisticated policy development, greater institutional capacity (especially at sub-national levels) and close attention to more difficult areas of reform, notably in the financial sector. The broad objectives and orientation of Australia’s country assistance strategy remain relevant and appropriate, given Vietnam’s good performance, stable political environment and expected pace of future reform. Core areas of the current engagement are likely to continue, but with a stronger alignment with the priorities of Australian overseas aid.

A new country assistance strategy will be developed for Vietnam in 2007. The strategy will make aid effectiveness and harmonisation one of the key operating principles for Australia’s aid program. The strategy will also advance the Australian aid program priorities of gender equality and anti-corruption through the development of, and reporting against, specific plans and targets.

Chapter 1: Overview

The Australian aid program in Vietnam is in transition. The Vietnam–Australia Development Cooperation Strategy 2003–2007, while still setting the overall framework and direction for the Vietnam Program, is drawing to a close. The past eighteen months (the period broadly covered by this first annual program performance update) has seen a rapid round of policy and program development that is significantly reshaping the program. The Australian aid program objectives, the Vietnamese Government’s Socio-Economic Development Plan for 2006–2010 and early thinking on the next country strategy have been the key drivers.

1.1 A development success story

Vietnam’s development performance is impressive. Since 1993 annual real GDP growth has averaged around 7.5 per cent, and the rate of poverty has fallen from 58 per cent of the population to less than 20 per cent in 2006. Vietnam has already achieved four of the 10 main Millennium Development Goal targets for 2015 and is on track to achieve another three ahead of time. Where Vietnam may fall short is in reversing the loss of environmental resources, halting the spread of HIV/AIDS, and extending sanitation. The key drivers of this success have been international integration, market liberalisation and private sector job creation. Prospects remain positive, with Vietnam likely to achieve middle-income status by the end of the decade or soon afterwards.

Significant challenges remain. Progress within and across sectors has been uneven. Some regions and communities have made much less progress – some estimates suggest that by 2010 more than two-thirds of Vietnam’s poor could be from ethnic minority groups that make up only 15 per cent of the population.

Vietnam needs to balance high growth with inclusive and sustainable growth. The country’s success as an emerging economy will be shaped by post-WTO, ‘second generation’, reforms (establishing regulatory frameworks, extending social protection, improving governance and protecting the environment). Vietnam needs to build capacity at sub-national levels (provincial, district and commune) to match deepening decentralisation and promote balanced returns across the country by raising the product and market orientation of the poor.

The environment for delivering aid has fundamentally altered as Vietnam has led on the implementation of the *Paris Declaration on Aid Effectiveness*. There is clear leadership from the Vietnamese Government in setting the policy framework and improving aid effectiveness, including through increased donor harmonisation. It is increasingly clear that the dynamics of the relationship between the government and donors has shifted rapidly, and country ownership of the development agenda is now a reality.

1.2 The Australian aid program in Vietnam

In absolute terms, Vietnam is one of the developing world’s largest recipients of official development assistance, but it is not an aid-dependent country. In 2006, Vietnam is estimated to have received \$US1.8 billion in foreign aid disbursements (about half of total donor commitments), which represents about 4 per cent of Gross Domestic Income (GDI). With an annual program averaging \$50 million over the strategy period, Australia is a relatively small donor in Vietnam (the 12th largest donor in terms of total aid flows and the 8th largest by grant aid), contributing about 1.5 per cent of total aid flows. However, the recognised importance of the Australian aid program in Vietnam has always rested on its practical focus and the quality of the ideas and technical assistance that have been provided.

In the 2006–07 financial year, total bilateral aid expenditure was \$61 million, with a focus on governance (49.8 per cent), education (28.2 per cent) and rural development (11.0 per cent). The main forms of aid are Australian Development Scholarships (26.1 per cent) and projects delivered by AusAID managing contractors (25.2 per cent), followed by other flexible mechanisms (16.1 per cent) and NGO projects (8.5 per cent).¹ AusAID regional programs have a substantial suite of activities in Vietnam addressing

¹ The breakdowns for sectors and forms of aid are indicative only, due to data alignment problems.

issues that are aligned with country strategy objectives (e.g. economic integration) as well as to regional challenges (e.g. HIV/AIDS). Australian whole-of-government engagement has been quite broad, involving a number of agencies with total estimated expenditure of \$5.6 million.² Total aid expenditure to Vietnam from all non-bilateral sources in 2006–07 was \$20.5 million.

As the Vietnam Program comes to the end of the current strategy period, it has a tight sectoral and geographic focus. The program concentrates on strengthening the governance of institutions necessary for a competitive market economy and improving the livelihoods of the rural poor in the Central Coast and Mekong Delta. It consists of a portfolio of stand-alone projects (many nearing completion) delivered largely at the sub-national level and a set of relatively new programming initiatives.

The program has made some good progress towards the two strategic objectives, especially in rural development and in strengthening human resource development through the scholarship program. The program is likely to partly or fully achieve six of the seven strategy objectives. However, the desired level of scale-up, impact and influence at national level has not been achieved. In response to the changing operating environment and the broader Australian aid program objectives, and to improve aid effectiveness and impact, the aid program has undergone a significant transition.

The new suite of programming initiatives is strongly aligned with Vietnamese Government programs and systems. They have been informed by experience and practical on-the-ground knowledge. All the new initiatives are based on partnerships with a broad range of other donors, such as the World Bank, the Asian Development Bank (ADB), the United Kingdom Department for International Development (DFID), Denmark and the Netherlands. All involve interaction with a broader range of key Vietnamese institutions (State Bank of Vietnam, Office of Government and Ministry of Finance), which form a new set of entry points to Vietnamese Government policy.

Major achievements in program development over the past 18 months include:

- co-financing of the Poverty Reduction Support Credit 5 (PRSC 5) and participation in the preparation of PRSC 6 (the PRSC is a World Bank coordinated fund to support Vietnamese Government reform through the provision of significant financial and analytical support)
- development of the Beyond WTO program, which is assisting the Vietnamese Government to plan, sequence and coordinate its approach to meeting World Trade Organization (WTO) membership obligations
- working with the Vietnamese Government and donors to design a new phase of the government's program to deliver rural water supply and sanitation (Australia is now a partner in a trial to fund the national targeted program directly)
- engagement in the development and subsequent funding of a major new phase of a Vietnamese Government program to address ethnic minority poverty.

The program's focus on newer aid modalities is seen as a complement to focused, practical project interventions, rather than as a substitute for them. The program is developing innovative programs that will draw on existing practical local-level interventions to help shape broader provincial and national policy settings.

² The largest whole-of-government programming in 2006–07 was from the Australian Centre for International Agricultural Research (ACIAR), with total expenditure of \$3.1 million.

Chapter 2: Results

2.1 Strategy results

2.1.1 Broad-based growth

Strategic objective 1 Broad-based growth by strengthening the governance of institutions required for a competitive market economy

Rapid broad-based growth has continued over the strategy period.³ The strengthened governance of Vietnamese institutions has played an important enabling role, including for two key drivers of growth – the private sector and international economic integration. The Australian aid program has contributed to this achievement through progress on three strategy objectives.^{4,5}

The private sector continues to expand in Vietnam. Total business registrations have doubled over the strategy period. However, concerns persist that the regulatory playing field disadvantages private business compared to state-owned enterprises. The Vietnam Program has focused on addressing barriers to private sector growth associated with market entry and effective market regulation. After an early period of piloting smaller activities in which progress was modest, the program redirected its efforts over the past 12–18 months through national-level policy dialogue under the PRSC. The program's contribution to this dialogue was informed by interventions undertaken in partnership with the Mekong Private Sector Development Facility (MPDF) and the IFC Foreign Investment Advisory Service.

Australia helped to negotiate three policy actions under the PRSC which aim to provide a more supportive environment for private sector development:

- issuing a unified Enterprise Law leading to equal treatment for firms regardless of ownership
- issuing an Investment Law applicable equally to domestic and foreign investors
- establishing an independent competition authority to address restrictive commercial practices.

Practical support through the MPDF included supporting the Vietnamese Government in the drafting of the new enterprise and investment laws and in the establishment of the first provincial 'one stop' business registration process in the northern province of Bac Ninh. The one-stop process significantly simplifies business start-ups, and is expected to be a model approach for other provinces. With the Foreign Investment Advisory Service, we also supported a study on the 2003 Land Law. The study examined ways to achieve greater clarity on land-use rights for enterprises, lack of which is another barrier to private sector development. This led to the legal adoption by the Vietnamese Government of a number of the report's recommendations on land auction procedures and dispute settlement mechanisms.

Vietnam's international integration has continued at a rapid pace over the strategy period, with foreign trade and investment rising sharply in recent years. Hosting the APEC Summit in 2006 and accession to the WTO in January 2007 provided further evidence of how far integration has progressed. However, integration is uneven at the provincial level, highlighting ongoing concerns about inequality and the international integration process.

Meeting WTO obligations is a major priority of the Vietnamese Government, and the program has identified the provision of support in this area as the most effective way to achieve the strategy objective of enhancing the benefits of international integration for the poor. The Australian program (with DFID)

³ See Appendix 2 for more information on the broader development context at the national and sub-national levels.

⁴ Strategic objective one has two sub-objectives (1.1) improve private sector operating environment, and (1.2) facilitate internal and international economic integration. Under the two sub-objectives are three subordinate objectives (1.1.1) promote market entry and effective market regulation, (1.2.1) enhance the benefits of international integration of the poor, and (1.2.2) Enhance food safety and quarantine standards compliance.

⁵ See Appendix 1 for a detailed description of the strategy performance assessment methodology.

has now positioned itself to deliver results in this area through the Beyond WTO program, in partnership with the Office of the Government (which coordinates policy across the Vietnamese Government). The aim of the initiative is to strengthen the Vietnamese Government's capacity to plan, coordinate and sequence its integration into the global economy.

Activities implemented under the interim phase of Beyond WTO, such as a study tour to China, have been important in shaping Vietnam's thinking on its post-WTO action plan, which is now being finalised. The Vietnamese Government and donors acknowledge Australia's new leadership role in this area, demonstrated by Australia's lead drafting of the international integration chapter of the most recent World Bank-coordinated *Vietnam Development Report*.

The achievements under the bilateral program have been complemented by a number of Australian regional aid initiatives. For example, the Trade Analysis and Reform Project and the ASEAN–Australia Development Cooperation Program are providing capacity-building assistance for multilateral trade negotiators and undertaking research on economic integration policies that support growth and social development.

Vietnam has made much progress in establishing an internationally competitive agricultural sector, which can now benefit from further international integration. The mid-term review of the country strategy in 2005 concluded that no viable options existed for a major bilateral intervention to advance this objective. Consequently, no effort has been made to engage in the policy dialogue in this area outside of the Beyond WTO initiative. Vietnam has participated in the Sanitary and Phytosanitary Capacity Building Program, an Australian regional program initiative to help ASEAN countries manage animal and plant health and implement sanitary and phytosanitary measures consistent with international standards and the expectations of trading partners.⁶

2.1.2 Improving livelihoods

Strategic objective 2 Improving the livelihoods of the rural poor, focusing on the Mekong Delta and Central Coast

The livelihoods of the rural poor in the Mekong and Central Coast regions have clearly improved over the strategy period. The rural poverty rate in the two regions has fallen to around 25 per cent, closely mirroring the national experience. Progress across the four specific strategy objectives (agricultural productivity; water and sanitation; flood and storm natural disasters; the effectiveness of the Vietnamese Government's poverty targeting programs) has contributed to this result.

Agricultural growth has been significantly slower than the national average in the Mekong over the strategy period and almost flat in the Central Coast region. This is a major concern because agricultural productivity has an important bearing on rural poverty levels. The Australian aid program has focused on this problem, but program achievements so far have been limited. Over the past year, we have engaged regularly in national and sub-national policy dialogue on agricultural productivity through our support for the Vietnamese Government's national targeted program (NTP) for ethnic minorities and disadvantaged regions.

This program engagement is intended to complement the approaches of the following major ongoing initiatives:

- An integrated rural development program (RUDEP) has been operating in the central coastal province of Quang Ngai since 2001. The goal of RUDEP is to improve rural livelihoods principally through agricultural productivity increases as a result of agricultural extension and microcredit support.⁷ The direct evidence for agricultural productivity improvements remains quite weak, in part because of limitations of the initiative's monitoring and evaluation (M&E)

⁶ The program is also supporting small-scale research and development activities under strategic objective 2 that are expected to lead to better quality assurance processes in the agricultural sector.

⁷ This has been complemented by capacity building support for local Vietnamese Government institutions responsible for agricultural extension, land allocation and overall development planning.

system. Where RUDEP has performed best is in the piloting of rural development governance initiatives that have then been legally adopted by the local authorities and can be expected to lead indirectly to agricultural productivity gains over the medium to long term. For example, the participatory land allocation process introduced by the province provides long-term certainty about land tenure for the rural poor. By the end of 2006, 20 per cent of rural land in Quang Ngai had been allocated, and the 100 per cent target for 2008 is achievable.

- A research and development program on smallholder agricultural systems (the Collaboration for Agricultural Research and Development, or CARD) aims to improve their productivity, with a focus on the Mekong and Central Coast. The program involves Vietnamese and Australian institutes. It is too early to gather evidence of productivity gains across the range of activities, but there are some early indicators of success; for example, improved quality control systems for dragon fruit producers have been established, and better hatchery techniques have been identified for small-scale fish farmers.⁸ It is expected that productivity results from CARD will start to become available over the next 18 months. CARD has also demonstrated to the Vietnamese Government the value of a competitive research funding system that is strongly linked to practical market application as a way of supporting rural farmers to diversify crops or access new markets.⁹

Rural access to clean water and sanitation in Vietnam has improved over the strategy period, although sanitation levels are unlikely to meet the 2015 Millennium Development Goal targets. In the Mekong region, which has been the focus of the Australian aid program, access figures largely reflect the national trend, with the exception of poorer than average sanitation levels. Over the past 12–18 months, we have been able to use our provincial water and sanitation experience to engage with the Vietnamese Government over the shape of the government's rural water supply and sanitation NTP and develop a program of direct support and technical assistance (in partnership with Denmark and the Netherlands). This has been identified as the most effective way to address the strategy objective of improving health by increasing access to clean water and sanitation. A sharper NTP focus on improving sanitation coverage is significant, given Vietnam's relative lack of progress in that area.

A pilot phase covering nine provinces (two in the Mekong) began in December 2006. The program is well positioned to build on the following achievements of the two major ongoing initiatives (which are to be completed in late 2007)¹⁰:

- Australian investments in infrastructure, planning and construction through the Cuu Long Delta Rural Water Supply and Sanitation (CLRWSS) project have led to better access to water facilities for 50 000 people in five Mekong provinces. In three Mekong towns, assisted by the Three Delta Towns Rural Water Supply and Sanitation (IDT) project, access to clean water has doubled to over 58 per cent and access to sanitation has increased by half to 67 per cent of the target population.
- A training approach for piped water scheme operators at the local (commune) level, piloted under the CLRWSS project, has been formally adopted by five Mekong provinces. This will increase the capacity of water and sanitation service providers and is expected to lead to significant operational and maintenance improvements.
- The Information, Education, Communication 'healthy school' sanitation campaign piloted under the CLRWSS project provides messages about the importance of clean water and

8 ACIAR also provides support for agricultural research and development in Vietnam with a number of activities closely linked to the RUDEP and CARD initiatives (e.g. a beef production initiative in Quang Ngai).

9 Australian support for natural disaster mitigation has also led indirectly to agricultural productivity improvements through improved flood control and/or irrigation systems. For example, antisalinity dykes (vetiver grass) piloted in Quang Ngai have prevented saltwater flooding that would otherwise have damaged crops before harvesting or after planting. The approach was adopted by other provinces in 2006.

10 It is too early to assess the results of the three Vietnam–Australia NGO Cooperation Agreement activities that focus on water and sanitation and disaster mitigation.

hygienic practices. The campaign has been formally adopted by four Mekong provinces and will cover 1500 schools and 450 000 students.

While rural poverty has decreased in Vietnam, households continue to be vulnerable to adverse shocks. The Vietnam Program has focused on mitigating the impact of natural disasters at two targeted locations prone to significant annual storm and flood damage on the Central Coast and in the Mekong. Significant results have been achieved at both sites, and have led to the wider replication of our piloted management and information–education–communication approaches. Having provided technical assistance to the World Bank funded Natural Disaster Risk Management Project, the program is well positioned to extend its influence further. We are now playing a lead role in the National Disaster Mitigation Partnership between the Vietnamese Government and the international community.

The successful Quang Ngai Disaster Mitigation Project (QNDMP) provides the Vietnamese Government with a working model of a new participatory approach to disaster mitigation. The success of the project is helping Australia to influence Vietnamese Government policy and budgeting positively in this sector.

In the Central Coast province of Quang Ngai, the proportion of the coastal flood plain that is 'living safely'¹¹ from floods increased from 3 per cent in 2003 to 75 per cent in 2006. Australia has introduced an integrated approach to disaster management that combines community-based assessment of risks and appropriate responses with infrastructure provision. The approach has been adopted formally by the provincial government and will be rolled out nationally as part of the World Bank's disaster mitigation project. All schools in the province have adopted the safety training as part of the formal curriculum.

In the southern province of An Giang, the North Vam Nao Water Control Project (NVN) established a water and flood control system for a tributary of the Mekong River, including construction of dykes and sluices. The NVN project has resulted in 49 per cent of the targeted area being now protected from flood waters (60 per cent of sluice gate construction is now complete). There have been impressive system and behavioural changes, with the development of a participatory, service-oriented water management system. The system is currently being piloted in three communes, and we expect it to be fully replicated across the province.

The primary mechanism by which the Vietnamese Government targets assistance to the poor is through the NTPs, which provide assistance to households (e.g. subsidised credit, health care) and communes (e.g. small-scale infrastructure provision). The NTPs are also recognised by donors, including AusAID, as one of the most effective Vietnamese Government mechanisms for dispersing donor development assistance. Over the past 12–18 months, the Vietnam Program has increasingly focused on optimising the impact of the NTPs, the content of which has been greatly influenced by experience in interventions at the project level. We helped to make the NTPs more effective by promoting innovations in program delivery trialled in other programs and by strengthening NTP design. This work has allowed us to have a significant influence on the Vietnamese Government's NTP policies.

For example, we established a partnership with the Vietnamese Government that led to the design of a new phase of the rural water supply and sanitation NTP and a program of direct support and technical assistance incorporating lessons from program engagement in the Mekong.

The NTP is major government program that aims for 85 per cent of the rural population to have access to clean water and 70 per cent of rural households to have hygienic latrines by 2010.

In partnership with the Vietnamese Government and six other donors, AusAID helped to design and implement the second phase of the NTP for reducing ethnic minority poverty. This work has already significantly influenced policy and institutional development within the Vietnamese Government in the areas of poverty targeting; decentralisation and participation; fiduciary risk and transparency; and monitoring and evaluation (M&E). The NTP aims to eradicate hunger and to reduce the ethnic minority poverty rate to below 30 per cent in the targeted areas by 2010.

11 Defined as the intent of the population to live safely with floods, be prepared to minimise losses and, by planning, prevent event impacts becoming worse.

The adoption of an integrated M&E system for the ethnic minority NTP was based on another Australian aid initiative, the Vietnam Australia Monitoring and Evaluation Project Phase II (VAMESP).

Quang Ngai province also benefited by adopting an integrated planning approach developed under RUDEP. This will increase coordination among all the NTPs operating in the province.

2.2 Other results

A number of program initiatives are making cross-cutting contributions to the strategy objectives or have achieved important results in priority areas for the aid program.

2.2.1 Strengthening human resources

Strengthening human resources is a major focus of the Vietnam Program, accounting for close to one-third of the annual aid budget to Vietnam. Over the past 12 months, the introduction of the Australian Leadership Awards¹² and the positioning of both the awards and the Australian Development Scholarship (ADS) Program as part of the broader Australian scholarships initiative have strengthened the Vietnam Program's engagement in this area.

Under the ADS Program, Australia provides up to 150 postgraduate scholarship opportunities in Australia each year (with an approximate gender balance). Since 2005, the program has targeted Vietnamese institutions that are important to the achievement of the strategic objectives. Each targeted institution is required to develop human resource development plans that link the provision of scholarships to its workforce planning. This ensures that returning graduates are able to apply their new skills.

Measuring the development benefits of the ADS Program has been an ongoing challenge for the program and for AusAID more generally.¹³ This is mainly because the benefits of the program accrue largely to individuals and because of the lengthy time lag before broader development gains result and can be attributed to the program.¹⁴ Leading proxy indicators are the number of scholarships provided to targeted Vietnamese Government institutions and the extent to which human resource development planning approaches used by the ADS Program have been adopted by the institutions. On both these counts, there is reason to be optimistic that the contribution of the scholarship scheme over the longer term will be significant. With the first scholarship holders to return to Vietnam in December 2007, substantive performance information will become available upon the completion of impact assessments in 2008.

The contribution of the ADS Program has been further enhanced through the establishment of a large and active Australia–Vietnam alumni society through which cross-country linkages are maintained and fostered for the benefit of both countries.

2.2.2 Health

Under the current strategy, health was not a priority for the program. However, in response to broader agency priorities, AusAID is investigating options to focus on health system strengthening. Over the past 12 months the Vietnam Program has been working with the Vietnamese Government and key donor partners, mainly on analytical and policy work on health financing. AusAID was invited to join the Ministry of Health's Joint Health Sector Review working group, and is now helping to work through the scope of, and consultative processes for, Vietnam's first health sector review. AusAID has also joined

¹² Vietnam obtained 26 scholarships in the first round of Australian Leadership Awards.

¹³ The new Vietnam country strategy is expected to incorporate recent work on the identification of a common approach to scholarship performance assessment across the Australian aid program.

¹⁴ A number of scholarship alumni from the 1990s have recently gained senior policy positions in the Vietnamese Government. For example, one PhD graduate in economics is now the Vice-Director of the Ho Chi Minh National Political Academy, the leading political 'think tank' and training centre for Vietnamese Government officials with primary responsibility for influencing development policy.

the Ministry of Health's Health Partnership Group (the key government and donor coordinating body in Vietnam) and its Health Financing subgroup, and participated in discussions for the World Bank's Vietnam Development Report 2006 and the Poverty Reduction Support Credit (PRSC 6).

Given the potential impact of pandemic disease, the Australian Government responded rapidly to the threat of avian influenza. We have been providing practical support to improve the Vietnamese Government's surveillance and response capabilities in partnership with other bilateral and multilateral agencies. Initiatives for which Australia has provided financial and technical support include:

- the joint United Nations – Vietnamese Government Program for Avian and Human Influenza
- the development of the first Field Epidemiology Training Program for Vietnam, in
- partnership with the United Nations Development Programme, the World Health
- Organization, USAID and the Australian Department of Health and Ageing
- the establishment of the Vietnam–Australia Laboratory Partnership Program.

Vietnam's success in containing further H5N1 outbreaks can be attributed to this close cooperation between the Vietnamese Government and donors. Since November 2005 there have been no human cases or deaths, compared to 93 cases and 42 deaths from 2003 to 2005.

Vietnam has benefited from participation in the Asia Regional HIV/AIDS Project, an Australian aid program regional initiative to reduce HIV infections associated with injecting drug use. Recent achievements in Vietnam have been the release of the Harm Reduction Advocacy Strategy, which has influenced government forward planning on harm reduction; the development of training curriculum for the National Police Academy; and contributions to the development of the Vietnam Harm Reduction Action Plan.

2.2.3 Human rights

Australia conducts a formal human rights dialogue with Vietnam. This is supported by the Human Rights Technical Cooperation Program, which is managed by the Australia's Human Rights and Equal Opportunity Commission. Phase 1 of this training and capacity-building program:

- delivered training for national and provincial-level officials from the Ministry of Foreign Affairs on Vietnam's international treaty obligations
- supported the Ministry of Justice to disseminate general legal information to officials and volunteers
- supported the Supreme People's Court to design and deliver workshops on access to justice
- built the capacity of trainers from the Vietnam Women's Union on women's rights.

2.2.4 Gender equality

Vietnam has continued to make good progress in improving gender equality, resulting in high adult literacy rates for men and women, school enrolments that show little difference between boys and girls, the highest proportion of women in national parliament in the region¹⁵, and one of the world's highest workplace participation rates for women. Gender was identified as a cross-cutting issue to be addressed under the strategy, with program activities incorporating gender equality into their design and implementation approaches. Key results over the past 12– 18 months include advances in economic

¹⁵ Both the south Central Coast and the Mekong subregions mirror the national average in National Assembly representation, but significant differences between provinces remain.

status and health¹⁶:

- *Economic status of women.* The Australian aid program supports the Capital Fund for Employment of the Poor Microfinance Expansion Project, a poverty-focused Vietnamese microfinance institution that operates in Ho Chi Minh City. Over a five-year period, 35 000 new clients (of which 73 per cent were female) received loans. An impact assessment in 2006 found that the level of extreme poverty among clients, as measured by income, assets and housing condition, had been reduced from 27 per cent to 2 per cent.

The central province of Quang Ngai now requires land use certificates to include the details of both partners. This removes a major barrier to female economic empowerment (for example, through better access to financial lending). This is due to the local government's adoption of a participatory land allocation process that was first trialled through RUDEP, the integrated rural development initiative operating in the province.

- *Improved health outcomes for women.* A joint Vietnamese Government – Australian Government impact evaluation of a primary health care project¹⁷, undertaken with the support of VAMESP, found that the access to health care was better in communities supported by the project than in other communities. The standard of public health care was also higher. The Australian aid program contributed to improved maternal and child health (including a smaller proportion of low-weight babies and malnourished children under five). Project-supported information, education and communication campaigns and capacity-building activities for local health services were an important factor.

2.2.5 Anti-corruption

Corruption is a threat to Vietnam's continued growth and stability over the next 10 years. Corruption raises the cost of doing business in Vietnam, distorts the allocation of resources, undermines hard-won development gains, damages public confidence in the state, and hits the poorest the hardest. With the support of donors, Vietnam has worked hard over the past 12 months to establish new legal and institutional frameworks for anti-corruption. The Central Steering Committee on Anti-Corruption has been established to strengthen Vietnamese Government coordination of policies and actions, and a broader anti-corruption strategy is to be formulated in 2007 through an open consultative process.

Over the past 12–18 months, Australia significantly increased its anti-corruption profile through policy dialogue, complemented by focused, practical activities that included:

- enabling the release of the first bench book for judges, which will help to maintain the transparency and unity of the country's judiciary
- supporting the Ministry of Finance in developing a new Public Asset Management Law for Vietnam
- in partnership with the United Kingdom and Sweden, discussing with the Vietnamese Government ways in which the program can help build the capacity of the Office of the Central Steering Committee on Anti-Corruption
- supporting the Vietnamese Government in fiduciary risk assessments for the rural water supply and sanitation NTP and the ethnic minorities NTP.

These activities are expected to lead to greater anti-corruption awareness within the Vietnamese Government and potentially to changes in institutional processes and structures.

¹⁶ The results are grouped according to constraints that are reflected in the AusAID paper Gender equality in Australia's aid program – why and how (March 2007). The program recognises that there were shortcomings in the collection and reviewing of gender equality data under the strategy.

¹⁷ The Vietnam–Australia Primary Health Care Project for Women and Children (1998–2003). The project operated in the provinces of Ben Tre, Long An, Quang Ngai and Gai Lai with a total budget of \$22.6 million. The impact evaluation took place three years after project completion.

We have also been building constituencies for anti-corruption reform through ongoing program initiatives at the sub-national level. Recent achievements in support of grassroots participatory principles include:

- the adoption by Quang Ngai of integrated commune development planning and transparent land allocation processes
- agreement by the provincial governments of five Mekong provinces that community consultation and the establishment of water user liaison groups should occur for all new rural water supply and sanitation projects
- the establishment of commune management boards and participatory water user group models in An Giang.

Chapter 3: Program quality

The peer review process undertaken during the development of new activities has helped strengthen the quality of the program portfolio. All new initiatives have had external appraisal and peer reviews involving a broad range of expertise and experience in activity identification and appraisal. The use of external technical advisory groups (TAGs) during project implementation also ensures that the progress of activities is closely monitored and that problems are identified early and addressed effectively.

Key areas identified for review include:

- the importance of clarifying initiative objectives and measures of success
- the challenges and risks associated with the increasing use of Vietnamese Government programs and systems (for example, slow implementation and weak procurement, financial management and performance reporting)

These areas will be addressed through the introduction of a performance assessment framework, clarifying program objectives and measures of success. As AusAID engages more with government systems in Vietnam, this type of analysis will be core to our ability to effectively anticipate, monitor and manage risks. Risks will be assessed and managed through assessments conducted by AusAID, other donors and the Government of Vietnam

- For example, a fiduciary risk assessment will be conducted for the Poverty Reduction Support Credit process in Vietnam. The fiduciary risk assessment will contain a frank assessment of the key strengths and weaknesses of Vietnam's financial, public procurement and audit systems generally, as well as specific corruption risks. It is also intended that the assessment will be updated annually

Chapter 4: Aid effectiveness

The Vietnamese Government has demonstrated a strong commitment to the use of new modalities to increase aid effectiveness and to reduce the transaction costs and duplication involved in working with more than 70 donor organisations. Vietnam is at the forefront of efforts to implement the *Paris Declaration on Aid Effectiveness*, and has been proactive in localising the global agenda.¹

The Vietnam Program is well positioned to meet the Paris Declaration alignment and harmonisation targets.² Increasingly, the program channels funds through Vietnamese Government-executed programs and partnerships with government and donor agencies. Approximately one-quarter of the program was delivered through Vietnamese Government systems and programs in 2006–07, and that proportion will rise to more than 50 per cent in 2007–08.³ By using Vietnam's own systems, Australia can directly strengthen the Vietnamese Government's efforts to design, implement and review national poverty programs, and take advantage of the opportunity for closer policy engagement to improve the effectiveness of aid interventions and the Vietnamese Government's investments.

The shift to the use of Vietnamese Government national programs is also resulting in a significant change in aid delivery modality, away from the traditional stand-alone project to multi-donor program support mechanisms, such as the PRSC. The Vietnam Program's use of multi-donor program-based approaches rose to 45 per cent in 2006–07.⁴ The proportion of Australian aid program missions and analytical work carried out jointly with other donors increased rapidly to 30 per cent and 67 per cent, respectively, in 2006–07. The new aid modalities used by Australia (and other donors) in support of Vietnamese Government programs maximise advantages while mitigating identified risks. Australia has relied upon (and in some instances supported) the work of other donors, including the World Bank and DFID, to undertake rigorous risk assessments and establish adequate safeguards.

Through VAMESP, Australian aid has played an important role in strengthening the capacity of the Vietnamese Government to effectively monitor and evaluate official development assistance (ODA) in Vietnam. Key achievements in 2006–07 included the following:

- A new decree on the management and use of ODA was issued by the Vietnamese Government in November 2006. The decree aims to achieve more effective use of aid funds by reducing corruption, enabling the informed management of ODA, and establishing a single M&E reporting system. The M&E best-practice approaches incorporated in the decree were piloted under VAMESP.
- Facilitated by VAMESP, a partnership was established between the Vietnamese Government and the five major development banks operating in Vietnam to pilot the M&E approach adopted under the decree. The banks⁵ provide around 80 per cent of total annual ODA for Vietnam (equivalent to US\$3.5 billion in 2007).
- The first major joint evaluation of an ODA activity in Vietnam was conducted in November 2006 with the support of VAMESP. The Vietnamese Government took a major role in the evaluation's design and implementation, and in the analysis and reporting of findings.⁶

1 In 2005 the Vietnamese Government and donors produced the Hanoi Core Statement on Aid Effectiveness, which translates the Paris Declaration into 'partnership commitments'. Many of the targets outlined in the statement are more ambitious than those in the Paris Declaration.

2 Progress to date against the Paris Declaration targets are set out in Appendix 6.

3 In 2006–07 the aid program made increased use of Vietnamese Government financial management (23 per cent) and procurement (35 per cent). One of the key challenges for the program in 2007–08 is to manage the transition from parallel donor reporting systems to the use of Vietnamese Government reporting systems in such a way that the corporate and performance information needs of the Australian aid program can continue to be met.

4 The increase in program-based approaches resulted in a fall in the proportion of spending on technical assistance within the program to 56 per cent. Of this, the proportion provided in coordination with other donors rose to 24 per cent in 2006–07.

5 World Bank, ADB, AFD (France), JBIC (Japan), KfW (Germany).

6 The Vietnam–Australia Primary Health Care for Women and Children Project.

Chapter 5: The way forward

The Vietnam Program's response to the changing operating environment has been one of the most significant achievements during the strategy period. Australia's aid is more closely aligned with Vietnamese Government strategies and, where appropriate, funds are being delivered using government systems. Our experience working with provincial counterparts gives us a good understanding of issues and lends credibility to our efforts to improve policy and program development at the national level. Other donors, such as the World Bank and DFID, consider that the impact and influence that Australia has in shaping Vietnamese Government policies and programs is disproportionate to the relatively small size of our aid program. The value of Australia's aid lies in the quality of the ideas that we bring, as much as in the amount of money that we spend.

The transition in the composition and profile of Australia's aid program in Vietnam will be reflected in the development of a new country strategy and performance assessment framework for 2007–10. Closer integration of Australian aid with Vietnamese Government priorities will result in our increasing reliance on the use of Vietnam's own performance assessment frameworks. This has the benefit of improving our ability to link achievements from sub-national interventions with national-level outcomes. However, addressing weaknesses in government performance systems is an important element of new partnerships between donors and the government. A greater emphasis on aid effectiveness and impact will be a feature of the new country strategy.

Appendix 1: Performance assessment framework

The country strategy performance assessment framework for the Vietnam Program can be considered as having been a work in progress over the strategy period. The framework's requirements are complex, and there has been a need to respond to the new demands for performance measurement set out by AusAID and further specified by the Office of Development Effectiveness and the Operations Policy Management Unit.

Performance assessment requirements in the three areas of results, quality and the broader aid program objectives have been tackled in the following ways:

- *Results.* The Vietnam Program developed a country strategy performance assessment framework which collected most of the results information required for this annual program performance update.¹ The development was an iterative process, and the framework became fully operational only in the lead-up to the country strategy effectiveness review in March 2007. The performance results were collected principally from regular reports prepared by Australian managing contractors attached to aid initiatives. Additional results information (particularly at the output level) was collected through the rollout of the Quality Reporting Tool to Vietnam in May 2007. The findings of independent evaluations undertaken by the program have also been utilised.
- *Quality.* Quality information was collected for all monitorable² activities with the support of the Operations Policy Management Unit, using the Quality Reporting Tool.
- *Broader Aid Program Objectives.* Two main sources of information were used to assess progress against key aid program objectives. Performance information for the gender and anti-corruption objectives was collected by the country strategy performance assessment framework and from independent evaluations and was augmented by information collected by the Quality at Implementation (QAI). The rest of the information on aid effectiveness was collected as part of the *Paris Declaration on Aid Effectiveness – Hanoi Core Statement* baseline survey.

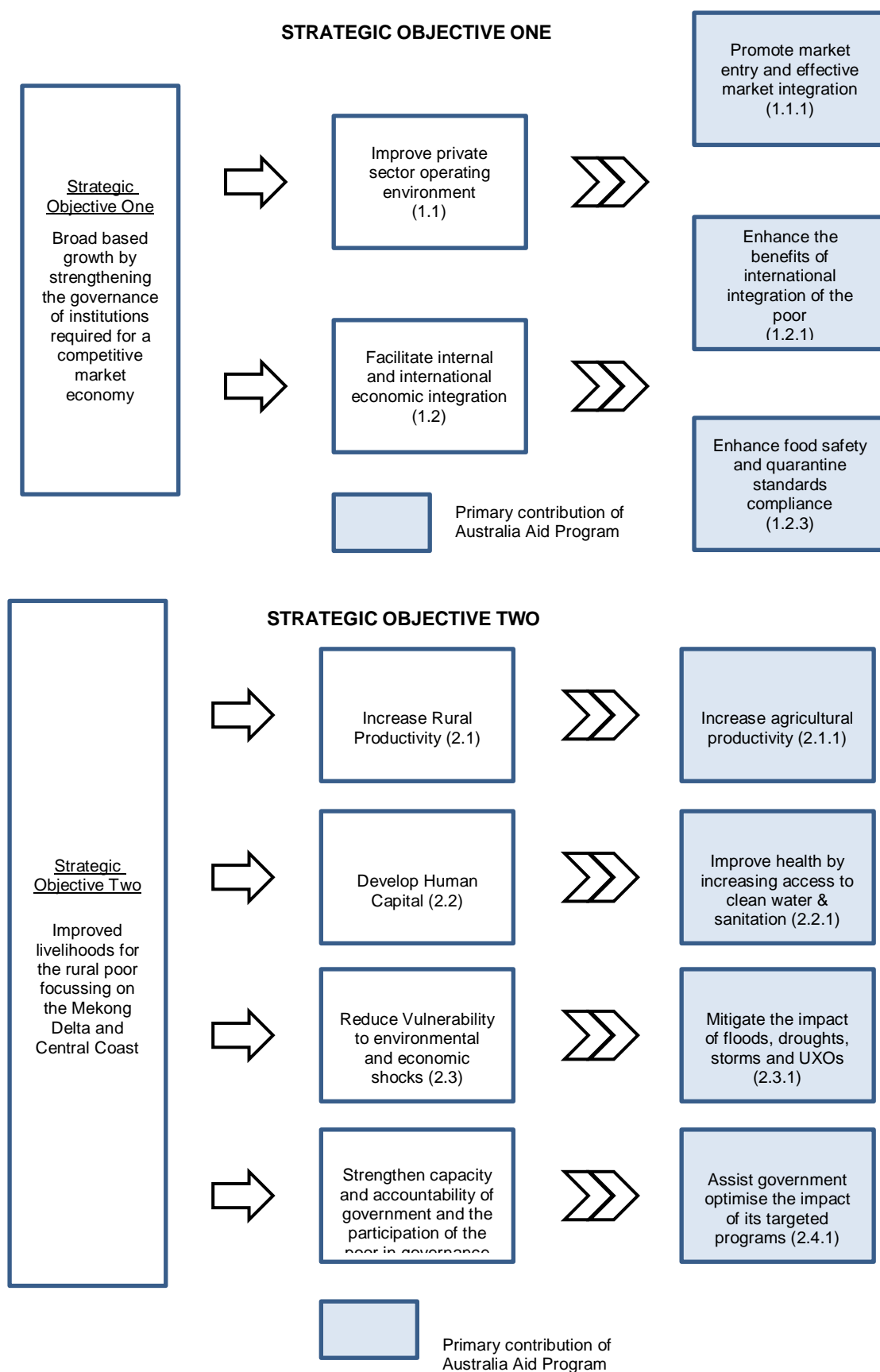
As far as possible, the country strategy performance framework has drawn from Vietnamese Government information systems. The strategy performance matrix was derived from Vietnamese Government planning documents (principally the Comprehensive Poverty Reduction and Growth Strategy), and most of the outcome indicator tracking data are taken from government statistical resources. However, the quality of Vietnamese Government reporting on aid activities has remained weak over the strategy period, so the reports prepared by Australian managing contractors have remained the principal source of information.³

1 Under the performance framework, activity results are measured in terms of direct contribution (as measured by activity M&E) and wider contribution (as measured by replication and/or policy change) to the strategy objectives and then compared with the original expectations. A further assessment is made of the extent to which the achieved results addressed key development constraints associated with the strategy objectives, leading to a final performance rating.

2 Monitorable activities are defined as those having value of \$3 million or more and those that are of lesser value but that have significant links to broader Australian aid program themes.

3 Recognising this weakness in Vietnamese Government aid reporting systems, the program has actively provided support to strengthen Vietnamese Government systems through VAMESP II.

Strategy schema



Appendix 2: Country results

Strategic objective 1: Broad-based growth by strengthening the governance of institutions required for a competitive market economy

The strengthened governance of Vietnamese Government institutions has enabled two of the identified drivers of growth – the private sector and the economic integration process – to play an important contributory role. This is most evident in Vietnam's rapidly increasing foreign trade and investment figures and to a lesser extent in the rise in private sector activity over the strategy period.

However, the contributions of these drivers are not uniform at the sub-national level. Given the rapid and ongoing decentralisation of public administration, strengthening the capacity of institutions at the sub-national level remains critical to enable the continuation of broadly inclusive growth.

Private sector

The private sector operating environment has continued to improve since the adoption of the Enterprise Law in 1999, with significant progress in market entry and effective market regulation. The clearest evidence of this is the doubling of total business registrations to more than 200 000 over the strategy period. However, considerable constraints remain, as indicated by the urban bias of enterprise growth, the significant variability of growth at the provincial level, the relative lack of medium to large enterprises, and evidence that the private sector contribution to GDP remains flat.

Economic integration

Vietnam's rapid international economic integration continued over the strategy period.¹ Foreign trade continued to trend upwards, with the trade to GDP ratio reaching over 130 per cent.² Foreign direct investment has begun to rebound strongly after a sluggish period, reaching over US\$6 billion in 2005. However, the level of integration is uneven at the sub-national level – some of the more remote and poorer provinces have very low levels of external trade, and some provinces receive no foreign direct investment.

The size of the country's services sector has remained almost static at around 38 per cent of GDP in recent years.³ Food safety and quarantine standards and resulting trade disputes remain an ongoing challenge for Vietnam. Despite these problems, agricultural exports continue to rise rapidly.

Strategic objective 2: Improved livelihoods for the rural poor, focusing on the Mekong Delta and Central Coast

The livelihoods of the rural poor in the Mekong and Central Coast regions have clearly improved over the strategy period. The rural poverty rate in the two regions has fallen to around 25 per cent, closely matching the national figure.⁴ Given that over 80 per cent of the population still live in rural areas, the fall in rural poverty rates indicates a major overall reduction in poverty in the two regions.

Progress in the four areas targeted by the strategy – agricultural productivity, human capital (health), vulnerability to natural disasters, and the effectiveness of Vietnamese Government poverty targeting programs – contributed to this result. The clearest contribution has been in the improvement in agricultural productivity and access to water and sanitation.

However, further rapid gains in rural poverty reduction in the two regions are not guaranteed. Growth

¹ This culminated in early 2007 with WTO accession, which can be expected to accelerate integration even further.

² This indicates the relatively high importance of trade for the economy.

³ This provides an indication of international competitiveness as well as the extent to which internal integration has occurred. The Vietnamese Government target of 42–43 per cent by 2010 is unlikely to be reached.

⁴ The depth of poverty has also fallen, suggesting that among those classified as poor the level of deprivation has been reduced.

must occur more broadly, and be supported by effectively targeted Vietnamese Government programs.⁵

Rural productivity

Low rural productivity is a key underlying factor behind the ongoing high levels of rural poverty in the Mekong and Central Coast regions. While agricultural production has risen rapidly at the national level, growth has been significantly slower in the Mekong and almost flat in the southern Central Coast, with significant variations between provinces. There has been a gradual increase in crop productivity (paddy yield) and greater crop diversification. Rural underemployment, caused partly by the seasonal cropping cycle and a lack of labour mobility, has also been a major constraint on rural productivity improvement. However, there has been a steady increase in labour utilisation rates in both regions (tracking the national average), and the Vietnamese Government target for 2010 is likely to be reached.

Human capital

Vietnam has relatively high measures of human health compared to countries with similar GDP due to its good performance in the social sectors, and population health has continued to improve steadily.⁶ This human capital provides a good foundation for further improvements in rural livelihoods. If access to water and sanitation is used as a proxy for associated health outcomes, the figures for the Central Coast and Mekong regions show significant but variable improvement in rural health. Around 60 per cent and 25 per cent, respectively, of the regions' people have access to clean water and sanitation.⁷ In the Mekong there is significant variation between provinces, with rural water access ranging from 40 per cent to 76 per cent. The Mekong has a rate of 12 per cent for access to sanitation, far below the national average.

Vulnerability mitigation

While rural poverty has decreased, households remain vulnerable to falling back into poverty if confronted by ill-health, crop failure, livestock deaths, falling agricultural prices, unstable off-farm employment or natural disasters. Significantly, data for monthly incomes in the lowest quintile show a steady increase, indicating reduced vulnerability. The falling proportion of paddy as a percentage of total crop area demonstrates greater diversification in the agricultural sector, further reducing vulnerability.

Trends in vulnerability to natural disasters (such as floods) are more difficult to gauge. However, the proportion of communes losing 10 per cent or more of their crops in natural disasters has declined in recent years.

Governance

Governance at the sub-national level is critical to continued improvements in rural livelihoods. Constraints include weaknesses in public administration capacity, problems of accountability, and variable active public participation in local governance.⁸

The Vietnamese Government's national targeted programs (NTPs) are an important part of its strategy to improve the livelihoods of the rural poor. The programs aim to provide assistance to households (e.g. subsidised credit, health care) and communes (e.g. provision of small-scale infrastructure). The annual sums allocated by the government to targeted programs have grown steadily since 2000, with a resultant increase in program coverage for the poor. A major evaluation of the NTPs undertaken by the

⁵ Rural poverty in Vietnam is becoming increasingly a problem disproportionately faced by the ethnic minority population.

⁶ As measured by the Human Development Index, which is a composite indicator based on life expectancy, adult literacy, education levels and GDP per capita. Unfortunately, index data at the regional/provincial level have not been updated since 2001.

⁷ The Vietnamese Government rural water and sanitation access targets for 2010 are 85 per cent and 70 per cent, respectively. Vietnam remains on track for the clean water target, but the sanitation target is not achievable.

⁸ A broader assessment of local public administration capacity, problems of accountability and adoption of participatory principles is in the *Vietnam Development Report 2005: Governance*.

Vietnamese Government in November 2004 found that the programs were generally well targeted⁹ and providing much needed assistance, but also found areas in which improvements could lead to greater effectiveness.

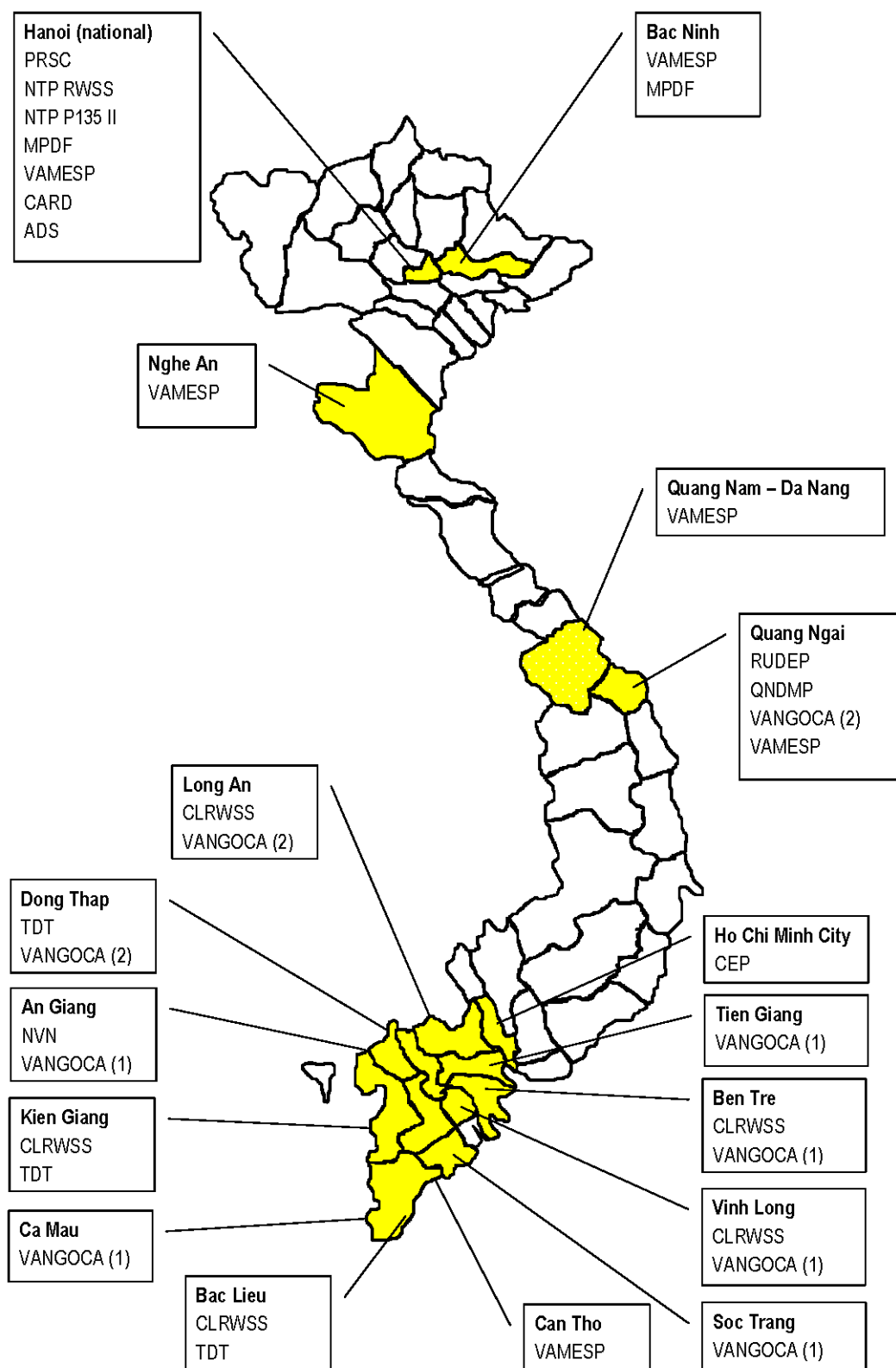
⁹ For example, for one major NTP (the Hunger Eradication and Poverty Reduction Program), poverty mis-targeting was around one-quarter, which was relatively low by international standards.

Appendix 3: Australian aid program portfolio

No	Acronym	Name	Description
AusAID bilateral program			
1	ADS	Australian Development Scholarships (including ADS Pre-departure)	Strengthens selected key government institutions relevant in the market economy, builds Vietnam's capacity to improve the lives of the rural poor and increases the contribution of highly talented individuals to Vietnam's development. Up to 150 scholarships are offered per year (\$15 million per year; ongoing).
2	AI	Program to support the control and prevention of avian influenza	Assists Vietnam to combat avian influenza and other infectious diseases by strengthening its ability to manage public health emergencies (\$3 million from 2005; ongoing).
3	CARD	Collaboration for Agricultural Research and Development	Increases productivity and competitiveness of smallholder agricultural enterprises through partnership between Vietnamese and Australian educational, research and training institutions (\$19.5 million; 2004–2010).
4	CEG	Capacity Building for Effective Governance Facility	Builds capacity for the effective operation of government by strengthening the skills base and institutional capacity of selected state agencies, including through private sector development and economic integration (\$10 million; 2002–2006).
5	CEP	Capital Fund for Employment of the Poor Microfinance Expansion Project	Assists CEP's microfinance outreach, with an additional 15 500 clients from poor households being supported to improve the quality and sustainability of their livelihoods (\$5.7 million; 2001–2007).
6	CLRWSS	Cuu Long Delta Rural Water Supply and Sanitation Project	Improves overall living standards and health for 400 000 rural poor in the Mekong Delta by helping them to gain sustained access to better water supply and sanitation services (\$48.9 million; 2001–2007).
7	MPDF II	Mekong Private Sector Development Facility Phase II	Supports the development of private sector small and medium- sized enterprises in Vietnam, Cambodia and Laos.
8	NVN	North Vam Nao Water Control Project II	Assists An Giang province to establish and operate an effective water management system in Vam Nao. The system is socially and environmentally sustainable and benefits the local community by helping to alleviate poverty (\$19.5 million; 2001–2007).
9	QNDMP	Quang Ngai Disaster Mitigation Project	Aims to mitigate the impact of natural disasters in Quang Ngai province through management and infrastructure solutions and to strengthen community-based disaster management (\$13.5 million; 2003–2007).
10	RUDEP	Quang Ngai Rural Development Program Phase II	Increases opportunities for the poor in Quang Ngai to achieve food security and generate income through improved agricultural production and non-farm employment (\$30 million; 2001–2010)
11	TDT	Three Delta Towns Rural Water Supply and Sanitation	Improves water supply and sanitation facilities in the towns of Bac Lieu, Ha Tien and Sa Dec; strengthens the capacity of provincial agencies managing these services; and involves the community in all aspects of the project (\$48.9 million; 2001–2007).
12	VAMESP II	Vietnam Australia Monitoring and Evaluation Project Phase II	Assists in the establishment of an effective national system for monitoring and evaluating official development assistance (\$5.6 million; 2004–2007).
13	VANGOCA	Vietnam Australia NGO Cooperation Agreement	Six NGO projects focusing on rural water supply and sanitation and disaster preparedness and mitigation in the Mekong Delta and Central Coast (\$23 million, 2004–2009).

No	Acronym	Name	Description
AusAID Asia regional program portfolio			
1	AADCP	ASEAN–Australia Development Cooperation Program	Australia's technical and economic cooperation program with the Association of South-East Asian Nations.
2	ARHAP	Asia Regional HIV/AIDS Project	Reduces the transmission of HIV associated with injecting drug use through targeted regional action to strengthen the capacity of countries (\$10.3 million, 2002–2006).
3	SPSCB	Sanitary and Phytosanitary Capacity Building Program	Expands the capability of ASEAN focal countries to report and manage animal and plant health and implement sanitary and phytosanitary measures, consistent with international standards (\$3.9 million; 2005–2008)
4	TARP	Trade Analysis and Reform Project	Raises the quality and increases the use of information and analysis in trade policy development and engagement with the WTO by building demand and capacity (\$5 million; 2005–2008).
Whole of- government partners			
1	ACIAR	Australian Centre for International Agricultural Research	Emphasises research to increase smallholder incomes through crop and livestock diversification in farming systems, and to improve market access through better agricultural product safety and quality (\$3 million per year; ongoing)

Appendix 4: Location of program activities



See Appendix 3 for full names of projects.

Appendix 5: Evaluations 2006–07

Evaluation products include mid-term reviews, significant technical assessment group (TAG) reports, and independent project completion reports (ICRs).

Strategic Objective 1

Promote market entry and effective market regulation

Mekong Private Sector Development Facility mid-term review (3 November 2005)

Capacity Building for Effective Governance Facility (CEG) ICR (February 2006)

Enhance the benefits of international integration for the poor

CEG ICR (February 2006)

Strategic Objective 2

Increase agricultural productivity

Quang Ngai Rural Development Program (RUDEP) mid-term review

RUDEP TAG

Collaboration for Agricultural Research and Development mid-term review / TAG

Australian Centre for International Agricultural Research review/evaluation

Improve health by increasing access to clean water and sanitation

Joint Vietnamese Government – donor review of rural water supply, sanitation and health in Vietnam (May 2005)

Cuu Long Delta Rural Water Supply and Sanitation Project mid-term review / TAG

Three Delta Towns Rural Water Supply and Sanitation Project TAG

Mitigate the impact of floods, droughts, storms and unexploded ordinance (UXO)

Quang Ngai Natural Disaster Mitigation Project TAG

North Vam Nao Water Control Project TAG

UXO Clearance and Community Development in Thua Thien Hue Project ICR (December 2005)

Assist government to optimise the impact of its targeted programs

Taking stock, planning ahead: evaluation of the National Targeted Program on Hunger Eradication and Poverty Reduction and Program 135 (November 2004)

Other evaluations

Australian Development Scholarships review and second tracer study

Capital Fund for Employment of the Poor Microfinance Expansion Project impact assessment (February 2006)

Vietnam – Australia Primary Health Care for Women and Children Project impact evaluation (April 2007)

Driving forward to realisation of Hanoi Core Statement, Partnership Group on Aid Effectiveness (December 2006)

Appendix 6: Paris Declaration aid effectiveness indicators

Indicator	2005 ^a	2006–07 (Planned)	2007–08 (Planned and pipeline)
3: Aid flows are aligned on national priorities (ratio of aid disbursed for government sector to aid recorded in the	14%	27%	53%
4: Strengthened capacity by coordinated support (ratio of total technical cooperation to coordinated technical cooperation)	4% ^c	24%	31% ^d
5a: Use of country public financial management systems	1%	23%	41%
5b: Use of country procurement system (% of government sector aid)	9%	35%	46%
6: Avoid parallel implementation structures (number of parallel Project Management Units)	16	18	18 ^e
7: Aid is more predictable (ratio of disbursed aid reported by government to reported by donors)	11%	20%	39%
8: Use of common arrangement or procedures (ratio of program-based approaches to total aid disbursed)	32%	45%	58%
10a: Joint missions (ratio of total missions to coordinated missions)	0%	30%	30%
10b: Join country analytic work (ratio of total to coordinated)	0%	67%	67%

a Figures as reported originally to Development Assistance Committee Survey – based on 2005 survey, with some updating in 2006.

b Without any change other than change in aid modality (i.e. without any improvement in Vietnamese Government general budget capture system).

c Using original tighter definition of technical assistance. Revised figure provided in April 2007 indicated 27 per cent.

d Slowed rate of increase reflects declining proportion of technical assistance in portfolio as budget support and national targeted programs grow.

e Will drop to 4–5 in 2008–09 as stand-alone managing-contractor supported projects end in 2008–07.

Acronyms and abbreviations

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
ADS	Australian Development Scholarships
APPU	annual program performance update
CARD	Collaboration for Agriculture and Rural Development
CEG	Capacity Building for Effectiveness Governance Facility
CEP	Capital Fund for Employment of the Poor Microfinance Expansion Project
CLRWSS	Cuu Long Delta Rural Water Supply and Sanitation
DFID	Department for International Development (United Kingdom)
M&E	monitoring and evaluation
MPDF	Mekong Private Sector Development Facility Phase II
NGO	non-government organisation
NTP	national targeted program (Vietnam)
NVN	North Vam Nao Water Control Project
ODA	official development assistance
PRSC	Poverty Reduction Support Credit
QNDMP	Quang Ngai Disaster Mitigation Project
RUDEP	Quang Ngai Rural Development Program Phase II
TAG	technical advisory group
TDT	Three Delta Towns Water Supply and Sanitation
VAMESP	Vietnam Australia Monitoring and Evaluation Strengthening Project, Phase II
VANGOCA	Vietnam Australia NGO Cooperation Agreement
WTO	World Trade Organization