




Australian Government

Department of Foreign Affairs and Trade

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# Aid Program Performance Report 2013-14

Vietnam

September 2014

## Key Messages

This report summarises the aid program's progress and performance in Vietnam during 2013-14.

Australian official development assistance (ODA) to Vietnam is estimated to be \$138.9 million in 2013-14, \$95 million of which is delivered under DFAT's bilateral program. Australia is the largest grant donor to Vietnam and ranks sixth among all donors in total ODA expenditure.

Key achievements for the Australian aid program in Vietnam in 2013-14 include:

- helping an additional 109,031 people access hygienic water and providing an additional 177,000 people with increased access to basic sanitation
- beginning construction of the Cao Lanh bridge and rehabilitating 27 kilometres of roads and major bridges in the Mekong Delta
- helping over 115,000 people (including 32,000 children and 52,000 women) prepare for and live with natural disaster impacts.

## Context

Since political and economic reforms began in 1986, Vietnam has experienced rapid economic growth and significant poverty reduction. Between 1992 and 2007 growth averaged over 7.5 per cent, quadrupling the size of its economy and helping reduce poverty from 58 per cent in 1993 to less than 15 per cent in 2010<sup>1</sup>. Vietnam's development progress has slowed in recent years. Since 2007, annual average growth has slowed to 5.7 per cent – a stronger performance than most other ASEAN economies but slower than in its recent past and slower than Indonesia, Cambodia and China – and poverty reduction has begun to plateau.

A number of constraints remain on Vietnam's medium-term growth potential. As a recent graduate to lower-middle income status (2010), it is underdeveloped compared with regional neighbours like China and Thailand. Infrastructure deficits, a fragile financial sector and inefficient public investment contribute to the high costs of doing business in Vietnam. Its economy is frequently exposed to natural disasters and poor governance systems exacerbate these weaknesses. Policy stability and flat, moderate annual growth (5-6 per cent) is expected to continue at least until the next National Party Congress in 2016.

Vietnam's macroeconomic conditions have recently improved. Inflation fell from 23 per cent in 2011 to 5 per cent in 2014, but Vietnam is still to implement the structural reforms it committed to in 2011 to ensure global competitiveness. Vietnam ranks 99th (out of 189 countries) in the World Bank's 2013 Ease of Doing Business report, and the World Economic Forum's Global Competitiveness index shows Vietnam trailing in institutional quality, higher education and training, financial market development, and business sophistication. Human resource capacity is constrained, with a shortage of skilled workers likely to affect the country's goal of becoming an industrialised country by 2020.

China is Vietnam's largest trading partner, with nearly \$50 billion in bilateral trade in 2013. That amount is climbing each year as Vietnam becomes more integrated into China's supply chain. Some 10 per cent of Vietnam's exports go to China, mainly food and natural resources. The Vietnam Government has been working in recent years to consider ways to diversify its trade relationships, putting further pressure on the need for business reform. There are also issues with the inclusiveness of Vietnam's

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<sup>1</sup> These statistics report the poverty headcount ratio according Vietnam's official poverty line. A new poverty line was constructed by the World Bank and Vietnam's Government Statistics Office in 2012 which reports that in 2010, 20.7 per cent of the population lived in poverty, eight per cent lived in extreme poverty, and ethnic minorities accounted for 47 per cent of the total poor.

development. Some have missed out on the economic opportunities of Vietnam's recent rapid growth and a quarter of the population remains just above the poverty line, vulnerable to shocks. Uneven wealth distribution has also impacted on workforce participation, with greater opportunities for those who can afford foreign qualifications and limited technical and vocational training or alternative employment pathways. Poverty rates are persistently highest in rural and remote areas, which are disconnected from growth centres and lack access to clean water and sanitation. Poverty is increasing among ethnic minorities, who now comprise 68 per cent of the extreme poor. Vietnam has made good progress on overarching millennium development goals (MDGs)<sup>2</sup>, but gaps remain around issues such as gender-based violence and low primary education enrolment among ethnic minorities. Rapid industrialisation also throws up real issues for environmental sustainability. A lack of reliable data on people with disability in Vietnam continues to be a challenge for comprehensive reporting.

ODA to Vietnam comprises 2.8 per cent of GNI and its development finance landscape is changing. ODA is primarily in the form of concessional loans. Australia remains the largest grant donor, ranking sixth among all donors<sup>3</sup>. Many traditional European donors are phasing out development assistance, while non-traditional donors, such as China are increasing aid to enhance engagement in the region. Foreign direct investment, remittances and domestic revenue are growing rapidly.

## Expenditure

Australia implements its aid program in Vietnam in close cooperation with the Government of Vietnam, multilateral and bilateral donors, and non-government organisations. The current *Australia-Vietnam Joint Aid Program Strategy 2010-15* supports the Government of Vietnam's Socio-Economic Development Plan (SEDP) 2011-15 and focuses on three priority areas - infrastructure and economic integration; human resource development; and environmental sustainability (including resilience and disaster risk reduction, and water supply and sanitation).

The bilateral program for the financial year 2013-14 was \$95 million, following a reduction of \$17 million due to mid-year reductions of the aid budget. This represents a decrease of \$8.9 million compared with 2012-13. Table 1 below outlines expenditure by country strategy objective.

**Table 1- Expenditure in 2013-14**

Objective	A\$ million	% of bilateral program
Objective 1: Improve the quality of Vietnam's human resources	33.0	35%
Objective 2: Develop better transport infrastructure and policy to support economic integration	28.7	30%
Objective 3: Increase rural access to clean water and hygienic sanitation	17.4	18%
Objective 4: Advance climate change adaptation and mitigation, focusing on the Mekong Delta	10.9	12%
Other crosscutting investments	5.0	5%
<b>Total</b>	<b>95.0</b>	<b>100%</b>

Source: Aidworks Program Fund Plan Report

<sup>2</sup> Vietnam is on track to meet all but two MGDs, namely MDG6 to combat HIV/AIDS and other diseases and MDG7 to ensure environmental sustainability.

<sup>3</sup> Australia provides 3.3 per cent of Vietnam's total ODA.

## Progress towards objectives

The Vietnam program uses a Performance Assessment Framework (PAF; Annex E) that provides milestones against which performance is assessed each year. Table 2 presents ratings against each bilateral program objective, with further detail below.

**Table 2 - Rating of the program's progress towards Australia's aid objectives**

Objective	Previous rating	Current rating
Objective 1: Improve the quality of Vietnam's human resources	Green	Green
Objective 2: Develop better transport infrastructure and policy to support economic integration	Amber	Green
Objective 3: Increase rural access to clean water and hygienic sanitation	Green	Green
Objective 4: Advance climate change adaptation and mitigation, focusing on the Mekong Delta	Green	Amber

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Reporting period: FY 2013-14

### Objective 1: Improve the quality of Vietnam's human resources

**Development outcome: All Performance Assessment Framework (PAF) milestones to improve quality of Vietnam's human resources were met in 2013-14.**

**Green**

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

This objective supports Vietnam's SEDP 2011-15. Having a skilled workforce is essential for Vietnam to meet its objective of becoming an industrialised country by 2020. Vietnam's *Human Resource Development Master Plan 2011-20* articulates its plans to improve the quality of its workforce through demand-based training and enhancing capacity of policy makers, entrepreneurs and skilled workers. Australia's support focuses on three areas: improving individuals' skills and impact; strengthening public institutions; and promoting Australia-Vietnam linkages. This support is delivered by DFAT, The Department of Education and Austrade.

During 2013-14, DFAT developed a human resource development strategy to guide Australia's next phase of development assistance in this area. The strategy will be finalised in 2014-15 to ensure alignment with the new Aid Policy. The existing target of 1380 scholarships by 2015 (refer Annex E) will be reduced. Fewer long-term scholarships will allow additional short-course training, support for women's leadership and increased support for Technical Vocational Education and Training (TVET) reforms to better meet Vietnam's emerging needs. Given the limitations of Vietnam's education system in preparing graduates for employment, shorter-term personal professional development opportunities are a cost-effective means of improving the skills of existing workers and providing exposure to Australian training and organisations.

Australia increased the number of high quality tertiary graduates and skilled technicians in selected priority areas. In 2013, 248 Australia Awards Scholarship awardees graduated from Masters and PhD

studies in Australia (including 168 women). In 2013, Australia provided 443 new Australia Awards to Vietnam for long-term scholarships and short-term fellowships, of which 54 per cent went to women<sup>4</sup>. Through the fellowships program, Australian organisations partnered with 54 Vietnamese universities, NGOs, government and private sector organisations. These have improved institutional and individual linkages, as well as leadership in key areas such as: education testing and accreditation; protection of women and children; rehabilitation services; land management; and Indigenous education.

DFAT aimed to provide 40 per cent of its long-term scholarships to central government agencies. Despite increased promotion, only 29 per cent of awards went to these recipients in 2013-14 owing to changes to our definition of central government agency employees. DFAT and Vietnam's Ministry of Education and Training have now agreed a more appropriate 30 per cent target for 2014-15.

In 2013-14, Australia improved the inclusion of its Australia Awards, with eight scholarships awarded to people with disability and 25 to people from rural disadvantaged areas. This total of 33 is an increase from 14 in 2012-13. An Equity of Access Fund was also established in 2013-14 to help people with disability and those from rural disadvantaged areas through the pre-scholarship to alumni stages of the scholarships program. Five people with disability received support from the Fund in 2014.

By 2013-14, Australia Awards alumni totalled 4,419. In 2013, Australia surveyed alumni in the education management and environment sectors, finding that 62 per cent of education alumni felt they had contributed to education policy development and 57 per cent of our environment alumni felt they had contributed to research development. Despite positive results on alumni contribution to their workplaces, barriers remain that can limit their contribution (and Australia's investment) at the *organisational* level. Through a 'lessons learnt' study in 2013, we also know that scholarships alone are not enough to improve organisational development.

In 2014-15, Australia will further investigate these alumni barriers and design a new human resource development investment, including scholarships and other complementary activities. Given women are still underrepresented in leadership positions in Vietnam, Australia will also assess barriers affecting promotion of female middle-managers into senior leadership positions.

We held the first alumni conference in Vietnam in December 2013, bringing together over 300 alumni and senior Australian academics to strengthen individual and institutional linkages, provide policy advocacy opportunities, and enhance professional networking and sharing of research experiences. It is expected that alumni will also be engaged with the New Colombo Plan in the future.

A total of 67 new Australian Volunteers for International Development (including 47 women) were placed in organisations in Vietnam in 2013-14 to build their capacity and people-to-people links.

Australia is increasing its policy dialogue and influence in Vietnam through the Australia-Vietnam Joint Working Group on Education and Training, the Vietnam Development Partnerships Forum TVET Network and multi-lateral forums such as APEC and the East Asia Summit. These forums inform education reforms related to human resource development, quality assurance and qualifications recognition. Key achievements in 2013-14 include providing policy advice to assist a Government of Vietnam funded project to train TVET teachers in Australia, and workshops to enhance institutional cooperation between Vietnam's Ministry of Education and Training and the Australian Tertiary Education Quality Standards

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<sup>4</sup> This includes 235 Australia Awards Scholarships, 162 Australia Awards Fellowships, 28 Australia Awards Endeavour Scholarships, 15 Australia Awards Endeavour Fellowships, and 3 ACIAR Australia Awards Fellowships



Agency, Australia has committed to provide funding for leadership and management training of approximately 45 rectors of Vietnamese VET colleges in Australia.

## Objective 2: Develop better transport infrastructure and policy to support economic integration

**Development outcome: All PAF milestones to improve transport infrastructure and policy to support economic integration were met in 2013-14.**

Green

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

This objective supports Vietnam's SEDP 2011-15, namely infrastructure development and improving market institutions that are essential for Vietnam to become an industrialised country by 2020. Complementing the SEDP 2011-15 is Vietnam's *Master Plan for Economic Restructuring 2013-20* that includes three key focus areas: investment, especially public investment; financial markets; and enterprises, including state-owned corporations.

Australia's support is helping the Government of Vietnam evaluate, prioritise and fund major transport infrastructure development projects, particularly in key economic zones. Our assistance is both in hard infrastructure, through direct investments to improve local and regional connectivity, and via analytical and advisory assistance such as development of Public-Private Partnerships in the roads sector. Our new phase of support for economic integration is facilitating evidence-based economic restructuring.

Support for Objective 2 in 2013-14 has the Vietnam program achieving aid-for-trade investments of approximately 30 per cent, exceeding the Australian Government's strategic target of 20 per cent of the aid budget by 2020.

### *Transport infrastructure*

The Cao Lanh bridge project<sup>5</sup> with ADB continued to make good progress in 2013-14, with a ground-breaking ceremony in November 2013 and the contractor mobilised in March 2014. Construction is running slightly ahead of schedule. 95 per cent of affected households at the bridge site have received compensation and vulnerable households (including poor and landless) are receiving loans from our microfinance program to help upgrade houses and support income generation activities. Engaging the Vietnam Women's Union has ensured women actively participate in resettlement and income restoration programs. Climate and disaster risks were factored into the design to make the bridge resilient to natural disasters and damage, particularly downstream floods and sea level rise.

DFAT works closely with the Government of Vietnam's lead implementing agency, the Cuu Long Corporation for Investment, Development and Project Management of Infrastructure, strengthening its management of donor co-financed projects (for example by introducing a project coordination committee), which it can apply across its project portfolio. Progress of the Mekong Delta Transport Infrastructure Development Project with the World Bank met expectations (27 kilometres of road rehabilitated and major bridges reaching completion), with works scheduled for completion by the revised December 2015 project end date. The Southern Coastal Corridor Project with the ADB is also on track, with more than 70 per cent of civil works now complete. This followed earlier delays to ensure soft soils to be properly treated to safeguard ongoing infrastructure sustainability and reduce the need for future costly remediation.

<sup>5</sup> Part of the Central Mekong Delta Connectivity Project

The impacts of improved infrastructure on incomes and livelihoods will only be fully realised once construction is completed. We will undertake impact evaluation studies after project completion, to understand project impacts and how they compare to design estimates. For Cao Lanh Bridge, we are paying close attention to evaluating gender impacts, and indicators have already been incorporated into baseline studies.

Australia is supporting advisory and analytical support in the infrastructure sector. This helps to meet a gap in funding for project prioritisation and preparation as development banks and other donors offer limited grant funds relative to project implementation loans. Financing upfront project preparation helps us leverage better development outcomes, much larger than our initial investment by helping to attract new sources of finance. It also ensures projects are delivered on time and to international standards. This support creates opportunities for us to engage the Government of Vietnam in policy dialogue on key reforms such as public private partnerships (PPPs), maintenance budgeting and sequencing of infrastructure investments.

In 2013-14, we successfully began a new project to help Vietnam's Roads Directorate establish an asset maintenance system to better prioritise road maintenance funding for national roads. However, performance of other analytical and advisory support has been mixed and there have been delays in several activities, most notably our support for PPPs. This largely reflects the complexity of PPP policy and transactions and Vietnam's limited experience with these arrangements. Challenges remain in ensuring PPPs follow a sufficiently rigorous process to give international private sector investors' confidence whilst demonstrating progress on these projects in acceptable timeframes.

#### *Economic integration*

Our Beyond WTO Program delivered several significant outcomes in 2013-14, such as facilitating consultations on the revised Land Law which led to improvements in reducing scope for state compulsory acquisition. However, the Program did not reach its potential due to fragmented activities and a sub-optimal management structure. An independent review in 2013-14 made several recommendations, including giving the Senior Advisory Group (a panel of eminent Vietnamese economists) a stronger role in selecting future activities. The Program was closed in early 2014, and lessons used to design the new Restructuring for a More Competitive Vietnam project, with a tighter focus and improved management arrangements. In line with Australia's new aid policy, the new program targets three priority areas: promoting economic restructuring; strengthening Vietnam's competition institutions; and improving rural productivity. The project will support Vietnam's own reform agenda, allowing Australia to positively influence Vietnam's SEDP 2016-20 development process.

Gender equality considerations could be strengthened across our support for economic integration, particularly the Restructuring for a more Competitive Vietnam project, which does not yet include specific gender equality related targets. We will address this by ensuring project proposals include specific reporting on gender equality impacts.

### **Objective 3: Increase rural access to clean water and hygienic sanitation**

**Development outcome: All PAF milestones to increase rural access to clean water and sanitation were met in 2013-14.**

**Green**

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

By the end of 2013, 18 per cent of rural population still had no access to hygienic water and 40 per cent rural households lacked hygienic latrines. Combined with poor hygiene awareness, this means water borne diseases continue to affect people's health in Vietnam, in turn limiting education outcomes and rural economic growth. The Rural Water Supply and Sanitation National Target Program (RWSS NTP) is Vietnam's primary vehicle for addressing these issues, achieving MDG7 on environmental sustainability, and meeting targets under its *RWSS Strategy 2020*. It is now in its third phase (RWSS NTP3; 2012-15).

Australia plays a lead role in the sector, co-chairing the RWSS Partnership Group with Vietnam's Minister for Agriculture and Rural Development, promoting new and low cost technologies and innovation. In recent years Australian support has focused on geographic areas most in need of assistance, and importantly has been able to leverage the Government of Vietnam's own significant investments to improve poverty targeting, focus on hygiene and sustainability and provide an entry point for gender equality and disability discussions, particularly in schools.

Our largest investment is providing up to \$74 million to the Government of Vietnam for RWSS NTP3 via a combination of targeted budget support and technical assistance. As lead donor, we contribute the majority of the estimated US\$110 million in bilateral donor support<sup>6</sup>. Donor funding is combined with the state budget and allocated to individual provinces to implement water and sanitation programs.

RWSS NTP3 results are on track to meet most of the Government of Vietnam's targets. By 31 December 2013<sup>7</sup>: 82 per cent of the rural population had access to hygienic water (an additional 1 453 750 people in 2013); 60 per cent of rural households had hygienic latrines (an additional 524 200 households in 2013); and 90 percent of rural schools and 92 per cent of rural health clinics were equipped with water supply and sanitation facilities. Australia funded 7.5 per cent of the 2013 RWSS NTP3 budget, enabling an additional 109 031 people to access clean water and providing an additional 177 000 people with increased access to basic sanitation.

Australia's technical assistance has led to significant sector-wide improvements in 2013. We helped Vietnam's central and provincial agencies engage the private sector in RWSS, by facilitating private sector involvement in new schemes and operations and maintenance services. Through a series of training activities and support missions, we enhanced provincial agencies' capacity to manage and implement RWSS schemes. Our support for development of an operational manual for water testing laboratories has strengthened overall water quality management and testing procedures, and water laboratory equipment was upgraded in six provinces. Our support to the Vietnam Women's Union has enhanced its capacity to run information, education and awareness-raising activities to promote sanitation and hygiene at grass root levels.

To manage the inherent risks of providing sector budget support, a comprehensive fiduciary risk assessment for the RWSS sector was finalised in 2013. Recommendations and risk mitigation measures have been well received and adopted by the Government of Vietnam.

The RWSS NTP3 recognises that equitable access to water and sanitation directly benefits women, as women in Vietnam have primary responsibility for household water use management and family health. Gender mainstreaming issues in planning, budgeting and implementation processes have been discussed and introduced to the Government of Vietnam at central levels, and new gender-specific indicators have been added to the monitoring and evaluation system. DFAT will provide technical assistance in 2014-15 to further roll-out these measures.

Our direct support for RWSS NTP3 is complemented by our work with the World Bank and civil society. The World Bank's US\$200 million Program for Results is increasing access to improved water supply and sanitation in the Red River Delta and supporting implementation of the RWSS NTP3 in these

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<sup>6</sup> Other bilateral donors are Denmark and the United Kingdom. Our combined contributions represent around 5.1 per cent of the total planned RWSS NTP3 budget.

<sup>7</sup> The Government of Vietnam's RWSS NTP3 reporting is on a calendar year basis.



provinces. Australia is working with the World Bank and the Ministry of Agriculture and Rural Development to ensure Australian technical assistance is well-developed and coordinated with other assistance for RWSS NTP3, and that lessons are shared.

In 2013, Australia provided assistance to Vietnam's Ministry of Health and the Vietnam Women's Union to roll out an output-based community hygiene improvement scheme in 12 provinces. This builds on a \$1.6 million pilot program implemented by the NGO East Meets West, funded by the first phase of Australia's Civil Society, Water Sanitation and Hygiene Fund (CSO WASH Fund). The additional support from the bilateral aid program will help scale up sanitation activities with East Meets West to ensure the scheme supports implementation of the sanitation component of RWSS NTP3.

#### **Objective 4: Advance climate change adaptation and mitigation (focus on Mekong Delta)**

**Development outcome: Implementation largely on track, with all but one PAF milestone met or partially met in 2013-14. Amber rating reflects delayed mobilisation of new ADB and World Bank investments.**

**Amber**

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

This objective directly supports Vietnam's own objectives to restructure its economy, improve energy security and better manage natural resources, as per its 2011-15 SEDP<sup>8</sup>, Green Growth Strategy<sup>9</sup>, and National Target Program to Respond to Climate Change. A disaster management framework was enacted in 2014 to help mitigate typhoon damage costing Vietnam around 1.5 per cent of GDP per year. Political commitment was reinforced by Communist Party Resolution 24<sup>10</sup> in June 2013, but lack of skills and budget at province level means on-ground implementation of national plans remains challenging.

##### *Building community resilience in the Mekong Delta*

During 2013-14, our six NGO partners<sup>11</sup> built the resilience of over 115 000 people (including 32 000 children and 52 000 women) to the impacts of climate change and natural disasters, through adaptive farming methods and disaster management. This is substantial progress towards a target of 247 000 beneficiaries<sup>12</sup>. Following recommendations from an independent review, no-cost extensions to June 2015 were approved to maximise potential for building sustainable livelihoods in poor communities.

In 2013-14, our Integrated Coastal Management Program (ICMP)<sup>13</sup> in partnership with GIZ constructed 10.85 kilometres of cost-effective dyke protection and mangrove rehabilitation structures, trained over 11 000 teachers in environmental education, and strengthened women's groups by introducing income-generating measures such as culturing sea bass.

Mobilisation of community-based disaster risk management in 63 vulnerable communes has been delayed to the third quarter of 2014. Slow recruitment of implementation consultants for ADB's Flood and Drought Mitigation Project created challenges for activities which require substantial technical expertise. DFAT has provided significant technical input and is closely monitoring progress.

8 The SEDP 2011-15 states that these objectives are "especially in the context of climate change and sea level rise impacting the delta provinces, especially those in the Mekong River Delta".

9 Launched in September 2012, with an associated National Action Plan approved in March 2014.

10 Titled 'Active in Response to Climate Change, Improvement of Natural Resource Management and Environmental Protection'.

11 Climate Change Action Grants partners: Australian Red Cross, CARE, Oxfam, Save the Children, Environmental Defense Fund, SNV.

12 Project beneficiary targets were revised from 270 000 to 247 000 following changes in scope and location of project sites.

13 Previously known as the Climate Change and Coastal Ecosystems Program.

### *Promoting low carbon development within the energy, agricultural and industrial sectors*

Australia mobilised technical assistance for the Distribution Efficiency Project. Our \$7.6 million is adding value to the World Bank's US\$470 million in strengthening capacity of power corporations to distribute power, including through SmartGRID technology and improved electricity tariffs. A partnership between Australia's Department of Industry and Vietnam's Ministry of Industry and Trade successfully progressed implementation of a project developing and promoting energy efficiency standards and labelling. A market survey found 50 per cent of compact fluorescent lamps and 68 per cent of air-conditioners and washing machines were correctly labelled less than a year after they became mandatory in July 2013<sup>14</sup>.

Low carbon rice projects, led by our NGO partners Environmental Defense Fund and SNV, achieved encouraging preliminary results in 2013-14. Innovative production techniques have yielded greenhouse gas emission reductions of up to 20 per cent and increased on-farm productivity and gross profit by between 23 and 53 per cent in Kien Giang province farming cooperatives. Project results are informing the Government of Vietnam's rural restructuring programs that aim to increase efficiency and yields.

In 2013-14, DFAT secured UK co-funding for the Vietnam Climate Innovation Centre, which will stimulate private sector innovation by supporting small and medium enterprises develop water, energy and agribusiness technologies. A competition was launched in June 2014 to identify candidates for support, but delays in Government of Vietnam approval processes have delayed mobilisation until early 2015. DFAT is working with the World Bank to navigate laws affecting private sector access to ODA.

### *Strengthening the Government of Vietnam's capacity to respond*

The CSIRO high resolution climate projections work, completed in June 2014, has influenced Vietnam's official climate projections scenarios to inform future planning, facilitating ongoing collaborations with Government of Vietnam, United Nations Development Programme (UNDP) and World Bank projects.

With the UNDP, Australia supported implementation of the new Disaster Risk Management law which clarifies institutional roles and responsibilities for disaster preparedness and response. The Vietnam Women's Union joined Vietnam's Central Committee for Flood and Storm Control in late 2013 which is enhancing the voice of women and on-the-ground stakeholders in planning and decision-making.

Australia made a second performance-based payment to the Support Program to Respond to Climate Change in June 2014. Our financial contributions and advice facilitated approval of 29 policy actions to be undertaken by Vietnamese ministries in 2014, including development of the *National Strategy on Integrated Coastal Management* which directly supports effective outcomes of our Integrated Coastal Management Program. This was our last financial contribution but we will continue to engage in policy developments through our partnerships with Germany, UNDP and NGOs.

A budget reduction was absorbed this year in part by reducing Australia's total contribution to ICMP from \$21.5 million to \$16.5 million (2011-2017) during design of its second phase, and by postponing payments to the ADB and World Bank in line with actual disbursement rate.

### **Cross cutting initiatives**

Australia supports a Human Rights Technical Cooperation Program, delivered in partnership with the Australian Human Rights Commission, which undertakes practical capacity building activities to support

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<sup>14</sup> Department of Industry, Survey of Energy Efficiency Labelling of Appliances in Vietnam, March 2014 (a survey of 5,375 products displayed in 263 retail stores in Hanoi, Ho Chi Minh City, Quang Tri and Can Tho).

our annual Human Rights Dialogue with Vietnam. In 2013-14, Phase Four activities improved access to legal counselling services for vulnerable women in five provinces and improved public awareness of the new State Compensation Law by distributing 126 000 copies of education materials. Phase Five design has been completed, with activities to commence in 2014-15.

### **Regional and global initiatives**

The Greater Mekong Subregion Trade and Transport Facility reported its success in supporting agreements on road transport (Vietnam-China) and increasing transport permit quotas for cross-border transport (Vietnam-Cambodia). Together with bilateral investment in key infrastructure projects like the Southern Coastal Corridor and Cao Lanh bridge, the Facility will improve trade and investment links between Vietnam and other countries in the region. Australia is taking a leadership role in bringing together countries across the region to ultimately eliminate malaria. At the East Asia Summit in October 2013, Prime Ministers of Australia and Vietnam initiated the Asia-Pacific Leaders Malaria Alliance to achieve this goal. With secretariat support from the ADB, Australia is working with Vietnam to take forward this important regional initiative.

In 2013-14, under a regional partnership with UN Women, we commissioned a national assessment of women's economic livelihoods to inform the development of Vietnam's National Programme on Gender Equality. Vietnam's first Government Partnerships for Development project began in early 2014, supporting a project between Flinders University and the Vietnam Women's Union to combat gender-based violence and trafficking.

### **Other Government departments**

DFAT works closely with Australian Education International and Austrade to achieve objective one of the country strategy. To support achievement of objectives three and four, DFAT also works closely with the Australian Centre for International Agricultural Research (ACIAR) in Vietnam. ACIAR supports technical and agribusiness research to enhance smallholder incomes from selected areas of high-value agriculture, aquaculture and forestry.

### **Mutual obligations**

In December 2013, Vietnam's Prime Minister chaired the first Vietnam Development Partnership Forum, replacing the previous Consultative Group format. The Forum provides a high level policy platform for donors and top Government of Vietnam leaders to discuss macro-economic issues and other reforms which are crucial to Vietnam's development. This constructive dialogue has been a welcome evolution of the approach to donor consultation and is a format suitable for a middle income country with a rapidly changing ODA landscape. Four working groups<sup>15</sup> were established in 2013 to provide in-depth analytical inputs to Forum discussions and take forward agreed policy actions. A first set of policy actions was approved by Vietnam's Prime Minister in May 2014. Progress will be reviewed ahead of the second Forum, scheduled for December 2014.

Vietnam has an established process for developing five year socio-economic development plans (SEDPs) to deliver on overarching ten year socio-economic development strategies. SEDPs set benchmarks and guide development cooperation with donors. The Government of Vietnam is currently assessing its

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<sup>15</sup> poverty reduction in ethnic minorities, vocational training and skills development, environment management, and private sector engagement in service provision

performance to date against the existing SEDP 2011-15, which will inform development of the next SEDP 2016-20. In 2013 Vietnam and Australia agreed to develop a new aid strategy to guide our development assistance beyond 2015, in alignment with Vietnam's new SEDP 2016-2020. This process will consider mutual obligations and performance benchmarks for our aid program going forward.

The Government of Vietnam is the third largest implementing partner for our aid program in Vietnam, representing a quarter of 2013-14 expenditure. Cumbersome and inefficient financial and procurement procedures plus weak coordination have been the main bottlenecks of partner government implemented programs. In 2013-14, DFAT worked closely with Vietnamese agencies to lift performance. We have independently audited investments to ensure fiduciary standards are met and supported capacity building on issues such as gender budgeting and planning in the RWSS NTP. The Government of Vietnam continues to refine its legal framework for public investment, public procurement and ODA management to increase the effectiveness and efficiency. However, despite 2013 legislative updates to facilitate private sector access to ODA, significant complexities limit this in practice. The World Bank is working with the Government of Vietnam to address this issue, but these challenges will need to be considered in developing our new Aid Investment Plan.

Australia supported three programs<sup>16</sup> in 2013-14 under which budget support is directly linked to the Government of Vietnam's commitment to deliver on agreed policy actions. Policy actions were achieved in all three programs triggering the release of further funding from development partners. Key policy triggers under the Economic Management and Competitiveness Credit focused on macroeconomic stability, building a transparent, efficient and accountable public sector, and enabling the business environment, and is a particularly important instrument for enhancing Vietnam's competitiveness for growth and poverty reduction over coming years.

During 2013-14 Australia helped Vietnam's Ministry of Planning and Investment pilot a monitoring and evaluation system for ODA in public investment. Work is ongoing and results expected in 2014-15.

## Program quality and management

A PAF (Annex E) supports implementation of the *Vietnam-Australia Joint Aid Program Strategy 2010-15* and is updated annually.

Vietnam aid program staff at Hanoi Post have benefited from a Mekong-wide learning and development plan, which supported a variety of training during 2013-14 to strengthen skills in aid management, monitoring and evaluation, investment design, safeguards, poverty and social impact analysis and effective partnerships.

Mandatory quality monitoring is undertaken for 18 of our 31 investments. Of the 13 investments that do not require quality monitoring, 9 will end by July 2015, contributing to the agency-wide strategic performance target on consolidation. Only one new initiative is planned for 2014-15.

## Analysis of Quality at Implementation (QAI) reports

The Vietnam program completed 16 QAI reports<sup>17</sup> in 2013-14, accounting for 98 per cent of 2013-14 bilateral expenditure. DFAT's regional aid effectiveness staff facilitated a moderation process to

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<sup>16</sup> the Rural Water Supply and Sanitation National Target Program, the Support Program to Respond to Climate Change and the Economic Management and Competitiveness Credit

<sup>17</sup> Two QAIs report on multiple investments, namely the Australia Awards Scholarships QAI (covering INF523 and INJ260) and the Cao Lanh Bridge QAI (covering INK042 and INJ914).

independently contest and verify quality reporting. The moderation process confirmed that, in 2013-14, programs: aligned well with Australia's national interest and the Vietnam's development priorities; achieved good value for money; and ensured on-ground program implementation successfully informed policy dialogue.

More initiatives recorded an unsatisfactory rating for gender equality in 2013-14 than last year, which is a concern. In January 2014, the World Bank undertook an assessment to identify ways to strengthen gender integration across the activities Australia funds, particularly in infrastructure. An action plan has been developed to address weaknesses, and was approved by the project steering committee in March 2014. Our Embassy in Hanoi will also conduct specific gender training in late 2014 and engage a local gender adviser to provide support across the program.

Our Rural Energy Distribution Project with the World Bank rated below satisfactory against several criteria. Australia's engagement in this initiative has been completed. Our Community Based Disaster Risk Management program with the ADB was categorised as an Investment Requiring Improvement, with a less than adequate effectiveness rating due to significant delays in mobilising technical assistance. This initiative has been recorded in the program risk register and will be actively monitored. DFAT has also identified a series of milestones with the ADB to get the project back on track. We will continue to closely monitor the project and will consider cancelling the investment if no progress is achieved within a year.

### **Performance of key delivery partners**

Investments implemented by the **World Bank and ADB** account for 47 per cent of on-going commitments and 32 per cent of 2013-14 bilateral expenditure. Our investments through the multilateral banks are leveraging much larger development investments in Vietnam. For example, we are influencing US\$670 million of ADB and Korean investment through our A\$160 million investment in the Cao Lanh bridge, and our A\$8 million in technical assistance for the World Bank's water sector Program for Results is leveraging World Bank's much larger US\$200 million contribution.

Our country-level partnership with the **World Bank** allows efficient engagement on mutual priorities across a range of sectors, and gives us reach in key policy dialogue and reforms such as amendments to tax laws, reforms to government ownership of public enterprises, and improved governance of state owned enterprises. Disbursement by the World Bank remains low (16 per cent). We will closely monitor this and implementation of the gender equality action plan during 2014-15.

While the **ADB**-led Community Based Disaster Management program is suffering mobilisation delays, the Cao Lanh Bridge is performing well and is regarded as good practice in efficient coordination among ADB, Australia, the Republic of Korea and the Government of Vietnam. Whilst greater in-country resourcing has been welcome, the ADB's Manila-centred management presents ongoing challenges.

Australia is now in its sixth year of partnering with **GIZ** on integrated coastal management in the Mekong Delta. DFAT hosted a workshop with GIZ in early 2014 to reflect on progress, including findings of the mid-2013 independent review. This resulted in a partnership arrangement articulating shared goals and responsibilities, which provides a healthy foundation for the partnership going into Phase 2.

The mid-2014 independent review of the Vietnam Community-based Climate Change Action Grants program found that Australia's proactive and collaborative approach to building partnerships with **NGOs** in Vietnam has generated trust. This has facilitated efficiency and effective monitoring, and enabled DFAT to draw upon emerging lessons in order to achieve wider strategic policy influence.



## Risks

Risk registers exist for each objective of the country program with high level risks escalated to a program level risk register. These are updated quarterly. Risks are regularly discussed with implementing partners, so emerging risks can be proactively managed. Key risks are outlined in Table 3 below.

**Table 3 Management of key risks to achieving objectives**

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
Poor implementation of safeguards policies on the Cao Lanh bridge leads to adverse impacts on people and the environment, resulting in reputational issues for DFAT	DFAT ensured the bridge design met Environmental Protection and Biodiversity Conservation Act requirements. Post participated in regular supervision missions and Project Coordination Committee meetings to ensure effective implementation of safeguards.	Post will continue regular consultation with implementing partners and independent safeguard experts to ensure high standards are maintained. Post will participate in all supervision missions and use Project Coordination Committee meetings to ensure emerging issues are promptly addressed. Flexible funding is available for additional monitoring of resettlement, should the circumstances require it.
Delays in implementation of ADB Greater Mekong Subregion Flood and Drought Risk Management and Mitigation Project hinders its effectiveness and efficiency	Sector team leader and initiative manager participated in six-monthly supervision missions and sought regular updates from ADB.	Post will finalise the revised timeline, project extension procedure and funding agreement. Post will monitor implementation of the Government of Vietnam's own program to ensure the project remains relevant under the revised timeframe.
Fiduciary risks associated with our budget support for Government of Vietnam National Target Programs affects implementation, causing reputational issues for DFAT	A sector-specific fiduciary risk assessment was completed for RWSS NTP3. State Audit of Vietnam conducted an independent audit of our budget support for the RWSS NTP3. DFAT undertook a tracking study to triangulate the analysis. An Assessment of National Systems for Vietnam was progressed.	The Assessment of National Systems will be finalised following release of the new Aid Programming Guide. This will inform whether budget support should be considered as a modality for future aid investments.
Alignment of foreign, trade and aid policy staff responsibilities affects ability to identify and manage aid program risks.	Hanoi Post organised several integration seminars for political/economic and aid program staff in March-April 2014 to strengthen harmonisation and broaden staff exposure to different functions within the Embassy.	Focal points will be established to lead DFAT-wide policy dialogue and ensure coherence. Ongoing opportunities for closer alignment will be identified.

## Management responses

Annex A outlines progress in addressing last year's management responses. Responses for 2014-15 are outlined below. These will be reviewed once the Office of Development Effectiveness' evaluation of the *Australia-Vietnam Joint Aid Program Strategy 2010-15* is finalised (expected late 2014). This evaluation, plus Australia's new Aid Policy and Performance Framework, will inform the development of a new Vietnam Aid Investment Plan during 2014-15.

Overarching strategic priorities for the Vietnam aid program in 2014-15 are as follows:

1. **Develop a new strategic framework to guide aid investments in Vietnam beyond 2015:** work with whole of Australian Government partners and the Government of Vietnam to identify priority areas for investment; review opportunities for private sector engagement; establish joint benchmarks with the Government of Vietnam; participate in the Vietnam Development Partnership Forum; and publish a new Vietnam Aid Investment Plan.
2. **Strengthen economic diplomacy engagement in Vietnam:** establish a flexible fund to pilot new and innovative ideas; work closely with whole of Australian Government partners to identify opportunities for joint engagement on economic diplomacy; and actively engage with Government of Vietnam to inform an influence development of a new Socio-Economic Development Plan 2016-20;
3. **Ensure innovation is central to delivery of our aid program:** establish an innovation task force at Post to consider new ways to promote private sector growth, engage the private sector and leverage new sources of development finance; task force to engage Innovation Hub and Canberra to ensure contestability of new ideas; and invite experts at the forefront of innovation in Vietnam to share experiences with DFAT staff through a seminar series.
4. **Build DFAT's capacity to manage integration and implement the new Aid Policy:** provide training on gender equality, disability, private sector engagement, aid for trade and performance benchmarking to all DFAT staff.
5. **Maintain our reputation for delivering a high quality and effective aid program that delivers results:** finalise the Assessment of National Systems so that fiduciary risks are well-managed; ensure all programs implement safeguards procedures; and consolidate the aid program by reducing the number of individual investments.
6. **Improve integration of gender equality throughout our program:** work with the World Bank to implement the agreed gender equality action plan; and strengthen gender equality consideration in economic integration initiatives.

Sector- specific management responses for 2014-15 are:

7. **Improve the effectiveness and sustainability of our infrastructure investments:** support the World Bank and Vietnam's Department of Roads to establish an asset management system to prioritise road maintenance works; ensure continued engagement by technical and social development experts during joint supervision missions; and ensure technical issues such as soft soil treatment are properly dealt with during implementation.

## Annex A - Progress in addressing 2012-13 management responses

Management consequences identified in 2012 -13 annual program performance report	Rating	Progress made in 2013-14
Support the Office of Development Effectiveness' review of the <i>Vietnam-Australia Joint Aid Program Strategy 2010-15</i>	Amber	The Vietnam program has provided a range of support to the evaluation team so far, and is awaiting a draft evaluation report.
Draft the new post-2015 Vietnam-Australia Joint Aid Strategy (i.e. Aid Investment Plan)	Amber	A range of sectoral analyses have been prepared but drafting of the Aid Investment Plan was put on hold pending release of the new Aid Programming Guide.
Complete the Assessment of National Systems	Amber	The assessment is underway but was put on hold pending release of the new Aid Programming Guide.
Implement effective handover for three of the four A-based staff	Green	Achieved. Staff changeovers have been successfully managed.
Consider if a stronger social protection dimension to the program should be developed	Amber	Several analyses have been prepared to inform development of the new Aid Investment Plan.
Human resource development strategy approved	Green	Achieved.
Effective implementation of land acquisition and resettlement framework for Cao Lanh bridge	Green	Achieved. 95 per cent of land has been handed over at the Cao Lanh bridge site. Negotiations for handover of remaining land are in progress.
Establish a monitoring and evaluation system for the construction phase of Cao Lanh bridge	Green	Achieved. Monitoring and evaluation frameworks developed for social impacts and civil works.
Close Beyond WTO program and replace with new targeted flexible program	Green	Achieved. Beyond WTO Program completed. New program commenced early 2014.
Provide technical assistance to six provinces to restore functionality of underperforming water supply and sanitation facilities	Green	Achieved.
Establish water quality testing laboratories in four provinces	Green	Achieved.
Extend the Integrated Coastal Management Program (formerly the Climate Change and Coastal Ecosystems Program) to June 2017	Green	Achieved. An extension was signed in June 2014.
Mobilise a climate change specialist to provide technical and policy advice	Green	Achieved. Climate Change specialist mobilised in August 2013.
Evaluate six NGO partnerships under the Community Based Climate Change Action Grants program	Green	Achieved. Evaluation mission conducted in June 2014.
Agree Climate Innovation Centre co-funding framework with United Kingdom	Green	Achieved. Co-funding agreement with United Kingdom signed in March 2014.
Assess Government of Vietnam progress against policy actions under the Support Program to Respond to Climate Change	Green	Achieved. \$6 million payment made as a result of policy actions being achieved in 2013.
Review the anti-corruption training program to assess effectiveness and inform a potential new phase	Green	Achieved. New program agreed and will start in July 2014.

Design Phase 5 of the Human Rights Technical Cooperation Program	Green	Achieved. New program agreed and will start in July 2014.
Develop and implement first year work plan of the AusAID Gender Equality Action Plan	Green	Achieved. Work plan developed by UN Women and approved by DFAT.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## Annex B - Quality at Implementation ratings

Investment name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Scholarship Program	A\$	2013	5	5	5	6	5	5
		2012	5	5	5	5	5	4
Mekong Transport Infrastructure Development	<b>48,000,000</b>	2013	5	4	4	2	4	3
	2007 - 2015	2012	6	5	4	3	4	4
Southern Coastal Corridor Vietnam	<b>45,117,000</b>	2013	5	5	5	4	5	4
	2007 - 2016	2012	6	5	4	4	5	4
Vietnam Rural Energy Distribution	<b>3,500,000</b>	2013	4	4	3	2	4	3
	2007 - 2013	2012	4	4	4	3	4	4
Beyond World Trade Organisation (WTO) Phase II	<b>12,300,000</b>	2013	4	4	4	4	5	3
	2009 - 2014	2012	5	3	3	4	4	3
Cao Lanh Detailed Design and construction	<b>160,000,000</b>	2013	6	5	5	5	5	5
	2011 - 2018	2012	6	5	5	4	5	5
Joint Donors' Support for RWSS NTP Phase 3	<b>74,136,829</b>	2013	6	5	5	5	4	6
	2011 - 2016	2012	6	5	5	5	5	4
Support Program to Respond to Climate Change	<b>14,000,000</b>	2013	5	4	4	4	4	4
	2012 - 2015	2012	5	4	3	3	4	4
Integrated Coastal Management Program (formerly the Climate Change and Coastal Ecosystems Program)	<b>16,564,335</b>	2013	5	4	3	3	5	4
	2011 - 2017	2012	6	4	4	5	5	4
Community Based Disaster Risk Management	<b>9,150,000</b>	2013	5	3	3	5	5	4
	2011 - 2016	2012	6	4	4	5	5	5
Vietnam Climate Change NGOs Partnership	<b>15,073,305</b>	2013	5	5	4	5	4	5
	2012 - 2014	2012	6	5	5	5	5	5



Investment name	Approved budget and duration	QAI year						
			Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Climate Innovation Centre	14,998,000	2013	6	5	5	4	4	4
	2013 - 2017	2012						
Vietnam Delivering Better Health	14,897,501	2013	4	4	4	4	5	5
	2007 - 2015	2012	4	4	4	4	4	5
Vietnam Clinton Health Access Investment Phase III	4,650,000	2013	5	5	5	5	4	5
	2012 -2015	2012	5	5	5	5	4	5
Vietnam Anti-corruption Program 2011-2014	5,500,000	2013	5	5	5	5	4	6
	2011 - 2015	2012	5	5	5	4	4	4
AusAID - World Bank Vietnam Partnership Trust Fund	42,999,998	2013	5	4	4	4	4	3
	2012 - 2016	2012	6	4	4	4	5	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

## Annex C - Evaluation and Review Pipeline Planning

### List of evaluations completed in 2013-14

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website
Vietnam Climate Change Action Grants (NGO partnerships)	INK473	Mid-term review	July 2014	Pending	Pending	Pending
Vietnam Anti-corruption Program	INJ810	Independent progress review	January 2014	August 2014	August 2014	Pending

### List of evaluations planned in 2014-15

Name of Investment	AidWorks number	Type of evaluation	Purpose of evaluation	Expected completion date
Joint Donor Support to RWSS NTP3	INJ128	Mid-term review	Assess progress towards program objectives	August - December 2014
Australia World Bank Partnership Trust Fund	INK376	Mid-term review	Assess how the partnership has been performing, particularly in terms of governance arrangements and progress toward achieving the objectives	November 2014
Public Finance Management Program	INH925	Completion evaluation	Assess achievement of program objectives	January 2014
In-country Engineering Scholarship	INJ173	Review of the in-country scholarship model	Review in-country scholarship model to assess possible to replication	December 2014

## Annex D – Performance Benchmarks 2014-15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<i>Human resource development</i>		
Improvement in the quality of Vietnam's human resources	<ol style="list-style-type: none"> <li>1. 150 Australia Awards Scholarships and 50 Australia Awards Fellowships provided</li> <li>2. New human resource development investment designed</li> </ol>	<p>Human resource development represents 35 per cent of the bilateral program budget, with Australia Awards Scholarships the key investment. Based on the current funding allocation we believe this benchmark is sufficiently ambitious.</p> <p>A human resource development strategy was developed in 2013-14 to guide our future assistance in this area. In 2014-15, we will design a new investment in line with this strategy and the new Aid Policy. Given the Government of Vietnam's complex ODA management procedures, we believe this benchmark is sufficiently ambitious.</p>
<i>Transport infrastructure and economic integration</i>		
Better transport infrastructure and policy to support economic integration	<ol style="list-style-type: none"> <li>3. 40 per cent of Cao Lanh bridge construction completed</li> <li>4. Australian-funded studies and consultations are used to revise the Enterprise Law, to reduce costs of private business entry and improve corporate governance</li> </ol>	<p>Infrastructure and economic integration represents around 30 per cent of the bilateral program budget and the Cao Lanh bridge project is a flagship investment, representing the entire infrastructure budget allocation for 2014-15. Given the contractor was mobilised in March 2014 and the construction is scheduled to take 44 months, we believe this benchmark is sufficiently ambitious.</p> <p>This work forms part of the Restructuring for a more Competitive Vietnam (RCV) project, which is our key investment supporting Vietnam's economic reform. Given the project commenced in early 2014, we believe this benchmark is sufficiently ambitious.</p>
<i>Rural water supply and sanitation</i>		
Increase rural access to clean water and	5. An additional 1,100,000 people have	Support for improved rural water and sanitation represents around 17 per cent of the bilateral

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
hygienic sanitation	<p>access to clean water and an additional 2,500,000 people have increased access to basic sanitation</p> <p>6. 75 per cent of rural pipeline schemes (approximately 550 schemes) are improved or upgraded</p>	<p>program budget. Given the last year's achievement and this year's focus on sanitation, we think the benchmark is ambitious enough.</p> <p>Operations and maintenance for sustainability is important for program delivery. Australia strongly advocates for and provides technical assistance for operations and maintenance through the RWSS NTP3, as well as via private sector participation.</p>
<i>Climate change and disaster risk reduction</i>		
Advance climate change adaptation and mitigation, focusing on the Mekong Delta	<p>7. 247,000 people have increased resilience to climate change and natural disasters</p> <p>8. Government of Vietnam approves development and implementation of priority actions addressing eight strategic tasks of the National Climate Change Strategy</p>	<p>Climate change adaptation and disaster risk reduction represents around 10 per cent of the bilateral program budget, and our six NGO partnerships under the Community-based Climate Change Action Grants are an important part of this. Given the last year's achievement of 115 000 people we believe the benchmark is sufficiently ambitious.</p> <p>DFAT has provided \$14 million to the Support Program to Respond to Climate Change, and DFAT's continued engagement in policy developments and dialogue is critical to achieve high level outcomes for other DFAT investments in this area. This outcome will be the cumulative result of technical input, financing and negotiations by like-minded donors including Australia, and based on progress on policy actions to date, we believe this benchmark is sufficiently ambitious.</p>

## Annex E – Performance Assessment Framework 2013-14

<b>Vietnam development goal</b>	<b>Strategy objective</b>	<b>Strategy objective indicators/targets 2015</b>	<b>Annual milestones 2013-14</b>	<b>Progress against 2013-14 milestones</b>	<b>2014-15 milestones</b>	<b>Australian Government assistance</b>
To meet human resources needs associated with progression to industrialised country by 2020	Improve the quality of Vietnam's human resources	1 380 scholarships and 300 fellowships delivered	HRD Strategy finalised	Achieved	Design of new human resource development investment completed	Australia Awards Scholarships
			225 Australia Awards Scholarships	Achieved (244)		
			100 Australia Awards Fellowships	Achieved (162)		
		Increased number and strength of institutional links between public sector institutions	Australia Awards Scholarships Equity of Access Fund established	Achieved	150 AAS	Australia Awards Fellowships
			Complete two cluster studies on the environment and education sectors and an impact study on the overall Australia Awards Scholarships program.	Achieved	40 Heads of TVET Centres of Excellence Colleges trained in a short course in Australia	
			Sponsor a National Alumni Conference for Vietnamese graduates of Australia	Achieved	Australia Awards alumni network established	
Increased contribution of scholarship alumni and institutional links to meeting strategy objectives						



Increase in economic activity (national and cross-border) in targeted regions	Better transport infrastructure and policy to support economic integration	Total km of road and bridge works connecting Mekong communities to markets	Civil works commenced on Cao Lanh bridge.	Achieved	40 % of Cao Lanh bridge construction complete	Cao Lanh Bridge
		Adverse social and environmental impacts are managed effectively	Resettlement plans are implemented according to plan. Construction environmental management plans are developed and implemented	Achieved	No construction delay due to physical resettlement. Income restoration programs being implemented effectively. Construction environmental management plans are implemented and monitored	
		Higher traffic volume, lower operating costs and travel time on targeted transport corridors	71% of civil works completed	Achieved	Civil works complete.	Southern Coastal Corridor
		Evidence-based policy approaches enhance opportunities and address challenges associated with economic integration	Evidence based approach to drafting the land law in area of transparent land governance (including mechanisms for land register to be accessible to the public and to improve community participation in land administration and management)	Achieved	Australian supported studies and consultations used to revise enterprise law to reduce costs of private business entry and to improve corporate governance.	Mekong Transport Infrastructure Development Project RCV Australia-World Bank Country Partnership
					Australian supported studies and consultations informing development planning (including the new SEDP) to improve private sector development and productivity growth.	

Reduced incidence of waterborne diseases	Increase rural access to clean water and hygienic sanitation	85% rural water access target	Water and sanitation targets: 82% of rural population has access to hygienic water 60% to hygienic latrines, 318 of rural primary schools, 92 % of commune clinics have access to hygienic water and hygienic latrine	Achieved	83% of the rural population having access to hygienic water, 63% of rural household having access to hygienic latrines, 95% of rural primary schools and commune clinics have access to hygienic water and hygienic latrine.	National Target Program Phase 3 (\$74 million 2012–2015) – 2014/15 commitment of approximately \$16 million
		70% rural sanitation access target	Collection and analysis of waterborne disease data in selected provinces to measure health impact of rural water supply and sanitation	Achieved	75% of the schemes (equivalence to 550 schemes) are improved or upgraded	
			Establish database on the public assets of the rural water supply and sanitation sector, update and consolidate the monitoring and evaluation database for National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3 Issue the operations and maintenance guidebook for schools water supply and sanitation facilities. Provide support to four provinces to equip and upgrade the water testing laboratories	Achieved		
			Working with international non-government organisations to design and implement projects under the Australian Government's second Civil Society Water, Sanitation and Hygiene Fund	Achieved		

Reduced human, economic and environmental losses associated with climate change, including natural disasters	Advance climate change adaptation and mitigation	750 000 people assisted to build their resilience to climate change and weather-based disasters	Progress towards directly helping 270 000 people build their resilience to climate change and natural disasters	Progress achieved with 115 000 people assisted. Total beneficiaries revised to 247,000 based on changes in location and scope of projects.	247 000 people have increased resilience to climate change and natural disasters	Climate Change Action Grants 2012–2015 (\$15m)
			Mobilisation of community-based disaster risk management under Asian Development Bank flood and drought mitigation project targeting 63 vulnerable communes	Delayed. Mobilisation now expected Q3 2014	Mobilisation of community-based disaster risk management under Asian Development Bank flood and drought mitigation project targeting 63 vulnerable communes	Asian Development Bank Community-based Disaster Risk Management component (\$5.85m)
					Approval of Decrees and finalisation of studies supporting Prime Minister's Decision on disaster risk levels to support implementation of the DRM Law	UNDP CBDRM capacity support program \$2.8 million
		Increase in the incidence and quality of sea dykes and mangrove belts in the southwest Mekong Delta	10km of cost effective dyke protection and mangrove rehabilitation structures are completed.	Achieved - 10.85 km	Satisfactory progress in implementation of the two comprehensive policy packages on water resources management and coastal area co-management.	Integrated Coastal Management Program 2011-2017 (\$18m)

	Establish a national mechanism to enhance disaster risk reduction and climate change adaption coordination	29 climate and disaster risk reduction related policies approved for development in 2014	Approval by GOV for development and implementation in 2015 of priority policy actions addressing 8 strategic tasks of NCCS	Support Program to Respond to Climate Change (\$14m total)
	Completion of down-scaled climate change projections for Vietnam	Achieved	N/A	CSIRO down-scaled projections 2012-2014 (\$2m)
	Commencement of a pilot to apply down-scaled projections to inform provincial planning in partnership with Climate Change and Coastal Ecosystems Program	Cancelled to respond to new policy priorities		
Mitigation target met (emission reduction through improved energy efficiency, adoption of clean technologies and agricultural production)	Preliminary results on potential greenhouse gas emission reduction from the adoption of low-carbon rice production techniques	Achieved –preliminary results of GHG emission reductions of up to 20 per cent	Results on GHG emission reduction and increased profit figures from the adoption of low-carbon rice production techniques verified	Climate Change Action Grants 2012-2015 (\$15m)
	Mobilisation of the Distribution Efficiency Project in partnership with the World Bank	Achieved		Distribution Efficiency Project contribution for the technical assistance component (\$7.6m)

	Mobilisation of a Climate Innovation Centre in Vietnam to support small to medium sized enterprise development in clean technologies	Partly Achieved	Vietnam Climate Innovation Centre mobilised and operational	Vietnam Climate Innovation Centre (\$6m)
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