



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT FULL APPR 2018-19

Vietnam

October 2019



VIETNAM AID PROGRAM PERFORMANCE INFORMATION 2018-19

KEY MESSAGES

In 2018, Australia and Vietnam marked 45 years of diplomatic relations. Over that time, our relationship with Vietnam has matured into one of our most important in the region. In March 2018, we elevated our relationship to a Strategic Partnership reflecting the importance of our bilateral ties, and our cooperation and engagement on a wide range of issues.

This report summarises the performance of Australia's development cooperation program with Vietnam from July 2018 to June 2019 against the Vietnam Aid Investment Plan (AIP) 2015-16 to 2019-20. In 2018-19, Australia provided an estimated \$78 million in development assistance through a mix of implementing partners. Overall, the program is assessed as being on track.

Australia's development cooperation program is highly valued by Vietnam. At a time when other donors are scaling down and withdrawing, Australia has maintained its reputation as a trusted and reliable partner and seen the influence and impact of our program rise. Our development cooperation activities are well targeted and consistent with our continuing transition away from an aid-focused relationship to an economic partnership. Our activities are addressing areas of critical need including macro and micro economic reform, infrastructure development, innovation policy, human resource development and women's economic empowerment.

While the flexibility of our development cooperation program is one of its greatest strengths, we also need to guard against its fragmentation into many small-value initiatives that cannot be managed effectively within existing resources. The program met the consolidation target set in 2018-19 by reducing active investments to 14 (from 17 last year). The decision not to proceed with the *Aus4Water* program helped with this.


We have maintained strong relationships during the year. Expanding relationships within key ministries and an improved understanding of the Government of Vietnam's project approval systems led to us securing endorsement for *Aus4Innovation*, the last investment to be implemented under the current AIP. We have established new partnerships with Vietnamese agencies, managing contractors and other implementing partners.

Our program is well-aligned to Australia's national interests and our influence agenda in the region. However, our continued success will be contingent on enhanced whole-of-government commitment, particularly where we are working in increasingly complex technical, political and economic environments.

Australia's development cooperation program is an important element of the rapidly growing economic partnership between Australia and Vietnam. As it focuses on increasingly complex and technical aspects of economic reform, private sector development and inclusive growth, a greater range of specialist expertise is needed to deliver high-quality advice and assistance.

Further work is required to better link the development cooperation program with our shared objective to build trade, investment and economic cooperation. The inaugural Ministerial-level Economic Partnership Meeting (referenced in the Strategic Partnership) was not held in 2018-19; it will be a priority for early 2019-20.

Progress against the first objective of the AIP, 'Enabling and engaging the private sector for development', was rated amber for the second year in a row. The performance of the majority of initiatives under this objective, including *Aus4Reform*, *Aus4Innovation* and the *Australia-World Bank Strategic Partnership Phase 2*, was very strong this year. The amber rating reflects, in large part, challenges faced in initial implementation of the *Aus4Transport* initiative.



Progress against the second objective, ‘Assisting the development and employment of a highly-skilled workforce,’ has been rated green, the same as the previous reporting period. The main contributor to this objective is the *Aus4Skills* program, which was assessed in a mid-term review in 2018-19 as having achieved early impact with the potential to make a long-lasting contribution to the Australia-Vietnam economic partnership.

Progress against the third objective, ‘Promoting women’s economic empowerment’, including ethnic minorities, has also been rated green, the same as the previous reporting period. In June 2019, Australia’s Minister for Foreign Affairs and Minister for Women visited Vietnam and committed to advancing gender equality and promoting women’s economic empowerment in the region. During her visit, she announced Australian support for Vietnam’s next ten-year *National Strategy for Gender Equality 2021-30* and new funding for a second phase of the *Investing in Women* program.

Under the Strategic Partnership, there is an increased tempo of senior-level dialogues, visits and cooperative activities between Vietnam and Australia, providing important opportunities for strategic engagement. Supporting this increased engagement, while implementing increasingly complex development initiatives within fixed staffing levels, is an acute management challenge. Looking forward, the next AIP will be an opportunity to reassess the strategic focus and resource requirements for the next phase of our development cooperation.

CONTEXT

Despite rising trade tensions and economic volatility elsewhere in the region, Vietnam’s economic fundamentals remain strong. Building on decade high 7.1 per cent growth in 2018, the economy expanded by 6.8 per cent in the first half of 2019 and the outlook is broadly positive.

The business environment has improved. Since 2016, Vietnam has increased 22 positions on the World Bank’s Doing Business index¹ and is now ranked 69 out of 190 economies. However, the international business community continues to cite corruption, inconsistently applied policies, tax regulations and opaque administrative procedures, as irritants that may prevent further gains relative to regional competitors.

Foreign direct investment (FDI) continues to be a key driver of Vietnam’s growth even though demand for newly committed investment has slowed somewhat, down 8 per cent in 2019 compared with the same nine-month period in 2018. Growth in Vietnam’s services sector, particularly retail and consumer finance, has helped offset moderating manufacturing, as well as declining agricultural output due to an outbreak of African swine fever.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) came into force for Vietnam in January 2019, but implementation of its commitments has been slow. More broadly, as further evidence of Vietnam’s desire for greater global economic integration, the European Union-Vietnam Free Trade Agreement was signed in May. Ratification is expected later in 2019. Trade tensions between the United States and China have likely increased Vietnam’s exports, however they also continue to be a risk to Gross Domestic Product (GDP) growth given the effect on global investor confidence.

A range of obstacles to continuing strong economic growth in the medium term persist including: low productivity; a soon-to-be aging population; inefficient State Owned Enterprises (SOEs); high vulnerability to climate change and natural disasters; corruption and weak institutions; and constrained fiscal space. Investment in infrastructure remains inadequate, but with public debt as a percentage of GDP falling to 58.4 in 2019 (well below the public debt ceiling of 65 per cent), there is a chance of increased public investment in national infrastructure in 2019-20. However, in the long term, structural changes to the five year Medium Term Investment Plan are required to resolve the ongoing disbursement bottleneck that is constraining public expenditure.

¹ <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ>



Digitalisation presents risks and opportunities. The digital economy will expand rapidly in coming years, spurred by the roll-out of 5G, the Internet of Things and blockchain, and increasing adoption of artificial intelligence. The young and tech-savvy population is well placed to exploit digitalisation but there are challenges ahead including a need to modernise traditional industries, manage workplace transition, ensure a balanced regulatory regime and upgrade information and communications technology (ICT) infrastructure.

In 2018-19, Vietnam continued to implement its Socio-Economic Development Plan (SEDP) 2016-20, and furthered preparations for the next SEDP for 2021-25. Vietnam's poverty reduction improvements have been strong, and recent gains appear to be sustainable. Poverty has declined by almost 4 per cent since 2014 to 9.8 per cent in 2016, with poverty levels highest among ethnic minority groups and people with disability. A sizeable, economically secure class has emerged and is growing. About 70 per cent of Vietnam's population can now be classified as economically secure, including the 13 per cent who are now part of the global middle-class². Rapid job creation and an ongoing transition to formal employment are driving gains in poverty reduction and shared prosperity. A booming export sector and rising domestic demand from the emerging consumer class helped create more than three million jobs between 2014 and 2016. However, the country still faces many of the conditions that can lead to the 'middle-income trap'. The abundance of surplus labour will eventually run out, wages will increase, and the economy may lose its labour-cost advantage. Continued growth will require further structural shifts towards more specialised, higher-productivity manufacturing and sustained investments in skills and domestic value chains. Escaping the middle-income trap will need sophisticated policies and institutions.

The last year has seen some progress in the implementation of the Sustainable Development Goals (SDGs), with Vietnam moving up three places since 2018 in the United Nations SDG Index (to 54th out of 162 countries)³. Vietnam is on track to achieve five of the 17 goals by 2030 (SDG1 - No Poverty, SDG6 - Clean Water and Sanitation, SDG7 - Affordable and Clean Energy, SDG11 - Sustainable Cities and communities, and SDG13 - Climate Action), but will face major challenges in achieving at least six of the remaining goals (with the country's lowest scores for SDG9 - Industry, Innovation and Infrastructure).

2018-19 has been a critical juncture for Vietnam in assessing progress for women and girls. In this period, Vietnam maintained its ranking above the global average in both the Global Gender Gap Report⁴ and the Women, Business and the Law Report⁵ – largely on account of its progressive policies on women's labour force participation (73 per cent for women and 83 per cent for men), and near universal education and health coverage. Vietnam also has a moderate ratio of women enrolling in undergraduate science degrees (40 per cent). While generally 'middling' in gender ratings, equality challenges for Vietnam include its high and increasing imbalance in the sex ratio at birth (112 males: 100 females, and much higher in certain provinces); low ministerial representation of women (1 of 21); low coverage of ICT, technical and vocational skills (2 per cent of women); widespread informality of work; and increasing reports of sexual violence against women. Women and girls from ethnic minority backgrounds and migrant worker women have poorer development outcomes across the board. Vietnam's National Disability Prevalence Survey (released in January 2019 and co-funded by DFAT through UNICEF) also confirmed that women and girls with disability fare worse than male and non-disabled female peers in access to health care, education, employment, and exposure to violence.

In early 2019, Vietnam reviewed its 2006 Gender Equality Law and 2012 Labour Code, with debates – such as whether to close the five-year retirement age gap between men and women – reflecting the tension between modernisation of the economy, urbanisation, and women's traditional designation as primary carers. With the Socio-Economic and Gender Equality strategies for the coming decade being finalised in 2020, Vietnam has important choices ahead for how women and girls – irrespective of age, ethnicity, residence or disability – engage and benefit from the country's ongoing growth and prosperity.

² World Bank (2018) Climbing the ladder : poverty reduction and shared prosperity in Vietnam, <http://documents.worldbank.org/curated/en/206981522843253122/Climbing-the-ladder-poverty-reduction-and-shared-prosperity-in-Vietnam>

³ Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019), Sustainable Development Report 2019. New York, Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN), <https://dashboards.sdgindex.org/#/VNM>

⁴ World Economic Forum (2018) Global Gender Gap Report 2018, <https://www.weforum.org/reports/the-global-gender-gap-report-2018>

⁵ World Bank (2019) Women, Business and the Law 2019: A Decade of Reform, <http://pubdocs.worldbank.org/en/702301554216687135/WBL-DECADE-OF-REFORM-2019-WEB-04-01.pdf>

Our AIP 2015-20 intersected well with Vietnam's own plans for economic transition. The next AIP, due to commence in the second half of 2020, will be an opportunity for us to further adapt our development assistance program to Vietnam's evolving needs. In 2018-19, Australia was Vietnam's fourth largest bilateral grant-based donor and we improved our trade relationship to become its 12th largest merchandise export market (up from 15th last year), a solid foundation on which we have built our growing Strategic Partnership.

EXPENDITURE

Total official development assistance (ODA) expenditure for 2018-19 is set out in **Table 1**. Expenditure was around \$4 million less than last financial year, mainly due to delays in our transport infrastructure program (*Aus4Transport*), the decision to withdraw from our *Aus4Water* investment, and lower-than-expected spending on Australia Awards Scholarships.

Table 1: Total ODA Expenditure in FY 2018-19

Objective	A\$ million	% of total ODA
Bilateral		
Objective 1: Enabling and engaging the private sector for development	17.54	22%
Objective 2: Assisting the development and employment of a highly skilled workforce	24.65	32%
Objective 3: Promoting women's economic empowerment, including ethnic minorities	13.41	17%
Sub-Total Bilateral	55.60	71%
Regional and Global	16.80	22%
Other Government Departments	5.60	7%
Total ODA Expenditure	78.00	100%

PROGRESS TOWARDS AIP OBJECTIVES

Table 2: Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating	Current Rating
Objective 1 - Enabling and engaging the private sector for development	Amber	Amber
Objective 2 - Assisting the development and employment of a highly skilled workforce	Green	Green
Objective 3 - Promoting women's economic empowerment, including ethnic minorities	Green	Green

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1 – ENABLING AND ENGAGING THE PRIVATE SECTOR FOR DEVELOPMENT




After 30 years of reform success, much of Vietnam's low-hanging fruit has been harvested. Vietnam now needs to tackle the more technically and politically challenging economic reforms if it is to achieve the development aspirations outlined in the SEDP. Vietnam's private sector will be a critical element in successfully tackling these reforms, particularly in improving the productivity, competitiveness and capacity of Vietnam's economy.

Under this objective, Australia aims to enable the private sector to support Vietnam's reform agenda by improving market institutions, engaging the private sector in development, and investing in infrastructure. We made some important contributions to these goals in 2018-19. Our flexible and demand-driven approach continued to allow Australia to both respond to and influence Vietnam's reform agenda. Results against this objective were delivered through several major investments including *Aus4Transport*, the transport, trade and competitiveness and Vietnam 2035 pillars of the *Australia-World Bank Strategic Partnership Phase 2 (ABP2)*, the *Vietnam Climate Innovation Centre (VCIC)*, *Aus4Innovation* and *Aus4Reform*.

Overall progress against this objective was mixed and was rated amber for a second consecutive year. Some investments made considerable impact on enabling the private sector, but context changes slowed the implementation of our transport cooperation. With the exception of *Aus4Transport*, which was rated an Investment Requiring Improvement, Aid Quality Checks highlighted the effectiveness, flexibility and alignment of our programs with Vietnam's reform priorities. Four of the eight targets in our Performance Assessment Framework (PAF) were identified for revision. Of the remaining targets, we achieved one (on climate-smart technology), made good progress against two (input to Land Law; leveraging private sector resources for women in agriculture and tourism), and expect a benchmark survey in 2020 will confirm the achievement of the fourth target (daily users of the Cao Lanh Bridge).

Our contribution to strengthening Vietnam's economic institutions was significant. Building on its work in year one, *ABP2* impacted a total of 11 laws and policies across its six thematic focus areas, as well as disseminated knowledge through 30 high-level knowledge exchange events. For example, *ABP2* recommendations featured in the new Law on Public Investment passed by the National Assembly in June 2019, including on devolution of some decision making to provinces and greater flexibility on mid-term investment planning. This will improve the efficiency, quality and accountability of public investment in Vietnam. Following the successful passage of a new Competition Law in 2018, *Aus4Reform* continued to build the capacity of Vietnam's competition authority to enforce the law and investigate anti-competitive behaviour. By drafting relevant decrees and sharing international best-practice on SOE equitisation, both *Aus4Reform* and *ABP2* supported the establishment of the State Capital Management Committee (SCMC) in 2018. The SCMC separates regulatory oversight and ownership of many large SOEs, and will help steer Vietnam's SOE equitisation agenda, which stalled in 2018. The separation of oversight and ownership will help improve competitive neutrality in key sectors of Vietnam's economy.

We continued Australia's decade-long support for Vietnam's economic reform agenda. *Aus4Reform* continued to reduce unnecessary regulation on business, with recommendations on streamlining customs inspections, improving e-tax and simplifying business licence registrations adopted by the government. *ABP2* spearheaded a review of Resolution 19 on the business regulatory environment and developed Vietnam's new economic blueprint "Vinanomics". Improvements to Vietnam's business environment helped enable a record 131,000 private business registrations in 2018. Progress against our targets on land reform were slower than anticipated as the National Assembly postponed debate on revisions to the Land Law.



Nonetheless, *Aus4Reform* successfully recommended policy changes that improved paddy land management and usage.

Our programs helped Vietnam accrue greater benefit from its free trade agreements (FTA). Under *ABP2* we conducted a legal review and gap analysis that identified the legal and regulatory reforms required of Vietnam under the CPTPP. *ABP2* also produced analysis of the gender implications of the CPTPP. With the Ministry of Industry and Trade (MOIT), we started development of an online FTA portal, modelled on DFAT's, to assist the Vietnamese private sector maximise market access outcomes under the CPTPP. *ABP2* also delivered investor state dispute settlement training for multiple government institutions and helped connect domestic small and medium enterprises (SMEs) to global and regional value chains through a supplier database system.

We took positive steps to enhance collaboration and build capacity in Vietnam's innovation system, and to embed innovation within market institutions. Through *Aus4Innovation*, CSIRO's Data61 and the Ministry of Science and Technology (MOST), delivered a landmark report on creating the right policy environment to ensure a flourishing digital economy to 2045. We collaborated with MOST to host the International Development Innovation Alliance annual conference in Hanoi, providing a forum to discuss emerging challenges and opportunities with experts on innovation and 20 Vietnamese leaders, including the Prime Minister. *Aus4Innovation* successfully launched the first round of the partnership grants program aimed at scaling existing innovation partnerships between Australia and Vietnam, and began capacity-building work with technology transfer offices in public research organisations.

Our support for the *VCIC* helped businesses incubate and commercialise innovative climate-smart technologies, including assisting 13 businesses (two of which were women-led) to raise \$1.2 million in growth stage finance. In the first half of 2019, *VCIC* selected 16 additional businesses for financial and capacity-building support (eight of which are led by women). The range of technologies is diverse; for example, one company is applying Internet of Things technologies to facilitate real-time management of streetlights to enhance energy efficiency, while another is using biological technologies to develop and commercialise shrimp extracts for use in pharmaceuticals, animal feed, and fertilisers.

Our programs leveraged private sector investment to support development outcomes. Through the Business Partnerships Platform, we entered into a partnership with MasterCard and the Vietnam Bank of Social Policies to extend SMS banking services to five million people of low income and/or living in remote areas (of which around half were women). Through the Gender Responsive Equitable Agriculture and Tourism program, private sector partners committed to co-invest around \$12 million over the life of the program to help generate employment for women in agriculture and tourism. In late 2018, we took a decision not to proceed with our flagship bilateral private sector water program, *Aus4Water*, due to resource constraints. This meant we did not fully achieve our targets on engaging the private sector in water service delivery, although our legacy pilot programs connected an additional 5,700 people in rural areas to clean water.

We made progress toward enhancing investment in infrastructure, though fell short of our targets. In 2018-19, the pipeline of projects that could be supported by *Aus4Transport* narrowed as Vietnam reached the limit of its public finance disbursement cap and graduated from concessional finance. Public debt management procedures also led to increased caution on the part of Vietnamese partners and, combined with significantly heavier workload pressures on the *Aus4Transport* office than anticipated at design, contributed to delays in the implementation of agreed programs. Still, over the period, we made important progress, including negotiating Memoranda of Understanding for two agreed projects that will help bring online \$400 million in finance for infrastructure development, as well as recruiting additional expertise to deliver the program. We commenced implementation of two capacity-building activities supporting enhanced consideration of social and environmental practices in infrastructure project development. We also made strong use of our global programs. In North Vietnam, the Private Infrastructure Development Group successfully divested its shares in a hydropower dam project it had de-risked and for which it had leveraged private sector funding. It initiated further solar and water treatment projects, helping to catalyse private investment in those sectors. This included \$193 million for a 168MW solar plant in Ninh Thuan and \$30 million for the funding of a 15,000 cubic metre water treatment project in Ba Lai.

OBJECTIVE 2 – ASSISTING THE DEVELOPMENT AND EMPLOYMENT OF A HIGHLY SKILLED WORKFORCE



Progress against Objective 2 remains on track and has been rated green. In 2018-19, the intermediate outcomes for this objective in the PAF were revised to capture emerging needs and to better align with development outcomes. The program exceeded the 2018-19 PAF targets for all revised intermediate outcomes.

The aim of Objective 2 is to build the skilled workforce required to support Vietnam's economic modernisation. This is something we aim to do through every one of our aid activities in Vietnam. For example, in 2018-19, through *Aus4Transport* and *Aus4Reform*, we provided gender and social inclusion training to our partners to assist them to embed gender equality and disability inclusion in transport design and project management, and in economic reform policies.


Building the workforce of the future is the principal objective of the \$38 million *Aus4Skills* program. *Aus4Skills* supports Australia's commitment to improve the quality of Vietnam's human resource development, one of three key needs identified by Vietnam. *Aus4Skills* addresses these needs by supporting Vietnam to access and use high-level professional knowledge and skills to contribute to sustainable economic and social outcomes. It has two elements: scholarships and alumni components, and non-scholarship components.

Australia Award Scholarships (AAS) equip recipients with the skills to drive change and contribute to Vietnam's economic and social development. In 2018-19, Australia offered 50 AAS in Vietnam (reduced from 60 in 2017-18). With 170 AAS recipients currently studying in Australia, the Vietnam program is the third in size after Indonesia and Papua New Guinea. AAS recipients continue to make positive development contributions in Vietnam following their studies. Vietnam's AAS focus on priority agencies, women, people with disabilities and people from rural and remote areas. In 2019, we achieved our gender equality, disability and social inclusion targets in AAS, with 22 per cent of awardees being from disadvantaged areas or having a disability (against a target of 20 per cent). Applications from priority government agencies were lower than expected, possibly due to government agencies being unwilling to release staff.

Our relationship with Australian alumni in Vietnam promotes continued learning and develops a mutually beneficial network of partners in country. The network, now numbering around 9,000 in Vietnam, grew by 50 per cent in the last 12 months⁶. By providing targeted professional development and grant funding opportunities to our alumni (around \$317,000 for 36 projects in 2018-19), we continued to produce positive strategic and development outcomes. For example, Australian alumni initiated a series of ocean dialogues for policy makers and practitioners on South China Sea issues, attracting broad participation from prominent figures in Vietnamese ministries and international organisations.

The non-scholarship components of *Aus4Skills* in 2018-19 involved activities to promote industry linkages with vocational education and training (VET); improve quality of higher education in the Northern Mountainous Region (QUNIS); advance women in leadership (WIL); support Australia's AIP; and support Australia's broader interests (ABI). An independent mid-term review (MTR) in 2018 of the non-scholarship components concluded *Aus4Skills* had achieved early impact and was on track to meet its end-of-program outcomes. Based on a finding that the AIP component was underutilised, we merged this with ABI, reducing *Aus4Skills* to VET, QUNIS, WIL and ABI. The MTR also highlighted several areas where *Aus4Skills* could

⁶ AAS alumni account for 6,000 members of the network. Alumni from all Australian institutions (now over 70,000 in Vietnam) have access.



strengthen governance and planning and increase collaboration with stakeholders. We have accepted the recommendations and are implementing these in line with our management response.

In VET, Australian experts have been engaged to assist with the creation of a Logistics Industry Reference Council, tailoring an industry-led model for skills development to meet Vietnam's demand for skilled labour. The MTR found this initiative demonstrated a strong, sustainable and potentially transferable model in an industry that is key to Vietnam's growth. Vietnam continues to see value in the model and has acknowledged the initial results as good practice. Further support in VET includes activities by Australian experts to strengthen management, teacher and curriculum quality in six VET colleges, leading to a 70 per cent increase in enrolments in logistics courses supported by *Aus4Skills*, including a fivefold increase in female students (131 women recruited in 2018, up from 25 in 2017).

We are supporting universities in the Northern Mountainous Region to deliver industry-relevant courses and a model for broader university autonomy. To date, the three universities participating in QUNIS have developed curriculum to better align graduate skills with workforce needs; generated strategic plans that support greater university autonomy; and embedded arrangements to increase collaboration and institutional links between Australian and Vietnamese universities. The MTR noted changes in university staff attitudes and improved competence resulting from *Aus4Skills* support.

In the WIL component, we are promoting women's workplace participation through the Women in Leadership Australia Awards short courses and supporting gender equality training in the Ho Chi Minh Political Academy's government training curriculum. Over 8,000 government leaders have had training to strengthen gender equitable practices. The MTR noted the positive change generated from this support for gender equality and social inclusion, finding participants had demonstrated increased confidence, knowledge and skills to actively engage in organisational decision-making.

In 2018-19, *Aus4Skills* piloted leadership and international engagement training for leaders in priority agencies under the ABI component. This has opened opportunities to influence Vietnam's strategic and economic direction and helped address key development challenges. As announced by the Australian and Vietnamese Prime Ministers in August 2019, in 2019-20 Vietnam and Australia will establish a Vietnam-Australia Centre at the Ho Chi Minh National Academy of Politics. Australia will design and implement an International Leadership Program for the centre with the Academy, Ministry of Foreign Affairs, and Office of Government. It will draw on Australian expertise to build the capability of current and future leaders, and boost Vietnam's capacity to engage effectively in international forums.

The MTR provided the opportunity to review *Aus4Skills* at its mid-point, plan out the remaining 18 months and map a path forward. It identified *Aus4Skills'* flexibility and focus on collaboration as particular strengths and noted that with careful support in the remaining 18 months, *Aus4Skills* has the potential to produce long-lasting contributions to the Australia-Vietnam economic partnership. The productive, respectful and solutions-focused working relationship that the contractor has with DFAT and other stakeholders was also identified as a positive.

The 18-month plan developed subsequent to the MTR focuses on delivering the program outcomes through the four components and reflects the need to work towards program conclusion. We are now engaged in strategic planning to map out the future of *Aus4Skills*, including whether to exercise the option to extend for a further five years.

OBJECTIVE 3 – PROMOTING WOMEN’S ECONOMIC EMPOWERMENT, INCLUDING ETHNIC MINORITIES



Performance under this objective is rated green, with the more established programs in the portfolio generating clear results, and the younger programs meeting early process milestones. We achieved six out of our seven PAF targets for this objective, and are on track to meet the outstanding target by the end of 2019. This objective covers several investments that support women’s economic empowerment and essential enabling conditions (collectively referred to as ‘Aus4Equality’). These investments include the *Gender Responsive Equitable Agriculture and Tourism program (GREAT)*, the multi-country *Investing in Women*, the gender and ethnic minority pillars of *ABP2*, and the *Women’s Empowerment through Agriculture Value Chain Enhancement Program (WEAVE)*.

This was the third year of action under the whole-of-government *Australia in Vietnam Gender Equality Strategy*. A review of the Strategy’s Action Plan confirmed that of 43 activities for the 2018-19 period, 30 were on track, seven were completed and six were not on track. The latter were because of the postponement of women in leadership training until the second half of 2019, and a decision to host a two-day gender and cultural respect training for all Vietnamese staff in place of a Women in Leadership staff review.

The consistency of Australia’s commitment to promoting women’s empowerment yielded bilateral developments in 2018-19. This included an approach from the Government of Vietnam for Australia to provide technical and financial support to the development of Vietnam’s *National Gender Equality Strategy for 2021-2030*. This Government strategy, implemented in partnership with UN Women, will give Australia an opportunity to help Vietnam develop a modern gender equality strategy that is fit for the country’s emerging social and economic challenges.

Entering its second year of full implementation in Vietnam, the *Investing in Women* initiative deepened its engagement on workplace gender equality. A key focus was sustained support to the Government of Vietnam in assessment and advice on pro-equality revisions to the Labour Code. Using the initiative’s gender and labour law expertise, and in partnership with Vietnamese economists, social policy experts and UN Women, Australia helped demonstrate the merits of international standards for reforms that optimise equality in the workforce, strengthen anti-sexual harassment provisions, and expand paternity entitlements. Key policy messages were reinforced by a civil society partnership to engage with working women about the current conditions and protections available to them under law. In May 2019, the National Assembly agreed to remove the list of 77 prohibited occupations for women from the Labour Code. Progress is also largely on track in promoting workplace gender equality through the private sector, although still embryonic in scale. Five companies achieved Economic Dividends for Gender Equality (EDGE) certification in 2018-19, with three more on track to complete certification in the second half of 2019. The certification will help to accelerate policies and practices to support greater workplace gender equality. In Vietnam, three new companies received funding for gender-lens impact investment (now totalling five companies, and worth \$3.4 million), increasing financing for women-owned/led enterprises.

The *GREAT* program, in its second year of implementation, signed 46 partnership arrangements with businesses (21), provincial government and research institutions (15), and non-government agencies (6). These partnerships focus on promoting rural and ethnic women’s empowerment through up-scaling women’s business and waged work growth in the agricultural and tourism markets in Lao Cai and Son La. Significantly, the collective co-contribution commitment from these partners is \$12.4 million over the life of the program, well exceeding the target of \$8.46 million (attributable to the program’s success in securing

partnerships with large corporations). *GREAT* also finalised the engagement of a research consortium that will study changes in women's economic and social status as a result of interaction with *GREAT*.

WEAVE, the precursor (and now complementary) investment for women's economic empowerment in the north-west of Vietnam, commissioned a mid-term review in 2018-19. The review found that *WEAVE* was making good progress in achieving two of its three original objectives and had a pronounced impact on supporting women's household-level decision making and agency across the three provincial sites. However, only 35 per cent of households reported an increase in income over the implementation period, which was attributed to a significant drop in the market price for target commodities (banana and pork), withdrawal of a key private sector actor from the cinnamon value chain, and the economic behaviour of farmers. To get this objective back on track, *WEAVE* is implementing recommendations from the mid-term review, including diversifying target markets and establishing community-based business models. *WEAVE*'s three implementing partners (Care, Oxfam and SNV) are now three of the 46 partners under *GREAT*; lessons learned from *WEAVE* will inform the implementation of their activities under *GREAT*.

Australia's partnership with the World Bank (*ABP2*) continued its championing of strengthened policies and operations for women's empowerment in 2018-19. Gender equality performance was noted as one of the partnership highlights at the *ABP2* Steering Committee Meeting in March 2019. Results included: the General Statistics Office endorsing the joint conduct of Vietnam's first national Time Use Survey; the launch of a 'Legislation and Gender Equality' e-course for government officials to perform their mandated role of scrutinising gender equality impacts of proposed legislation; and training of over 3,600 mid-level and senior officials in the *ABP2*-designed 'Women in Leadership' course at the Ho Chi Minh Political Academy. *ABP2* also produced frontier analytical work including a diagnostic on women's positioning for jobs of the future, and a cost-benefit analysis of scenarios for closing the gendered retirement age gap. The Social Affairs Committee of the National Assembly distributed copies of the latter report to all National Assembly Deputies before the first reading of the Labour Code draft. *ABP2* advised nine World Bank lending operations and 14 Advisory Services and Analytics for enhanced gender equality outcomes (approximate total value of USD1.4 billion). *ABP2* also finalised and launched landmark research on the drivers of socio-economic development of ethnic groups in Vietnam.


A final but vital part of the women's economic empowerment portfolio is our work addressing gender-based violence. Australia supports this work so that women can be safe and exploit economic opportunities, without fear or experience of harassment or violence. In 2018-19, Australia continued positive collaboration with Vietnam's General Statistics Office and UNFPA on the Second National Survey on Women's Health and Life Experiences. Enumerator training and data collection were completed on schedule, an achievement given the sample size of close to 6,000 women and girls (15-64 years). This survey included first-ever representative sampling of women and girls with disability, and trialled incorporation of a costing module. Analysis is underway and the study is due to be released in late 2019. This investment was complemented by a partnership with a civil society consortium on working with the media to highlight and reform victim-blaming tendencies in reporting on gender-based violence.

REGIONAL, GLOBAL AND OTHER GOVERNMENT INVESTMENTS



In addition to our bilateral aid investments, Australia engages with Vietnam through global and regional initiatives.

In 2018-19, 13 Australian NGOs received a total of \$5.3 million to deliver 26 projects through the **Australian NGO Cooperation Program (ANCP)**. In June 2019, a monitoring visit by DFAT's NGOs and Volunteers Branch found that projects are effective and achieving planned objectives, with good results on disability support,



women's leadership, access to sexual and reproductive health services, and surgical capacity building. Through the inaugural **Friendship Grants** program, Hagar Australia was awarded \$60,000 in 2018-19 for a project to decrease gender-based violence through awareness campaigns in Yen Bai province in the north west of Vietnam.

In 2018-19, the **Australian Volunteers Program** supported 64 skilled Australians (37 women and 27 men) to work on volunteer assignments with 22 existing and 29 new partner organisations. The number of partner organisations working in priority sectors reflected the program's efforts to align activities with AIP priorities. The most common sectors for partner organisations were social infrastructure and services, education, agriculture, health, environmental protection, and government and civil society.

The **Greater Mekong Water Resources Program (GMWRP)** supports more transparent, inclusive, informed, and accountable water resources management across the Mekong region. In 2018-19, the Oxfam Inclusion Project continued building the capacity of civil society groups in Vietnam, promoting their participation in water resources governance. In June 2019, two senior Vietnamese officials participated in the GMWRP's first Mekong-Australia Renewable Energy Dialogue in Australia, where they exchanged knowledge and technical expertise with Australian and other Mekong renewable energy and water governance specialists. A new five-year phase of the GMWRP (2019-2024) is currently being designed. The **Australian Water Partnership (AWP)** continued its support to irrigation modernisation in Vietnam through sharing Australian knowledge and expertise on innovative irrigation system design. GMWRP and AWP are also providing technical support for the implementation of Vietnam's new law on irrigation.

The Women's Economic Empowerment Project (**Empower**, \$10.3 million, 2018-22) is supporting women and girls across the Mekong region to realise their economic potential through improved sexual and reproductive health and family planning (SRH/FP) services. In 2018-19 in Vietnam, Empower reached over 110,000 community members with SRH/FP messages and services (including workshops, television media and online platforms), and supported over 900 SRH/FP client visits.

We successfully negotiated and signed the subsidiary arrangement with the Government of Vietnam for the **ASEAN-Australia Counter Trafficking Investment**, a 10-year, \$80 million program that will work to strengthen criminal justice responses and protect victim rights in the region, including in Vietnam. Design missions for the **South East Asia Economic Governance and Infrastructure Facility (SEAEGIF)** and the **Mekong-Australia Program: Transnational Crime (MAP-TNC)** visited Vietnam. Through the **Human Rights Fund**, the Australian Human Rights Commission started work with the Ho Chi Minh Political Academy to support implementation of the Vietnamese Prime Minister's decision that human rights should be integrated into all levels of the national school curriculum.

The **Mekong Business Initiative (MBI)** rolled out another edition of the Fintech Challenge Mekong Series in Vietnam. This generated 12 market pilots between corporate financial institutions and financial technology developers and seven commercial partnerships. Two fintech models were established with a total of \$5 million in funds raised (Kiu Global and Wee Digital), reaching an estimated 25,000 Vietnamese SMEs. Using lessons learned through the fintech pilots, the State Bank of Vietnam established a Fintech Steering Committee and is now drafting policy sandbox regulations to help adapt compliance with strict financial regulations to the growth and pace of the most innovative companies, without diminishing consumer protections.

Australia also continued its support for building resilience to **climate change** through both bilateral and regional investments. Through **ABP2**, Australia is providing grant funding to support implementation of the World Bank's Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods program (USD387 million, 2016-22). A key achievement in the reporting period was **ABP2's** support to the Government of Vietnam's second Mekong Delta Conference in June 2019, where Ministries provided updates on their progress implementing Prime Minister's Resolution 120 (the Government's key strategy document for the sustainable and climate resilient development of the Mekong Delta). In response to the Conference, Prime Minister Phuc issued Directive 23 instructing authorities to accelerate implementation of Resolution 120, with a focus on enhancing regional connectivity, mobilising financial resources, and developing the necessary



capability and human resources. *ABP2* also finalised a report on *Addressing Climate Change in the Transport Sector*, which includes a multi-hazard risk analysis of Vietnam's transport infrastructure, a detailed greenhouse gas emissions inventory for the transport sector, and recommendations to Government on pathways to low carbon and resilient transport. The Vietnam Greenhouse Gas Emissions Reduction Challenge project (delivered through the global **AgResults** initiative) is developing, testing and scaling up innovative technologies to reduce on-farm emissions and increase yields in rice production in Thai Binh province. After a successful proof-of-concept phase in 2018, four competing companies are currently scaling out technologies to 4,600 smallholder farmers, who have reduced greenhouse gas emissions by 16 per cent.

In 2018-19, the **Australian Centre for International Agricultural Research (ACIAR)** continued to implement a comprehensive research program of 37 projects nationwide, valued at \$5.6 million. Collaboration with Vietnamese research partners included key sectors such as agriculture, forestry, and fisheries. Research contributed to the Vietnam Forest Plantation Strategy and helped improve policies to attract private investment in agriculture. Hatchery techniques for oysters and groupers helped local industries, providing jobs and higher incomes for at least 2,500 farmers in coastal provinces. A temperate fruit nursery association was established and successfully engaged with licenced seed providers from Australia. ACIAR started a new geographical focus in the Central Highlands, and launched a new initiative to identify emissions reduction options in the agriculture sector to help Vietnam meet its climate change commitments.

MUTUAL OBLIGATIONS


Vietnam's frameworks for development and economic growth are in a period of transition, with the Government currently developing a new ten-year Socio-Economic Development Strategy (SEDS, 2021-30) and accompanying five-year Socio-Economic Development Plan (SEDP, 2021-25). Australia is well-positioned to support the development of the SEDS and SEDP through *ABP2* over the next two years. Responding to a direct request from the Government for analytical support to develop the SEDS and SEDP, *ABP2* is providing policy notes to guide policy decision making on infrastructure, competition, innovation, human resources, sustainability and gender. *Aus4Reform* is also providing policy advice directly to the SEDP drafting committee, of which the program's national director is a member. With Australia's AIP also nearing completion, the next year will focus on ensuring our new AIP reflects Vietnam's key policy priorities.

Our architecture for reviewing development progress with Vietnam is also in a period of transition. The Australia Vietnam Strategic Partnership, signed in March 2018, elevated the status of the bilateral relationship. It also provides the framework for a broad range of mutual obligations that are operationalised through the Plan of Action 2016-20. The Strategic Partnership also commits Australia to an 'economic partnership' that will assist Vietnam to achieve its socio-economic and development aspirations, placing an emphasis on economic reform, human resource development, private sector engagement, gender equity and innovation. The establishment of an annual Ministerial-level Economic Partnership Meeting (EPM) will bring together our trade, economic and development interests. Over the last year, we made progress in establishing this new forum, with the first EPM scheduled to be held in Australia in late 2019. Both governments also agreed to establish senior-official level working groups on aid, trade and investment to inform and support the EPM – which will meet annually and supersede former high-level consultations on aid.

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

The performance of the Vietnam aid program is assessed against a Performance Assessment Framework (PAF), which establishes benchmarks and associated annual targets for each of the three objectives of our AIP. In 2018-19, we updated our PAF to reflect our maturing aid program (with *Aus4Transport*, *Aus4Equality* and *Aus4Innovation* completing their inception phases and finalising their Monitoring and Evaluation (M&E) frameworks, and *Aus4Skills* implementing recommendations from its mid-term review). However, there is



still scope to enhance the PAF to ensure it captures the breadth of our engagement across our priority areas and measures progress on cross-cutting and operational objectives.

Each of our major investments have comprehensive M&E frameworks. In 2018-19, most of our Aid Quality Checks (AQC)s concluded that investment-level performance information was adequate, although there were some exceptions. *VCIC*, for example, identified issues with the quality of data it had collected from enterprises. The World Bank has now worked with *VCIC* to ensure there are robust monitoring and quality control systems in place. One ongoing challenge is the lack of data on the impact of our investments, with reported results being mostly outputs focused. We are working with our partners to identify appropriate tools for measuring the outcomes and impact of our investments. Over the next year, we will also explore the viability of engaging M&E expertise to consolidate the range of M&E frameworks into a more cohesive PAF at the aggregate level. This will include strengthening disaggregation by characteristics of interest, such as gender/sex, disability, socio-economic status and ethnicity.

The program met consolidation targets by reducing active investments to 14 (from 17 last year). Major programs that concluded in 2018-19 included the Cao Lanh Bridge, the Integrated Coastal Management Program, and our support to communities affected by Typhoon Damrey in 2017. Of our 14 active investments, 43 per cent are above \$10 million, 14 per cent are between \$3 million and \$10 million, and 43 per cent are low-value investments (under \$3 million). With increasing demand for small-scale (but high impact) investments, an ongoing challenge is limiting proliferation while also ensuring our aid program can support strategic investments that respond to emerging needs and key reform priorities.


Two evaluations were completed in the reporting period – an independent mid-term review of *Aus4Skills*, and a partner-led mid-term review of *WEAVE*. The *Aus4Skills* review concluded that the investment is a valuable part of Australia's engagement with Vietnam, which with careful support in the next 12-18 months has the potential to produce long-lasting contributions to the Australia-Vietnam economic partnership. It identified opportunities for enhancing long term planning, strengthening governance, and increasing collaboration and policy dialogue with priority stakeholders. The *WEAVE* review found that the project was on track to achieve two out of three objectives, and made recommendations to accelerate progress on the third objective. The findings of the *WEAVE* review have informed implementation of *GREAT*, DFAT's flagship program on women's economic empowerment.

The planned partner-led evaluation of the Southern Coastal Corridor Project was delayed because the Asian Development Bank (ADB) requires full financial closure of the project before it can commission the Project Completion Report (PCR). In July, the ADB and the Executing Agency of the Vietnamese Government agreed on a tentative timetable for return of funds (December 2019) and completion of the PCR (mid-2020). With many of our flagship investments nearing the mid-way point, the program will have a heavy evaluation schedule over the next year. The list of planned evaluations is in **Annex C**.

Aid Quality Checks (AQC)s

In 2019, we completed Investment Quality Reporting for seven investments, including six AQC)s and one Final AQC. Of the six AQC)s, three were for investments in their first year of implementation (*Aus4Reform*, *Aus4Equality* and *Aus4Transport*). A table of AQC ratings is included in **Annex D**. This year, DFAT streamlined the AQC process for all investments to focus on three critical performance criteria – Effectiveness, Efficiency and Gender Equality. Assessments of Sustainability and Monitoring and Evaluation – previously included as standalone categories – were integrated in the three main criteria, making it difficult to directly compare results with last year's AQC)s.

In 2018-19, the Vietnam program achieved satisfactory ratings for five out of six investments for Effectiveness, and four out of six investments for Efficiency. In its first AQC, *Aus4Transport* was rated an Investment Requiring Improvement (IRI), with 'less than adequate' scores for both Effectiveness and Efficiency. Two core issues diminished its performance. Firstly, disbursement was slower than expected due to a significant change to the public financing context in Vietnam and higher work pressures on the *Aus4Transport* office than was anticipated at design. Secondly, program partners' lack of familiarity with the



new delivery modality for infrastructure cooperation and increased scrutiny of public financial management resulted in slower than anticipated decision-making. A Remediation Plan has been developed to improve the performance of *Aus4Transport* over the next year. *VCIC* was rated three for Efficiency due to high staff turnover, slow disbursement of grants, and inadequate quality control for monitoring and evaluation. DFAT is working with the World Bank to rectify these issues and ensure *VCIC* can deliver its intended outcomes in its final year. Actions to date have included providing support on the revision of the results framework; training for *VCIC* staff and enterprises on data and information collection and reporting; and biannual (instead of annual) Steering Committee meetings.

The Final AQC for the Cao Lanh Bridge project demonstrated that the investment had performed well across its lifetime, with strong ratings for all criteria. The investment was completed on time and on budget, a significant achievement in a sector where project delays are common.

The program again achieved 100 per cent satisfactory ratings for Gender Equality, a strong achievement given that many investments were shifting from design to implementation. The program maintained momentum on gender equality by the ongoing advice of Post gender expertise to all investments throughout the year, and by holding mid-year AQC clinics to address performance issues. However, scores for disability-inclusion were low across the Vietnam program (with the exception of *Aus4Skills*), reflecting shortcomings in both resourcing at implementation and staff confidence in advocacy. Training on disability-inclusive development will be provided to DFAT program managers and implementing partners in 2019 to enable investments to identify pragmatic measures to enhance disability-inclusion.

Performance of key delivery partners

We completed six Partner Performance Assessments during the reporting period, including three assessments with multilateral banks (two for the World Bank Group and one for the ADB) and three with managing contractors (Coffey International, CowaterSogema, and AECOM – now DT Global). All partners performed satisfactorily across all areas of assessment.

This was the first year we assessed the performance of two of the three managing contractors for our major investments in skills, women's economic empowerment and transport infrastructure. The assessments found that all three commercial suppliers are delivering effectively and represent good value for money. They demonstrate strong leadership, have engaged professional and qualified teams, are responsive to DFAT's requests, and are effectively managing key risks. The challenges encountered with *Aus4Transport* (leading to it becoming an IRI) reflect the operating context rather than the performance of the delivery partner.

Multilateral banks remained important partners for Australia's aid program in Vietnam. Our partnership with the World Bank continued to strengthen over the last year, with the World Bank demonstrating flexibility and willingness to adjust its approach to meet DFAT's needs. Our partnership with the ADB remained productive and influential. ADB and DFAT worked effectively together to conduct a final review mission for the Central Mekong Delta Connectivity Project, and advocate at high levels with the Vietnamese Government for the resolution of outstanding safeguards issues associated with the project.


Independent partnership support continued to be a useful tool for maintaining productive relationships with partners. Partnership brokering workshops and facilitated partnership reviews provided opportunities for frank and open discussions between DFAT and partners, helping to clarify roles and responsibilities, establish expectations on communication, and identify opportunities for enhancing implementation. For example, an independently facilitated review of our partnership with the World Bank enabled us to streamline our engagement by adjusting the timelines of existing World Bank review meetings to align with DFAT's quality reporting requirements.

RISKS

Overall, the risk profile for the program is moderate and has not seen any major shifts since the previous reporting period. Details on management of key risks are provided in **Table 3** below.

Table 3: Management of Key Risks to Achieving Objectives

Key risks (emerging and ongoing)	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?	Provide a Risk Rating	Are these same risks in in Post's Risk Register
1. Slow progress of institutional reform by Government of Vietnam leads to an inability to sustain investment results and achieve AIP strategic objectives.	All teams ensured this issue was accounted for in the design and implementation of new investments.	Sector teams continue active engagement with a range of institutions to identify reform champions. DFAT will explore opportunities to measure the impact of policy dialogue and influence. <i>Aus4Reform</i> will utilise retired reform champions as key members in the Senior Advisory Group. DFAT will implement the remediation plan for <i>Aus4Transport</i> .	Medium	Yes
2. Vietnam's implementation of international trade obligations (including CPTPP, WTO, and AANZFTA) is uneven, leading to reduced regional competitiveness, FDI, and direct trade.	DFAT engaged the World Bank through <i>ABP2</i> to produce a legal gap assessment that compared Vietnam's current domestic legal framework with its CPTPP commitments and recommended legal and policy changes. Also through <i>ABP2</i> , DFAT supported MOIT to deliver an online FTA portal to help Vietnamese business maximise the benefits of the CPTPP. Through <i>Aus4Reform</i> , DFAT has supported MOIT to implement the Competition Law, which aligns Vietnam's policy settings with international trade commitments and best practice. DFAT has advocated directly with senior Government leaders and officials on the importance of full and timely implementation of CPTPP commitments to maximise the benefits from the agreement.	Support from <i>Aus4Reform</i> will provide outreach to the Vietnamese business community through VCCI regarding TPP obligations and opportunities. Through <i>Aus4Reform</i> , Post will continue to support Government of Vietnam to implement the amended competition law and accelerate SOE reform. Post will continue to advocate directly with senior Government leaders and officials on CPTPP, AANZFTA and other trade commitments to encourage compliance and implementation. Post will convene the inaugural Trade Working Group, which will include discussions on implementation of international trade obligations, and recommend practical ways Australia can continue to assist Vietnam's implementation efforts.	Medium	Yes
3. Pressures on Vietnam's debt ceiling prevent MDB disbursement for infrastructure pipelines that could include projects identified for support under <i>Aus4Transport</i> .	Post has requested DT Global conduct an assessment of Government of Vietnam financing options and recommend change, if required, to selection criteria for <i>Aus4Transport</i> activities.	Post will continue to join Six Banks advocacy to push for reforms on the Medium Term Investment Plan, Public Investment Law and public-private partnership (PPP) Law. Post will continue to provide inputs to legislative and policy processes such as the Public Investment Law, PPP Law, SEDP, and SEDS through <i>Aus4Reform</i> and <i>ABP2</i> to supplement bilateral advocacy.	Medium	Yes



Key risks (emerging and ongoing)	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?	Provide a Risk Rating	Are these same risks in in Post's Risk Register
4. Program proliferation and staff resource constraints reduce the effectiveness of aid investments and impact DFAT's ability to develop a strategically focused Aid Investment Plan.	Post made the decision to not proceed with the new major aid investment <i>Aus4Water</i> and have continued to consolidate the program from 17 active agreements to 14. Post has contracted additional technical support for gender and social inclusion and infrastructure.	Post will add a standing item to the (bi-monthly) Aid Management Steering Committee agenda to ensure regular reporting to senior management on resource constraints and measures to address peak workload pressures. Post will assess the viability of engaging an M&E specialist to streamline interaction with the annual DFAT performance cycle (AQC, APPR) and consolidate individual program M&E frameworks into the overarching PAF.	Medium	No (to be added at the next quarterly update)

MANAGEMENT ACTIONS

The status of management actions identified in last year's APPR is outlined in **Annex A**. Four of the six management actions were completed, one partly achieved and one not achieved.

The Vietnam program will prioritise the following management actions in 2019-20:

1. Develop a new AIP for the period 2020-2025 for publication in October 2020.
2. Conduct an Aid Health Check of the Vietnam aid program to help inform future programming decisions through the AIP development process by end of October 2019.
3. Implement the Economic Partnership Meeting architecture and hold the first meetings of the underpinning working groups in late 2019.
4. Execute the *Aus4Transport* remediation plan
5. Increase focus on M&E and measuring the impact of our investments, including potentially through procurement of technical assistance to supplement Post capability.
6. Ensure aid activities in 2020 are aligned with, and responsive to, Australian and (where appropriate) Vietnamese ASEAN priorities.
7. Establish the Vietnam–Australia Centre at the Ho Chi Minh National Academy of Politics by mid-2020, as agreed in the Joint Statement issued by Prime Ministers on 23 August 2019 in Hanoi.
8. Noting continued pressure on resources, maintain focus on consolidation of programs under the next AIP.
9. Maintain close partner engagement on gender-related data collection, reviews and strategy formulation to promote a progressive policy environment and costed action plans that respond to women and girls' priorities.
10. Improve performance on disability inclusion across our aid investments.

ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management responses identified in 2017-18 APPR	Rating	Progress made in 2018-19
1. Undertake a review of the Vietnam AIP and commence development of a new plan for 2020 and beyond, including consideration of the impact Vietnam's graduation from concessional finance will have on future programming.	Not achieved	A review of the Vietnam AIP did not take place due to resource and time constraints. Instead, an Aid Health Check, scheduled for September 2019, will help to assess the quality and effectiveness of the Vietnam aid program, including alignment with strategic priorities. A formal timeline and approach for development of the new AIP has not been established, but we expect to develop the new plan in 2020. The upcoming Aid Working Group meeting will provide an opportunity to discuss Vietnamese and Australian Government development priorities and the future direction of the aid program.
2. Establish the Ministerial-level Economic Partnership Meeting (referenced in the Strategic Partnership) in 2019 so we can discuss with Vietnam options to continue to strengthen the trade, investment, and development cooperation relationship.	Partly achieved	Australia and Vietnam have agreed to the format of the Economic Partnership Meeting, and we expect to hold it by the end of 2019. This included securing approval from Vietnam's Prime Minister. The two working groups covering aid, trade and investment have been scheduled (for September and October 2019).
3. Commence implementation of the Aus4Innovation program , with a CSIRO Counsellor in place as head of a program implementation team headquartered in the Australian Embassy by early 2019.	Achieved	The <i>Aus4Innovation</i> program was officially launched in January 2019. A CSIRO Counsellor was appointed and posted to the Australian Embassy in Hanoi in March 2019, leading a team of three locally-engaged staff to implement <i>Aus4Innovation</i> .
4. Focus on program consolidation , further reducing the overall number of active agreements and sectors, to reduce the work burden at the Post. This will include making decisions on whether to support second phases of programs scheduled for completion (including key regional and global programs in Vietnam).	Achieved	In late 2018, DFAT cancelled <i>Aus4Water</i> , a planned \$22.5 million investment that would have supported private sector delivery approaches to rural water supply. Although DFAT maintains a number of smaller water-related investments, this decision effectively reduces by one-sixth the number of priority sectors under the aid program.
5. Analyse recommendations and implement appropriate actions arising from mid-term reviews of <i>Aus4Skills</i> and <i>ABP2</i> to ensure they remain on track to achieve end of program outcomes and meet Vietnam's rapidly changing development needs.	Achieved	The mid-term review of <i>Aus4Skills</i> was completed on schedule, and many of its recommendations have now been implemented. For example, the review's independent analysis and recommendations informed <i>Aus4Skills'</i> objectives, work plan and budget to December 2020, including considering new ways to support and engage priority stakeholders. The mid-term review report for <i>ABP2</i> has not yet been finalised but is on track to be completed by October 2019. Early findings from the review indicate the program is meeting its stated objectives. DFAT will develop a management response to the review's recommendations by the end of 2019 as planned.
6. Drawing on mid-term reviews for <i>Aus4Skills</i> and <i>ABP2</i> , and new monitoring and evaluation frameworks following completion of inception phases for <i>Aus4Reform</i> , <i>Aus4Transport</i> , and <i>Aus4Equality</i> , refine the PAF to improve strategic relevance of performance data across the program and utility as a management tool.	Achieved	We updated the Vietnam PAF to incorporate performance indicators and targets from the newly developed M&E frameworks for <i>Aus4Transport</i> , <i>Aus4Equality</i> and <i>Aus4Innovation</i> . The revised PAF also reflects recommendations from the mid-term review for <i>Aus4Skills</i> and the cessation of our <i>Aus4Water</i> program. We will continue to refine our PAF as our investments mature, to ensure it is a useful tool for assessing and reporting on the performance of the Vietnam aid program.

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 – PERFORMANCE BENCHMARKS

1 Progress towards Performance Benchmarks in 2018-19

Aid objective	Performance Benchmark	2018-19 Target	Rating	Progress in 2018-19
Objective 1: Enabling and engaging the private sector for development	1.1 Value-for-money transport infrastructure demonstrated and enabled	170,000 daily users traffic volume; travel time from Ho Chi Minh to Long Xuyen reduced from 3 – 3.5 to 2.5 hours	Achieved	With the opening of the Australian-funded Cao Lanh Bridge in 2018 and the adjoining Vam Cong bridge in 2019, the Central Mekong Delta Connectivity Project is now fully operational. A DFAT-commissioned Impact Evaluation has initiated collection of data on road usage, which will be confirmed on its completion in 2022.
	1.2 Number of beneficiaries ¹ with access to new or improved climate smart products or services	175,000 beneficiaries (cumulative)	Achieved	Since 2015, around 175,000 beneficiaries (households) have gained access to new or improved climate smart products or services as a result of activities of the <i>Vietnam Climate Innovation Centre</i> – on track to deliver the end-of-program target of 180,000 beneficiaries by June 2020. Although the program only reached 900 additional beneficiaries in 2018-19, this was expected given the focus during this period on securing the Government of Vietnam's approval of a project extension. An additional 16 enterprises were selected for support in July 2019 (bringing the total number of enterprises to 48), which will enable the program to achieve its final targets.
Objective 2: Assisting the development and employment of a highly skilled workforce ²	2.1 Percentage of Australia Award Scholarship recipients, Australia Award Short Course participants and other non-scholarship <i>Aus4Skills</i> participants demonstrating positive contributions ³ to priority areas	90 per cent	Achieved	99 per cent of program participants, including recipients of scholarships, short course awards and capacity building support delivered by <i>Aus4Skills</i> are currently demonstrating positive contributions to priority areas.
	2.2 Number of new or improved policies, practices or performance standards implemented by partner organisations	100	Achieved	As a result of <i>Aus4Skills</i> supported activities through a range of targeted areas (i.e. higher education, vocational training, women in leadership, human rights training), there have been 137 new or improved policies, practices or performance standards implemented by <i>Aus4Skills</i> partner organisations.
	2.3 Number of new or improved Australian linkages created by Australia Award Scholarship and Australia Award Short Course recipients	400	Achieved	746 examples of new or improved Australian linkages provided by Australia Awards Scholarship alumni and Australia Awards Short Course recipients

¹ The performance benchmark and target relating to the Vietnam Climate Innovation Centre were revised after the finalisation of the 2017-18 APPR, to reflect the revised M&E framework developed for the program's extension (finalised in December 2018).

² Performance benchmarks and targets for Objective 2 were revised after the finalisation of the 2017-18 APPR to reflect recommendations from the mid-term review of *Aus4Skills*. This APPR reports against the updated targets.

³ The term 'positive contribution' refers to the extent to which students apply their acquired knowledge and skills and contribute to Vietnam's development. It is measured through the Alumni Development Impact Survey, which seeks examples of how *Aus4Skills* participants have contributed to policy, practice or performance standards.

Aid objective	Performance Benchmark	2018-19 Target	Rating	Progress in 2018-19
Objective 3: Promoting women's economic empowerment, including ethnic minorities	3.1 Number of households with increased incomes	Two new contracts signed between farmer group and processing companies	Achieved	For <i>WEAVE</i> , four contracts were signed during the last year to connect farmer producer cooperatives with markets. Average household incomes have increased by 44 per cent since 2017, which the mid-term review partly credited to the project's activities.
		1,750 women report enhanced skills and stronger networks	Achieved	For the <i>GREAT</i> program, 46 partnerships have been signed with government agencies, NGOs, civil society and business partners. 2,216 women (82 per cent from ethnic minority groups) were trained on topics including good agricultural practices and tourism service delivery. 4,249 women (95 per cent from ethnic minority groups) joined a formal cooperative or community-based tourism or farmers group.
		1,663 women have better access to productive resources and inputs	Achieved	An estimated 2,388 women had increased access to productive inputs such as seeds, fertiliser or loans to upgrade homestays. The proportion of women from ethnic minority groups accessing productive inputs was only 38 per cent, which is indicative of the ongoing need for support mechanisms to enable ethnic minority women to formally engage in the agricultural and tourism sectors.
	3.2 Number of firms actively implementing gender equality roadmap	Eight founding members of the <i>Investing in Women</i> business coalition complete Economic Dividends for Gender Equality (EDGE) certification	Partly achieved	Five companies (EVN, SASCO, Maritime Bank, Deloitte and Saigon Food) achieved EDGE certification in 2018-19, with three more (Traphaco, TNG and Maxport) on track to complete certification in the second half of 2019. Two of the original founding members decided not to proceed with EDGE certification, due to changing priorities within those organisations. However, four new members joined the business coalition early in the 2019, and three of these have already made strong progress over this short period.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

2 Performance Benchmarks for 2019-20

Aid objective	Performance Benchmark	2019-20
Objective 1: Enabling and engaging the private sector for development	1.1 Number of new transport projects brought to market that include detailed consideration of social, environmental and engineering issues	One detailed design employing enhanced approaches completed; one further detailed design employing enhanced approaches 25 per cent complete
	1.2 Number of beneficiaries with access to new or improved climate smart products or services	180,000 beneficiaries (cumulative)
	1.3 Number of new and strengthened partnerships on science, technology and innovation	30 partnerships
Objective 2: Assisting the development and employment of a highly skilled workforce	2.1 Percentage of Australia Award Scholarship recipients, Australia Award Short Course participants and other non-scholarship <i>Aus4Skills</i> participants demonstrating positive contributions to priority areas	95 per cent
	2.2 Number of new or improved policies, practices or performance standards implemented by partner organisations	160
	2.3 Number of new or improved Australian linkages created by Australia Award Scholarship and Australia Award Short Course recipients	800
Objective 3: Promoting women's economic empowerment, including ethnic minorities	3.1 Number of women with increased incomes through improved economic engagement	12,117
	3.2 Number of firms actively implementing gender equality roadmap	Five new members of the <i>Investing in Women</i> business coalition complete Economic Dividends for Gender Equality (EDGE) certification
	3.3 Number of instances where DFAT support contributed to the interests of women (including ethnic minority women) being incorporated into Government of Vietnam's policies, programs and services	21 DFAT-supported policy dialogues between government and businesses in which women participate


Annex C - Evaluation Planning

1 LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INL699/15A877: Women's Economic Empowerment through Agriculture Value Chain Enhancement (WEAVE)	Mid-Term Review	June 2019	September 2019	-	September 2019
INL487 SO1: Human Resource Development Facility (Aus4Skills)	Mid-Term Review	December 2018	August 2019	August 2019	July 2019

2 LIST OF PROGRAM PRIORITISED EVALUATIONS PLANNED FOR THE NEXT 12 MONTHS

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Mid-Term Review	INL733 – <i>Australia World Bank Strategic Partnership Phase 2</i>	May 2019	December 2019	To assess the partnership's performance and to provide recommendations for any mid-cycle adjustments required to improve or adjust end of program outcomes.	Partner-led Review
Mid-Term Review	INL939 – <i>Aus4Reform</i>	August 2019	January 2020	To assess the program's progress towards intended outcomes and make recommendations for the remainder of implementation.	DFAT-led (includes consultants engaged by DFAT)
Program Completion Review	INH651 – Southern Coastal Corridor Project	November 2019	May 2020	To assess performance of this co-financing project with the Asian Development Bank for road upgrades to link key economic zones in Vietnam, Cambodia, and Laos.	Partner-led Review



Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Mid-Term Review	INL699 – <i>Aus4Equality</i>	March 2020	September 2020	To assess the program’s progress towards intended outcomes and make recommendations for the remainder of implementation.	DFAT-led (includes consultants engaged by DFAT)

ANNEX D - AID QUALITY CHECK RATINGS

1 AQC RATINGS

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Vietnam Climate Innovation Centre	\$4.65m 2013-20	2019 AQC	n/a	4	3	n/a	n/a	4	n/a
		2018 AQC	5	5	4	3	4	4	
SO1: Human Resource Development Facility (<i>Aus4Skills</i>)	\$40m 2013-20	2019 AQC	n/a	5	4	n/a	n/a	5	n/a
		2018 AQC	5	5	5	5	4	5	
Australia World Bank Partnership Phase 2 (<i>ABP2</i>)	\$25m 2013-20	2019 AQC	n/a	5	5	n/a	n/a	5	n/a
		2018 AQC	5	4	4	3	4	4	
<i>Aus4Equality</i>	\$39.6m 2013-20	2019 AQC		4	4	n/a	n/a	5	n/a
		2018 AQC							
<i>Aus4Transport</i>	\$30.5m 2013-20	2019 AQC		3	3	n/a	n/a	4	n/a
		2018 AQC							
<i>Aus4Reform</i>	\$9.7m 2013-20	2019 AQC		5	4	n/a	n/a	4	n/a
		2018 AQC							

2 FAQC RATINGS

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Cao Lanh Bridge - M&E, social development, diplomacy & civil work / Detailed Design	\$156.7m 2014-18	5	5	5	6	5	5	4	n/a

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Intermediate Outcome	Indicator	2019/20 Targets
Objective 1: Enabling and engaging the private sector for development		
1.1 Value-for-money infrastructure demonstrated and enabled	1.1.1 Number of daily users of Cao Lanh Bridge	170,000 daily users
1.2 Faster project development and improved quality of transport infrastructure making use of funding from all financial sources	1.2.1 Number of new projects brought to market that include detailed consideration of social, environmental and engineering issues	One detailed design employing enhanced approaches completed; one further detailed design employing enhanced approaches 25 per cent complete
	1.2.2 Number of new policies/guidelines/procedures/ operational practices developed to address bottlenecks relating to project development	Three projects on capacity-building/system enhancements/new procedural guidelines embedding enhanced practices are 50 per cent complete
1.3 Businesses develop and deploy innovative climate smart technologies	1.2.1 Number of beneficiaries with access to new or improved climate smart products or services	180,000 beneficiaries (cumulative end of program target)
1.4 Improved economic policy is implemented	1.4.1 Number of instances where DFAT support has contributed to improvements in economic policy and/or its implementation	Establishment of an independent institution to exercise ownership rights in large SOEs to separate regulatory functions from ownership
1.5 Vietnam's innovation system is enhanced	1.5.1 Number of instances where the Aus4Innovation program has positively contributed to Vietnam's science, technology and information (STI) policies or strategies	Three
	1.5.2 Number of new science commercialisation models between private and public sector introduced	Four science commercialisation models
	1.5.3 Number of new and strengthened partnerships on STI supported by <i>Aus4Innovation</i>	30 partnerships
1.6 Private sector actors improve income and employment for women in agriculture and tourism	1.6.1 Private sector investment leveraged	USD3 million
Objective 2: Assisting the development and employment of a highly skilled workforce		
2.1 Program participants use skills and knowledge to make positive contributions to priority areas	2.1.1 Percentage of Australia Award Scholarship recipients, Australia Award Short Course participants and/or other non-scholarship <i>Aus4Skills</i> participants demonstrating positive contributions	95 per cent
2.2 Organisations have improved policies and practices	2.2.1 Number of new or improved policies, practices or performance standards implemented by partner organisations	160
2.3 Stronger people-to-people links between Australia and Vietnam	2.3.1 Number of new or improved Australian linkages created by Australia Award Scholarship and Australia Award Short Course recipients	800

Intermediate Outcome	Indicator	2019/20 Targets
Objective 3: Promoting women's economic empowerment, including ethnic minorities		
3.1. Women are more economically secure	3.1.1 Number of women with increased incomes through improved economic engagement	12,117
	3.1.2 Number of women with new knowledge and skills in agriculture, processing, tourism and business	22,283
	3.1.3 Number of women with better access to productive resources and inputs	6,118
3.2. Women influence decision-making in the family, the community, workplaces and businesses	3.2.1 Number of women appointed to take a leadership position in collective groups	363
	3.2.2 Percentage of women beneficiaries of gender targeting interventions participating in household financial decision making	50 per cent
	3.2.3 Number of firms actively implementing gender equality roadmap	Five new members of the <i>Investing in Women</i> business coalition complete Economic Dividends for Gender Equality (EDGE) certification
3.3. More inclusive policies, programs and service delivery	3.3.1 Number of instances where DFAT support contributed to the interests of women (including ethnic minority women) being incorporated into Government's policies, programs and services	21 DFAT-supported policy dialogues between government and businesses in which women participate