



Aus4Reform Program

‘Restructuring for a more competitive Vietnam’

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Glossary

ACCC	Australian Competition and Consumer Commission
AIP	Aid Investment Plan
AQC	Aid Quality Check
AWP	Annual Work Plan
CPEC	Communist Party Economic Commission
CIEM	Central Institute of Economic Management, part of the Ministry of Planning and Investment
CMU	Component Management Unit
CPV	Communist Party of Vietnam
DFAT	Department of Foreign Affairs and Trade
ECNA	Economic Committee of the National Assembly
FF	Flexible Fund
GoV	Government of Vietnam
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development, part of the Ministry of Agriculture and Rural Development
MARD	Ministry of Agriculture and Rural Development
MOIT	Ministry of Industry and Trade
MPER	Master Plan on Economic Restructuring
MPI	Ministry of Planning and Investment
MTR	Mid-term Review
NA	National Assembly
NCD	National Component Director
NPD	National Program Director
OM	Operations Manual
PC	Productivity Commission
PCC	Program Coordination Committee
PSU	Program Support Unit
RCV	Restructuring for a More Competitive Vietnam Program
SAG	Senior Advisory Group
SEDP	Socio-Economic Development Plan
SOE	State-Owned Enterprise
SPME	Senior Program Manager-Economist
SPA	Senior Policy Advisor
TPP	Trans-Pacific Partnership
VCA	Vietnam Competition Authority, part of the Ministry of Industry and Trade
VCCI	Vietnam Chamber of Commerce and Industry
WEE	Women's Economic Empowerment

A: Executive Summary

Elevator pitch

The Restructuring for a More Competitive Vietnam program (RCV), now called 'Aus4Reform', works with the Vietnamese Government to boost productivity and competitiveness in Vietnam. The program supports the development of quality policies, laws, and institutions through advocacy, consultation, and by strengthening the evidence base for economic policies - drawing on international experience and expertise, especially from Australia. Better policies, laws, and institutions enables the private sector and business innovation by both improving the overall business environment and by helping to level the playing field between all businesses. This should particularly benefit SMEs, women-headed firms and other entrepreneurs less-connected to decision makers. A better business environment and more vibrant Vietnamese private sector benefits Australian businesses looking to trade with or invest in Vietnam, while a more prosperous Vietnam will stimulate demand for Australian goods and create more opportunities for two-way investment.

Country context

Despite remarkable socio-economic achievements, average per capita income and living standards remain well below national aspirations and Vietnam continues to face critical development challenges. Productivity growth has slowed in recent years, pressing social and environmental problems remain, gender and other inequities persist, and economic institutions and governance remains weak. The Socio-Economic Development Plan (SEDP) 2016-2020 warns that Vietnam must adapt more quickly and effectively to global opportunities and challenges if it is to avoid continuing to lag behind other successful regional economies.

Slower growth has prompted increasing public debate about inequities, corruption and the most appropriate socio-economic development models for Vietnam. There are growing concerns that those most closely connected to political power have been able to accumulate wealth relatively easily due to their privileged access to capital, land, and markets. This is both inequitable, and acts as barrier to the entry of new businesses, competition and innovation. Barriers to accessing economic opportunities by some social groups, including women, constrain productivity growth.

Weaknesses in the emerging regulatory and legal framework and institutions have allowed these unfair advantages to persist, stifling innovation and growth in productivity, competitiveness, and incomes. While it has improved on some counts, Vietnam continues to rank poorly in terms of the World Bank's Doing Business Index and the World Economic Forum's Global Competitiveness Index.

Concerns about declining productivity growth have contributed to growing pressure to accelerate reforms to increase competition, productivity and national competitiveness in order to realize national aspirations for reducing poverty and achieving equitable improvements in living standards. The Government of Vietnam (GoV) and Communist Party of Vietnam (CPV), including the new leadership following the 2016 National Party Congress,

have responded by making economic restructuring, private sector development, and business innovation to accelerate productivity growth a key economic priority.

Evidence base and rationale for Australian engagement

Aus4Reform is a second phase of the RCV pilot program (RCV), which is ongoing (May 2014 – December 2016, total value AUD3.1 million, with a AUD500,000 extension to continue until June 2017). RCV has contributed to boosting productivity and competitiveness in Vietnam by supporting the development of quality policies, laws, and institutions through advocacy, consultation, and by strengthening the evidence base on economic policy - drawing on international experience and expertise, especially from Australia.

A Mid-term Review (MTR) conducted in early 2016 found that RCV was relevant, effective and efficient. It concluded that “there seems to be a real opportunity for RCV to assist in ambitious market focused reforms, as strategic issues (including Vietnam’s concern to reduce reliance on China) are focusing the attention of leaders on the need to accelerate the transition to a market economy. While other development partners are supporting work on aspects of the Master Plan on Economic Restructuring (MPER) agenda, none is so closely linked to policy analytical processes or have such an entry to decision makers as RCV.” The MTR highlighted that RCV “benefits from strong leadership, a clear vision on how to best progress the reform agenda and access to high-level networks”.

Key achievements under RCV include:

- Contributing to more business-friendly Enterprise and Investment Laws (effective since 1 July 2015). RCV-supported reviews resulted in proposals by the Ministry of Planning and Investment (MPI) to abolish 3299 business conditions and to reduce the list of sectors with restricted participation from 267 to 226.
- Contributing to formal recognition of social enterprises in the 2014 Law on Enterprises. KOTO, a social enterprise with a Vietnamese-Australian founder, was the first organization to register as a social enterprise under this new law.
- Contributing to a high quality 2016 National Assembly (NA) Resolution on Economic Restructuring.
- Contributing to an ambitious 2016 CPV Resolution on a New Growth Model.
- Supporting a survey, conducted by the Vietnam Chamber of Commerce and Industry (VCCI), to identify the top ten best and worst regulations in Vietnam. This innovative activity attracted considerable attention from business and sparked debate about business regulations in the Government and amongst the public more broadly.

Aus4Reform is based on a strong understanding of the local context, including what other development partners are doing, and builds on Australia’s significant experience working on economic reform in Vietnam through both RCV and the Australia co-financed Beyond WTO program. The design takes into account the above country context as well as important developments since the design of RCV, including: political changes in 2016, Vietnam’s deepening regional and global economic integration, and increased development partner activity on economic/trade cooperation. Aus4Reform’s approach is based on a clear

understanding of how Vietnam undertakes economic reform and how development partners should support this process (see Table 1 below).

Aus4Reform is well-aligned with Vietnam's national priorities, Australia's priorities for its economic partnership with Vietnam, and Australian expertise. It will contribute directly to implementation of key high-level Vietnamese economic policy documents, including: the Resolution on a New Growth Model; the Socio-economic Development Plan 2016-2020, and the National Gender Equality Strategy 2011-2020. It will also contribute to addressing the issues highlighted in the Australian-funded Vietnam 2035 Report. The program contributes directly to two of the three pillars under Australia's Vietnam Aid Investment Plan (AIP): Pillar 1 on enabling and engaging the private sector for development and Pillar 3 on women's economic empowerment. Lastly, Aus4Reform is well-aligned with Australia's comparative advantage as a development partner – a key reason why there is ongoing demand from Vietnam for Australia to assist with economic reform.

Table 1: Evidence-base/lessons learned that underpin RCV approach

How Vietnam undertakes economic reform	How development partners can best support economic reform in Vietnam
Gradual	Support nationally-led efforts
Domestically-driven with international support	Consultation and quality assurance helps build broad support
Decentralisation and experimentation	Get the institutional structure right
Use of external drivers, especially international commitments	Be responsive and flexible, but with clear objectives

Innovations in Aus4Reform

Aus4Reform maintains the same features that made RCV successful but also adds some new elements to improve the program and to address areas requiring improvement as identified through the Aid Quality Check (AQC) process. New features include:

- A stronger focus on women's economic empowerment.
- An improved Monitoring and Evaluation framework.
- A new component partnering with the Vietnam Chamber of Commerce and Industry (VCCI) to increase private sector engagement.
- More sub-national initiatives.
- A stronger focus on communications and advocacy, recognising that these are critical to achieving the program's objectives.

Investment description

Aus4Reform is designed to contribute to SEDP objectives of reducing poverty and ensuring equitable improvements in living standards via increased productivity resulting from a more inclusive, competitive and integrated market economy. Aus4Reform will focus on supporting SEDP priorities targeting productivity growth as identified in, for example, the recent CPV resolution on a new economic growth model and the recent NA resolution on economic restructuring. Aus4Reform will finance the costs of studies, consultations, peer reviews, and information dissemination on key policy issues identified in such resolutions, including reducing the regulatory barriers to business, introducing a new competition policy framework, approval and implementation of an amended competition law in line with international commitments, restructuring of the rural economy, improving women's access to economic opportunities, and improving economic reform planning and implementation capacity.

Aus4Reform will be delivered through grant financing of AUD 6,500,000 between July 2017 and June 2021. The overarching development problem that Aus4Reform will address is declining productivity growth caused by:

- Weak business environment
- Inefficient factor markets
- Unfair competition
- Barriers to restructuring the rural economy
- Barriers to women's economic empowerment.

Aus4Reform will directly support outputs that contribute to the established work programs of:

- Central Institute for Economic Management (CIEM), under the Ministry of Planning and Investment (MPI)
- Vietnam Competition Authority, under the Ministry of Industry and Trade (MoIT)
- Institute of Policy and Strategy for Agriculture and Rural Development, under the Ministry of Agriculture and Rural Development (MARD)
- Vietnam Chamber of Commerce and Industry (VCCI)

CIEM, VCA, IPSARD, and VCCI all have a strong track record of supporting reforms and have the clearest mandates to address the development problems listed above. Drawing on successful RCV experiences, the focus of Aus4Reform support will be on building the constituency for reform through improved consultative processes, applied policy research to strengthen the evidence base for reform, and strengthening the oversight of economic reform processes, using linkages between Australian and Vietnamese institutions to strengthen consultation, research and advocacy processes. Component activities will typically involve evidence-based research and analysis, capacity-building, information dissemination and awareness-raising and advocacy through workshops, the media, influential networks and other forums. Aus4Reform research, analytical studies and policy recommendations are expected to be discussed in cabinet meetings and at economic policy forums and workshops

led by the GoV and by the economic committees of both the National Assembly and CPV, as well as to receive broad-based coverage in national and sub-national media.

Table 2: Comparison of key components under RCV and Aus4Reform

Lead partner	RCV (4 components)	Aus4Reform (5 components)
Central Institute for Economic Management (CIEM).	• Enhanced business competitiveness and transparency	• Building more Competitive and Transparent Markets and Business Enabling Environment
Vietnam Competition Authority (VCA)	• Restructuring competition institutions in line with international commitments	• Ensuring Markets Operate Competitively in Consumer and National Economic Interests
Institute for Policy and Strategy for Agricultural and Rural Development (IPSARD)	• Restructuring the rural economy to increase value added	• Facilitating the Restructuring of the Rural Economy
Vietnam Chamber of Commerce and Industry (VCCI)	• Limited ad hoc support under Flexible Fund for advocacy work.	• Greater Business and Women's Voice in Investment Climate and Economic Restructuring Issues.
PSU/CIEM	• Flexible Fund to Respond to Priority Emerging Issues.	• Flexible Fund to Respond to Emerging Bottlenecks to Productivity Growth and Innovation.

Expected Outcomes

Aus4Reform will support the development of quality policies, laws, and institutions in Vietnam through advocacy, consultation, and by strengthening the evidence base on economic policy - drawing on international experience and expertise, especially from Australia. Specific outcomes that the program will contribute to by the end of 2020 include:

- a. An improved and more equitable business enabling environment resulting in the formal registration of at least 1 million private enterprises by 2020, including an increasing share of women-headed enterprises, and an acceleration in growth in formal private sector employment.
- b. More competitive and transparent product and factor markets facilitating the efficient transfer of factors of production (especially land) into more innovative and higher value added products and services, and reduced fragmentation of rural land holdings.
- c. Stronger competition law institutions, including an amended competition law, and restructured competition agency and enforcement mechanisms.
- d. Improved evidence base on impact of efforts to accelerate rural restructuring, with stronger growth in the productivity of female and male rural workers.
- e. Increased evidence base and awareness of the links between Women's Economic Empowerment (WEE), reducing gender gaps in labour productivity, and accelerating productivity growth.

Delivery approach and implementation arrangements

1. Aus4Reform will retain the basic structure of RCV, but with more refined themes and the addition of VCCI as a partner to help strengthen the program's engagement with the Vietnamese private sector (see summary of program structure in Table 2).
2. CIEM will be the lead agency responsible for overall program delivery. An experienced National Program Director (NPD) will be appointed to oversee the program. CIEM, VCA, IPSARD and VCCI will be responsible and accountable for effective and efficient delivery of component outputs. A Flexible Fund, managed by CIEM, will provide opportunities for responding to emerging opportunities and for engaging with other Vietnamese partners.
3. A Program Coordination Committee (PCC) will meet at least every six months. These meetings will be important opportunities for strategic discussions between DFAT and program partners. They will include discussion of: results achieved; political-economy analysis, testing if program objectives and M&E indicators are still appropriate and achievable; testing strategies for achieving those objectives, including how well we are reaching relevant stakeholders; and forward work plans. This will ensure DFAT is well-informed about the program's activities and progress and will make better use of DFAT's own information, expertise and experience.
4. A Senior Advisory Group (SAG) - consisting of influential national experts with a demonstrated capacity to engage on reform issues at all levels - will support ongoing quality control, planning and advocacy work. In addition, the SAG is expected to play a key role in the annual program review and planning process. Aus4Reform will have a better gender balance in the SAG than RCV.
5. DFAT will be involved in program planning and strategy decisions, including approval of the Operations Manual (OM), key program personnel in the Program Support Unit (PSU) (including the Senior Program Manager-Economist (SPME)), the SAG, and decisions on the use of the Flexible Fund. DFAT will recruit an international Senior Policy Advisor (SPA) to support RCV implementation. The SAG and the SPA will play an important advisory role in planning, policy dialogue, communications and quality control over program activities.

Addressing DFAT's Quality Criteria

The table below summarises how Aus4Reform meets DFAT's Design Quality Criteria:

Table 3: Summary of how Aus4Reform addresses DFAT's Investment Design Quality Criteria

Criteria	How RCV addresses criteria
Relevant	<ul style="list-style-type: none">- Nationally-led program guided by high-level national economic development plans and key proponents of reform.- Contributes directly to Pillar 1 of the Vietnam Aid Investment Plan: <i>Enabling and engaging the private sector for development</i>.- Utilises Australia's world-class expertise, especially on productivity and competition policy issues, through partnerships with Australian institutions (e.g. Productivity Commission, Australian Competition and Consumer Commission (ACCC), and Australian universities.- Senior Advisory Group (SAG) tests ongoing policy relevance of work program and helps with advocacy.

Effective	<ul style="list-style-type: none"> - Works with leading pro-reform agencies and individuals to help build coalitions of change across central government, sub-national government, research institutes and private and other civil society organizations. - Australian experts will advise on research design, consultative processes and draft research findings, and provide ongoing mentoring support on as-needed basis. - Activities will be reviewed and updated on an annual basis to ensure that the program continues to support high priority reforms. - Flexible Fund allows the program to be responsive to new opportunities that will contribute to targeted outcomes. - Increased focus in Aus4Reform on improving communications and advocacy, which underpin policy influence.
Efficient	<ul style="list-style-type: none"> - Linkages with Australian institutions, including through email and short-term contracts, provide low cost, highly relevant, quality expertise to support implementation. - Vietnamese Government partners will provide in-kind office and logistics support estimated at about AUD 600,000. - Considerable in-kind contributions (mostly in the form of people's time) are expected from high-level policy-makers and influencers, the private sector, media, business associations, research institutes, and the broader community.
Monitoring and Evaluation	<ul style="list-style-type: none"> - Increased focus in Aus4Reform on M & E, including an improved M&E framework. - Monitoring as part of 6-monthly Program Coordination Committee (PCC) meetings. - Vietnam Posts' Advisory Committee and RCV Reference Group will provide opportunity for ongoing independent feedback on the program's performance. - A mid-term review (MTR) will be conducted in late 2019 to assess progress, lessons learned, and recommend any changes needed to improve implementation. The MTR may also explore opportunities for follow-up support.
Sustainable	<ul style="list-style-type: none"> - Nationally-led. - Builds institutional linkages with Australia.
Gender Equality	<ul style="list-style-type: none"> - Increased focus in Aus4Reform on Women's Economic Empowerment. - Program design informed by gender analysis by international expert. - Aus4Reform contributing to nine key activities under Vietnam Posts' Gender Equality Action Plan 2016-2020.
Risk Management and Safeguards	<ul style="list-style-type: none"> - Key risks relate to a failure to achieve results due to failure in terms of a) relevance or b) effectiveness. As outlined above, Aus4Reform is designed to ensure that the program remains relevant and effective throughout its duration. - Low Safeguards risk.
Innovation and Private Sector	<ul style="list-style-type: none"> - Enables the private sector by both improving the overall business environment and by helping to level the playing field between the private sector, particularly SMEs, and others. - Introduction in Aus4Reform of new component, led by VCCI, to give businesses and women a greater voice in implementing economic restructuring. - Aus4Reform support for stimulating market competition is critical to stimulating business innovation.

B: Analysis and Strategic Context

Country context

Despite remarkable socio-economic achievements, average per capita income and living standards remain well below national aspirations and Vietnam continues to face critical development challenges. Productivity growth has slowed in recent years, pressing social and environmental problems remain, gender and other inequities persist, and economic institutions and governance remains weak. The SEDP 2016-2020 warns that Vietnam must adapt more quickly and effectively to global opportunities and challenges if it is to avoid continuing to lag behind other successful regional economies.

GDP growth has averaged around 6% per annum since 2008, well below the previous decade. Export growth has remained strong (despite difficult international conditions following the Global Financial Crisis), the country has a current account surplus, and international reserves are robust, but major concerns remain. Labour productivity and per capita income remain well below China and most other East Asian economies. The domestic private sector continues to be adversely affected by weaknesses in financial, capital and property markets, and subdued (but improving) growth in domestic demand. Public debt has been growing much faster than the economy and the Government's capacity to use fiscal policy to boost growth or respond to external shocks is increasingly constrained.

Slower growth has prompted increasing public debate about inequities, corruption and the most appropriate socio-economic development models for Vietnam. There are growing concerns that those most closely connected to political power have been able to accumulate wealth relatively easily due to their privileged access to capital, land, and markets. This is both inequitable and acts as barrier to the entry of new businesses, competition and innovation. Barriers to accessing economic opportunities by some social groups, including women, constrain productivity growth.

Weaknesses in the regulatory framework and in market institutions have allowed these unfair advantages to persist, further stifling growth in productivity, competitiveness, and incomes. While it has improved on some counts, Vietnam continues to rank poorly in terms of the World Bank's Doing Business Index and the World Economic Forum's Global Competitiveness Index.

Concerns about declining productivity growth have contributed to growing pressure to accelerate reforms to increase competition, productivity and national competitiveness in order to realize national aspirations for reducing poverty and achieve equitable improvements in living standards. Party and Government resolutions and strategies, business forums and the Vietnamese media have become increasingly frank in their critique of vested interests, corruption and inequity. The press, the internet, and social media are increasingly important platforms for domestic discussion about how best to achieve national development goals. Increasingly, senior government and party leaders, academics, business people, and the broader community – as well as international development experts – have emphasised the need to accelerate economic restructuring to help address these concerns.

The GoV and CPV, including the new leadership following the 2016 National Party Congress, have responded by making economic restructuring to accelerate productivity growth a key

economic priority. Key policy documents that reflect this emphasis include: the 2013 Master Plan on Economic Restructuring from 2013 to 2020 (MPER), the SEDP 2016-20, the 2016 CPV Resolution on a New Growth Model, and 2016 NA Resolutions on economic restructuring.

Economic integration continues to be a central element of Vietnam's strategy to "catch up" with neighbouring countries in terms of labour productivity and living standards. Vietnam is a member of the WTO and the ASEAN Free Trade Area (AFTA) and has signed bilateral trade agreements with a number of trading partners. Vietnam is also active in regional economic cooperation agreements such as the ASEAN Economic Community (AEC), the Regional Comprehensive Economic Partnership (RCEP), and the Trans-Pacific Partnership (TPP). Planned implementation of the AEC, RCEP and TPP, and new bilateral agreements (notably the EU-Vietnam FTA), and the WTO Trade Facilitation Agreement will increase pressure to restructure the economy and will impact on the pace and distribution of economic growth.

The challenge is to facilitate economic restructuring to promote more positive and equitable impacts from integration. This requires a renewed effort to level the playing field for all businesses and develop more efficient and competitive markets.

New developments since the design of RCV

This design has taken into account some important developments in the local context since the design of RCV, including:

Political change: The 12th National Congress of the Communist Party of Vietnam in January 2016 resulted in substantive changes to the membership of the Politburo (12 of the 19 members are newly appointed) and the Central Committee. Following the Party Congress and the election of a new National Assembly in May 2016, Vietnam has a new Prime Minister, a new Chair of the National Assembly, and a new President. Amongst Vietnam's top 4 leadership positions, only the Secretary-General of the CPV remained unchanged. New ministers were appointed to head 21 out of 24 ministerial-level agencies in Vietnam. The new cabinet includes many members who have studied overseas, including in market economies, and some with strong academic backgrounds in market economics. Political commitment to economic reform remains strong (see Annex 6: Political-Economy Analysis).

Deepening economic integration: In the last year alone Vietnam has signed on to the Trans-Pacific Partnership (TPP), concluded negotiations of the EU-Vietnam FTA, and been part of the official establishment of the ASEAN Economic Community (AEC). It has also signed a number of bilateral FTAs, including with Korea, and is negotiating more agreements, including the Regional Comprehensive Economic Partnership (RCEP). Vietnam is also a party to the WTO Agreement on Trade Facilitation, which is expected to come into effect in early 2017. To meet its international commitments and, more importantly, to ensure equitable national economic benefits from economic integration, Vietnam will require sustained efforts to build and strengthen market economy institutions that provide inclusive access to economic opportunities.

Increased development partner activity on economic/trade cooperation: Following Vietnam's impressive poverty alleviation efforts, some development partners are shifting their focus to economic and trade-related support, with a particular interest in supporting

implementation of the regional and international economic cooperation agreements mentioned above.

Development Problem/Issue Analysis

The overarching development problem that Aus4Reform will address is slow productivity growth caused by:

Weak business environment: Vietnam's business environment has been held back by inefficient public investment together with pervasive corruption and weak governance in public agencies and State-Owned Enterprises (SOEs). CIEM (2016) notes that policy makers are acutely aware that Vietnam remains behind regional benchmarks on business environment indicators and the Government has developed, and is implementing, a range of reform initiatives specifically aimed at bridging the gaps between Vietnam and regional peers.

Unfair competition: Preferential access to land, credit and public contracts for SOEs and well-connected private firms has helped protect them from fair market competition and stifled incentives to innovate. Implementation of competition policy has been limited by the lack of independence of the relevant GoV agencies.

Inefficient factor markets: Barriers to the movement of factors of production (land, labour, capital and technology) from relatively low productivity production to higher productivity production is another key contributor to slow productivity growth. A particular focus for Aus4Reform is the institutional barriers to the transfer of land from low productivity agriculture production (especially paddy production) to higher value uses (e.g. horticulture, industrial or environmental uses).

Limited women's economic empowerment: The relatively high concentration of women in low productivity employment and the low share of female headed enterprises in new business start-ups indicates that women are not fully able to contribute to Vietnam's economy.

Implementation of planned reforms will not be easy. Regulatory reforms and increasing regional economic integration will expose uncompetitive sectors of the economy to competition. This will help increase national productivity and competitiveness but can also lead to the failure of some enterprises and significant adjustments in some areas. Vested interests will resist changes that will affect their current privileged positions. Policy responses need to be sensitive to this and to minimize adverse impacts where possible.

Vietnam has limited capacity to: (i) monitor and/or provide evidence-based analysis of the impacts of economic reforms (especially equity impacts) or; (ii) to develop policy actions aimed at ensuring better and more equitable outcomes. Without a sound understanding of potential impacts and potential policy responses, it will be difficult to build a consensus for reforms, and Vietnam's leaders may be reluctant to implement difficult reforms for fear of potential criticism when reforms begin to impact on interest groups. In order to effectively implement the next stage of reforms needed to address these concerns, the GoV will need to build:

- Capacity to monitor and assess the distributional impacts of structural impediments to development and proposed solutions to address these impediments. This will be important to create pressure to implement reforms.

- The institutional capacity and evidence-base to support the formulation and implementation of policy, regulatory and public investment reforms.
- The core market institutions needed to transition to a competitive market economy.

Key RCV Achievements and Outcomes

The May 2016 mid-term review (MTR) of RCV concluded that “RCV is relevant, effective and efficient”. It also concluded that “RCV has a good probability of making a positive impact on selected Government of Vietnam objectives for improving the competitiveness of the economy, as laid out in the RCV-supported MPER.” RCV supported Government analysis and reporting on implementation of the MPER and development of the new NA (November 2016) resolution on economic restructuring. The NA concluded that, despite good initial results in implementing the MPER, not all targets had been achieved and sustained efforts were needed. RCV also supported the drafting of a new Party resolution on a new economic growth model. While recognizing that change would have occurred with or without the RCV Program, the MTR concluded that “RCV has added value by selectively supporting GoV mandated agencies build national coalitions for reform. Aside from the funding of national experts and information dissemination, this has involved support for peer review processes and access to international experts to enhance the quality and relevance of research and to strengthen the case and voices for reform”.

The MTR concluded that “there seems to be a real opportunity for RCV to assist in ambitious market focused reforms, as strategic issues (including Vietnam’s concern to reduce reliance on China) are focusing the attention of leaders on the need to accelerate the transition to a market economy. While other development partners are supporting work on aspects of the MPER agenda, none is so closely linked to policy analytical processes or have such an entry to decision makers as RCV.” The MTR highlighted that RCV “benefits from strong leadership, a clear vision on how to best progress the reform agenda and access to high-level networks”.

A summary of RCV achievements are presented in Annex 5. Highlights are presented below.

Selected program outcomes:

Component 1 – Enhanced Business Competitiveness and Transparency

- RCV-supported activities contributed to NA approval of more business friendly Enterprise and Investment Laws (effective since 1 July 2015). RCV-supported review of business conditions (under Resolution 19/2015) resulted in a MPI proposal to abolish 3299 business conditions. A second review helped MPI to propose a reduction from 267 sectors with restricted participation to 226 sectors, which the National Assembly has since approved in a Law to Amend the Investment Law (effective January 2017).
- Quarterly RCV-supported CIEM Macroeconomic Reports are distributed to government agencies, the NA, the CPV, universities and research institutes to raise awareness and facilitate discussion on macroeconomic management and economic restructuring. The release and analysis of reports through RCV-supported workshops have received widespread media coverage.

Component 2 – Restructuring Competition Institutions

- Support focused on building capacity and investigation skills, building the evidence base (annual reports on economic concentration in specific industries), while also building the case for more fundamental change in competition institutions. A widely discussed report on 10 years of implementation of the Vietnam Competition Law helped raise awareness and build support for the more substantive changes to be supported under Aus4Reform. Linkages between VCA and the ACCC have been enhanced and tools for engaging with the broader population on consumer dimensions of competition law have been developed. RCV-support contributed to the drafting of a new law on foreign trade management.

Component 3 – Restructuring the Rural Economy

- A national rice sector restructuring strategy - prepared and widely discussed with RCV-support - has been approved and is now being implemented. A follow-up study is examining the policy and regulatory constraints at all levels of government in rice production, processing, logistics and marketing. While important steps forward, more needs to be done to remove continuing institutional barriers to developing competitive markets for agriculture land use rights and to increase competition and innovation in rice exporting. Strong linkages have been established with Australian National University (ANU) and Monash University to develop capacity to model the impacts of policy reform options from production, including land transfer and land use rights, through to rice marketing. Extensive consultations and media coverage have raised awareness of issues. The rural sector is a key pillar in GoV efforts to reduce poverty and the potential for productivity improvement is significant, but vested interests remain strong.

Flexible Fund

- The FF has supported a range of activities, including steps to build linkages with, and the capacity of, influential partners including the Economic Committee of the National Assembly (ECNA), the Communist Party Economic Commission (CPEC), and VCCI; as well as studies to consider ways to more actively incorporate support for women's economic empowerment through program activities. RCV-support under the FF has directly contributed to formulation of the new SEDP and resolutions of both the Party and the National Assembly to implement actions aimed at accelerating productivity growth.
- Another noteworthy activity was a VCCI survey to identify the top ten best and worst regulations impacting on businesses in Vietnam. This innovative activity attracted considerable attention from business and sparked debate both in the Government and amongst the public more broadly.

Evidence-base/Lessons Learned

The design of Aus4Reform has been informed by Australia's significant experience working on economic reform in Vietnam through both RCV and the Australia co-financed Beyond WTO program. The program design takes into account the following lessons learned about how Vietnam undertakes economic reform and how development partners can best support reform efforts.

How Vietnam undertakes economic reform

Gradual: Vietnam has taken a step-by-step approach to reform with a strong focus on achieving consensus that places a premium on political and social stability. Efforts have been made to minimize the number of losers in the reform process. Reforms that produce quick and broadly-shared wins have helped reduce ideological resistance and build broad-based support.

Domestically-driven with international support: The reform process has remained largely domestically-driven, which has been a critical factor in ensuring the broad-based domestic consensus needed to effectively implement reforms. At the same time, Vietnamese policy makers have been keen to learn from international experience, including international evidence on the economic benefits of reforms.

Decentralisation and experimentation: Implementation of reform has been facilitated by decentralization of key elements of economic decision-making. Decentralized economic and political power has provided opportunities for subnational agencies to innovate and experiment with reforms, including the introduction of market forces. Pilot initiatives have been used to learn by doing and to build the evidence-base for further reform.

Use of external drivers: With more challenging reforms, where it has been more difficult to avoid interest groups losing from reform processes (e.g. SOE reform), policy makers have made strategic use of international commitments, such as WTO accession, to help build pressure for reform. Planned future regional economic cooperation commitments may provide further opportunities to push forward with a reform agenda that increasingly involves losers and can expect growing resistance.

How development partners can best support economic reform in Vietnam

Support nationally-led efforts: International experience and good practices, effectively translated to directly relate to national reform concerns, can help build support for national reforms. International support can help national institutions to effectively access relevant experience and expertise. Support should be implemented directly with the Vietnamese implementing agencies with specific policy and/or institutional reform and capacity building issues. In providing such support, donors should link with appropriately networked “champions of reform” who have a clear vision for realizing change.

Consultation and quality assurance helps build broad support: Economic reforms are more likely to be broadly supported where there is effective whole-of-government and public-private collaboration. Policy dialogue, including effective engagement with the media, is important in building national support for reform. Establishing clear guidelines for quality assurance can help enhance the quality of outcomes. Useful approaches to quality assurance include:

- Peer reviews (e.g. of study designs, findings and recommendations). International expertise can be particularly helpful in shaping the design of activities, developing methodologies, and in reviewing policy analysis and recommendations.
- Formal participant evaluation of all learning and capacity building activities, including concrete examples of how the support was used to enhance institutional outcomes.
- Use of senior and motivated national experts (such as the SAG) in informal and formal peer reviews of policy studies and recommendations.

Get the institutional structure right: Getting the right institutional structure (governance, accountability, delegation, and ownership) is critically important for effective support for reform. Complex and/or ambiguous decision making structures should be avoided. Responsibility and accountability for component operational and financial decisions should be delegated to National Component Directors (NCDs) to ensure clear lines of accountability.

Responsive and flexible, but with clear objectives: Planning the specifics of support for reform is difficult and opportunities can emerge unexpectedly, so flexibility is important. At the same time, it is important to have clear targets/objectives and criteria for decision-making to ensure that all activities contribute to the program's aims. Because timing of reform can be uncertain, monitoring and evaluation frameworks also need to be flexible.

Rationale for Australian/DFAT engagement

Aus4Reform is well-aligned with Vietnam's national priorities, Australia's priorities in Vietnam, and Australian expertise.

Alignment with Vietnam's national priorities

The 12th Congress of the Communist Party of Vietnam (CPV) in early 2016 highlighted the need to increase productivity, including by shifting factors of production (especially labour and land) out of inefficient and low productivity uses into higher productivity uses, relying more on technological innovation, and developing a stronger private sector. The Congress issued a resolution on socio-economic development for the period to 2016-2020 which specifies the orientations of the SEDP 2016-2020. The SEDP includes a strong focus on strengthening productivity and competition to help raise incomes and living standards. Private sector development and removing remaining barriers to increased economic integration are seen as pivotal to achieving SEDP objectives.

Two key resolutions issued in 2016 by the Government (drafted by CIEM) to progress this agenda are Resolution 19 and Resolution 35. Aus4Reform will be closely tied to implementation of these resolutions. Resolution 19 renewed Vietnam's target of reaching by 2020 the average score for ASEAN4 economies (Philippines, Malaysia, Thailand, Indonesia) on the World Bank's 10 Ease of Doing Business Indicators. Resolution 35 set a number of targets to reach by 2020, including:

- - At least 1 million formal private enterprises;
- - Domestic private sector accounts for 48-49% of GDP, 49% of gross investment;
- - TFP contributes 30 - 35% of GDP growth.
- - Labour productivity increases by 5% per annum.
- - 30-35% of enterprises have initiatives and innovation

Another key policy document is the CPV Resolution on a New Economic Growth Model, issued in October 2016 (and drafted with CIEM support). Focus areas under the resolution include: (i) building institutions needed to effectively underpin a socialist market oriented economy; (ii) improving the investment environment to stimulate entrepreneurship and innovation; (iii) restructuring the rural economy; and (iv) restructuring the public sector, public investment, SOEs and the financial system. The resolution specifically targets an

annual growth of 5.5% in labour productivity, with most of this growth (60%) resulting from the movement of labour to higher productivity opportunities. The resolution also targets the better protection of property rights, and the development of markets for factors or production, including markets for agriculture land use rights and improving labour market mobility. MPI will play a key role in both implementing, and monitoring and evaluating implementation of the new model.

MPI is also responsible for implementing major elements of the GoV and NA resolutions on economic restructuring, including reforms to the business environment, corporate governance and public investment. Within MPI, CIEM has the lead role in monitoring and evaluating implementation of economic reforms and restructuring, in addition to its responsibilities to lead efforts to improve the business-enabling environment. Aus4Reform will help build CIEM's capacity to implement these responsibilities and it will be closely aligned to targets specified in this and other key Government resolutions.

Aus4Reform is also aligned with the Vietnamese Government's *National Gender Equality Strategy 2011-2020*, and the Australia in Vietnam Gender Equality Strategy 2016-2020, which aims to close gender gaps in three priorities areas:

- Enhancing women's voice in decision-making, leadership, and peace-building
- Promoting women's economic empowerment (where Aus4Reform will focus)
- Ending violence against women and girls.

Alignment with Australia's priorities in Vietnam

RCV has been a cornerstone of the first pillar of the AIP: *Enabling and engaging the private sector for development*, and of Australia's efforts to strengthen our economic partnership with Vietnam more generally. Aus4Reform will continue efforts to enable the private sector by working to both improve the overall business environment and level the playing field between the private sector, particularly SMEs, and others. A better business environment and more vibrant Vietnamese private sector also benefits Australian businesses looking to trade with or invest in Vietnam, while a more prosperous Vietnam will stimulate demand for Australian goods and create more opportunities for two-way investment.

Aus4Reform also places a greater emphasis on women's economic empowerment, the third pillar of the Vietnam AIP (see the section on Gender Equality for more information).

Alignment with Australian expertise

Lastly, Aus4Reform is well-aligned with Australia's comparative advantage as a development partner – a key reason why there is ongoing demand from Vietnam for Australia to assist with economic reform. Vietnam sees Australia as a logical partner to address these issues, because:

- Australian national economic reform experience has important parallels with Vietnam's current challenges, including on privatisation and trade liberalisation, and Australia's record of 25 years of unbroken GDP growth provides a strong example of the benefits of reform.
- Australia is seen (e.g. by the OECD) to be at the international cutting edge of processes to improve and streamline the regulatory environment for business, with

particularly strong capacity to engage broadly with stakeholders to formulate and implement reforms.

- Australia can offer Vietnam access to world-class economic institutions and research expertise, including on modelling the impact of economic and institutional reforms. Several of the components proposed under Aus4Reform will build on partnerships between Australian and Vietnamese institutions begun under Beyond-WTO and RCV, including with the Productivity Commission, the ACCC, the ANU, and Monash University. There may also be opportunities for new partnerships, such as with the Australian Institute of Company Directors (AICD).
- Aus4Reform will align with Australia's 'Aus4skills' program in Vietnam to support skill development, especially in key partner agencies.
- Australia also has the capacity to tap into expertise in other ASEAN and Pacific countries;
- Australia is active in promoting regional partnerships that will impact on Vietnam (especially the AEC, RCEP and TPP).

What are other development partners doing?

The World Bank (WB) is arguably the lead development partner agency involved in providing advice on the broad economic reform agenda and for trade facilitation. WB support is in the form of expert advice, studies, and policy dialogue (sometimes linked to budget support and/or sector operations). DFAT will work closely with the WB under the Trade & Competitiveness (T&C) pillar of the next phase of the Australia Bank Partnership. The same DFAT staff involved with the design of Aus4Reform have led DFAT's involvement on the design of this T & C work and have ensured that the two programs complement each other well.

The Asian Development Bank (ADB) is providing complementary support to the WB, with a particular focus on SOE reform and SME/private sector development.

The IMF provides technical assistance to help national institutions address macroeconomic, monetary and financial sector policy issues. The US Government is supporting economic growth and governance, including: (i) trade and investment; (ii) private sector competitiveness; (iii) public administration and financial management; and (iv) social and economic inclusion.

The European Union's support for integration (MUTRAP) focuses on implementation of bilateral (EU-Vietnam) trade and investment commitments. MUTRAP is currently in its 4th phase of operations and is one of the longest running programs of trade-related support in Vietnam.

Japan and Switzerland provide some limited support for competition policy reforms. The Vietnam Competition Agency (VCA) is also engaged in regional technical cooperation arrangements funded through the ASEAN Secretariat (including cooperation with ACCC under the AANZFTA). VCA is proactive in ensuring that development partners are aware of all competition policy related support in order to maximize complementarity and avoid duplication.

Australia has collaborated effectively with these other development partners under both GoV led development partner coordination mechanisms and under specific programs such as RCV. These mechanisms have proved generally effective in providing Vietnam with a variety of perspectives in key areas of reform, while avoiding unproductive duplication.

Innovation and Private Sector Engagement

Most importantly, Aus4Reform contributes to national innovation by facilitating business start-ups, business growth and business exit via reforms aimed at improving the business enabling environment and building inclusive economic institutions. These reforms will facilitate the development of a more dynamic and competitive private sector which will be essential for sustained growth in national productivity and incomes.

Aus4Reform maintains the same innovative features that have been shown to be effective under RCV, and adds some new elements to increase effectiveness and efficiency.

Continuing innovations

- National implementing partners provide office and logistics support with substantial in-kind support from other stakeholders (including substantive time from the highest level policy makers and influencers).
- The program works with a range of stakeholders, including Government, research institutes, private sector and civil society - at both national and sub-national levels - to build broad-based support for reform.
- CIEM uses its position within MPI to progress recommendations in areas where line ministries have difficulty putting forward more ambitious recommendations.
- A Senior Advisory Group (SAG) with policy influencers and opinion leaders help guide program priorities, assist with quality control, and support advocacy.
- Annual planning allows program managers to re-prioritize and reallocate resources to ensure that more resources are allocated to more effective program areas.
- Program linkages with Australian institutions – such as the Productivity Commission, ACCC, and Australian universities - provide low-cost, highly relevant, quality expertise to support implementation. Building on established and emerging linkages, the program is able to tap into expertise on an ongoing basis via email and short-term inputs to provide expertise, international experience and to assist with quality control. Australian experts will advise on research design, consultative processes and draft research findings and provide ongoing mentoring support on as needed basis from their home-base without the need for frequent expensive travel.
- The use of the Flexible Fund provides considerable scope for flexibility in activities financed, while retaining a clear focus on pre-determined targeted results.

New innovations

- Recognising that effective communications and advocacy is critical to achieving RCV's objectives, the design outlines how Aus4Reform can improve in these areas.
- To increase the program's private sector engagement, Aus4Reform introduces a new component partnering with VCCI, the leading business association in Vietnam.

- Drawing on earlier experience the program will ensure a more balanced gender, and geographic, representation in the SAG during Phase 2 to help better: (i) ensure the ongoing policy relevance of Aus4Reform work; (ii) ensure quality control with research and policy advice; and (iii) provide an effective channel for disseminating and raising public awareness of policy findings.
- The program will take a more formal approach to the annual review and planning review process to systematically document and discuss progress towards intended outcomes and to re-prioritize and reallocate resources to ensure maximum impacts. Members of the SAG will be engaged to support the annual review and planning process.
- Aus4Reform will proactively seek opportunities to ensure that gender productivity gaps and barriers to WEE are more systematically addressed in the national planning and policy making processes.

C: Investment Description

Aus4Reform is designed to contribute to SEDP objectives of reducing poverty and ensuring equitable improvements in living standards via increased productivity resulting from a more inclusive, competitive and integrated market economy. Aus4Reform will focus on supporting SEDP priorities targeting productivity growth as identified in, for example, the recent CPV resolution on a new economic growth model and the recent NA resolution on economic restructuring. Aus4Reform will finance the costs of studies, consultations, peer reviews, and information dissemination on key policy issues identified in such resolutions, including reducing the regulatory barriers to business, introducing a new competition policy framework, approval and implementation of an amended competition law in line with international commitments, restructuring of the rural economy, improving women's access to economic opportunities, and improving economic reform planning and implementation capacity.

Aus4Reform support to restructure the economy and implement a new economic growth model is intended to provide more inclusive and sustainable access to economic opportunities and result in accelerated and equitable growth in numbers of SMEs and large private enterprises as well as accelerated growth in more productive employment. Labour productivity gaps between women and men are expected to decline as a result. More broadly, the proposed reforms will help ensure greater transparency in policy-making processes and reduce opportunities for corruption. This, combined with reforms to remove barriers to business entry and innovation, should contribute to more inclusive development outcomes.

RCV is designed to help:

- Build capacity (through sharing of international experiences, mentoring, training, and peer reviews) to monitor, evaluate, report and facilitate dialogue on implementation of reform initiatives aimed at improving the regulatory environment for business and accelerated productivity growth; including by:
 1. Strengthening the capacity of Vietnamese institutions to conduct applied research, analysis and advocacy on economic reform issues;
 2. Strengthening partnerships between Australian and Vietnamese counterpart institutions.
- Build a stronger consensus on the actions needed to: reduce barriers to business entry, growth, competition, and increase women's access to economic opportunities, by:
 - a. Enhanced dialogue among policy makers, the public, academics and politicians;
 - b. Strategic use of the media to disseminate evidence that highlights the costs of the status quo;
 - c. Supporting policy dialogue on and implementation of core elements of the economic reforms relating to business, competition policy, women's economic empowerment, and restructuring the rural economy.

Aus4Reform will comprise 5 components:

- Promoting more inclusive and competitive factor markets and innovative business development (led by CIEM).
- Strengthening competition and consumer protection institutions (led by VCA).
- Facilitating the restructuring of the rural economy (led by IPSARD)
- Increased private sector and female participation in economic reforms (led by VCCI).
- Flexible fund to address bottlenecks to innovation and productivity growth (managed by CIEM).

Program Beneficiaries

The immediate beneficiaries will be CIEM, VCA, IPSARD, and VCCI officials (women and men) who are playing leading roles in planning, coordinating and implementing economic restructuring initiatives. The program will also engage and work with a broad range of policy researchers in research institutes, civil society organizations and private firms. This should help strengthen the capacity and reputations of these institutions. Policy makers and researchers in the CPV, NA, central and local government agencies, business associations, and other researchers will benefit from an improved evidence base for policy analysis and advocacy, and more effective consultation with stakeholders on key reform issues. Researchers will benefit from improved capacity resulting from the transfer of international and national experiences and advice and support on study design, methodology, and analysis and policy recommendations. The program will monitor the level of female and male participation in all activities to promote gender balance in terms of immediate beneficiaries.

Administrative reforms should simplify the work of sub-national level officials, and help improve their relations with local clients (firms and other stakeholders). There will be fewer opportunities for local level corruption.

Aus4Reform is expected to ultimately benefit households, farmers, private firms and other business and their employees. Thus, the impact will be felt across most areas of society, including both women and men. Those business owners that are currently less connected to existing power structures should benefit the most. Program support will directly target institutional bottlenecks that inhibit women's access to economic opportunities.

The program may negatively impact on those that currently benefit from the lack of transparent competition via preferential access to decision makers, land, capital and markets. These groups can be expected to resist reforms. Program-supported policy dialogue should help to build the support for reform that will be needed to counteract potential resistance from vested interests.

Logic and Expected Outcomes

Aus4Reform is designed to contribute to SEDP objectives of reducing poverty and ensuring equitable improvements in living standards by supporting an acceleration in business start-ups, innovation and productivity growth, with an increasing role for the private sector and competitive markets providing a more sustainable and inclusive model of economic development. Program supported reforms will help stimulate business expansion and innovation and the shift to a more knowledge based economy, by strengthening the

evidence base on the expected impacts of economic reforms and by building broad based support for reform through consultative approaches and advocacy programs. More specifically Aus4Reform will directly contribute to GoV targets to:

- Increase business competition, innovation and productivity; and
- Provide more inclusive and sustainable access to economic opportunities, with accelerated and equitable growth in SMEs, large private enterprises generating more productive employment.

Developing a more competitive market economy will also be crucial to implementing – and ensuring equitable national benefits from – regional economic cooperation agreements such as the ASEAN Economic Community (AEC), the Trans Pacific Partnership (TPP), and the Regional Comprehensive Economic Partnership (RCEP).

Details of targeted outcome indicators are presented in the Logical Framework Matrix (Annex 2). The core focus of activities and planned results are summarized in the following table.

Overview of Aus4Reform Focus and Planned Results

PROGRAM LEVEL RESULTS

Aus4Reform aims to contribute to equitable improvements in productivity via a more inclusive, innovative and sustainable growth model by supporting reforms to:

- (i) Improve the investment climate and economic institutions in line with national interests and international agreements.
- (ii) Improve factor market efficiency.

Specific outcomes that Aus4Reform will have contributed to by the end of 2020 include:

1. An improved and more equitable business enabling environment resulting in the registration of at least 1 million formal private enterprises by 2020, including an increasing share of women-headed enterprises, and an acceleration in growth in private sector employment of men and women.
2. More competitive and transparent product and factor markets facilitating the efficient transfer of factors of production (especially land) into more innovative and higher value added products and services, and reduced fragmentation of rural land holdings.
3. Stronger competition law institutions, including an amended competition law, and restructured competition agency and enforcement mechanisms.
4. Improved evidence base on impact of efforts to accelerate rural restructuring, with stronger growth in the productivity of female and male rural workers.
5. Increased evidence base and awareness of the links between WEE, reducing gender gaps in labour productivity, and accelerating productivity growth.

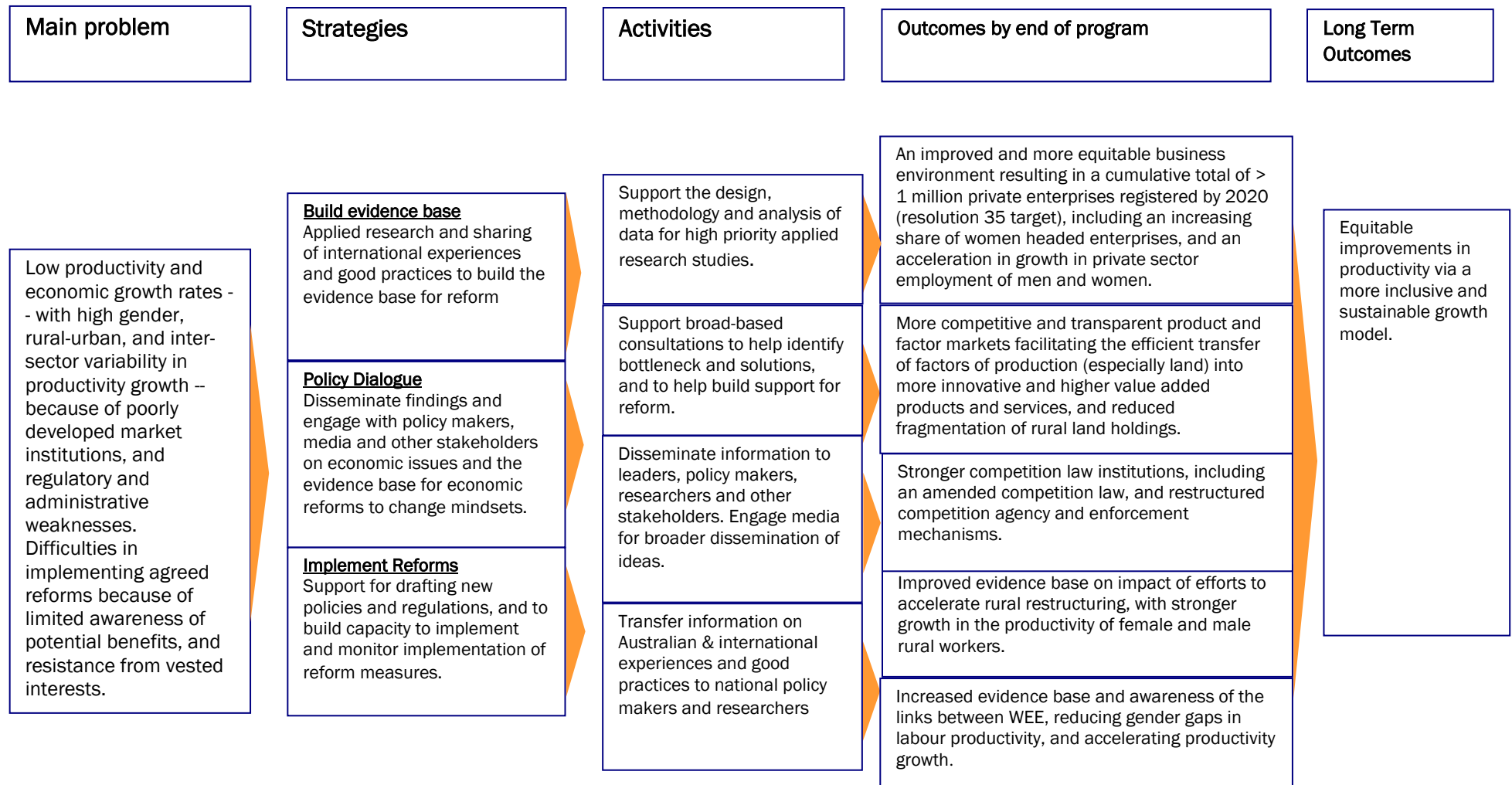
Table 4. COMPONENT LEVEL RESULTS FRAMEWORK

Objectives	Focus of Support	Planned Program Results
Component 1: Building more Competitive and Transparent Markets and a better Business Enabling Environment.	Monitoring and advocating for implementation of economic reform initiatives linked to a more inclusive and sustainable economic growth model (EGM). Identify any gender gaps in implementation, using gender disaggregated data where available.	More systematic M&E of GoV economic reform and restructuring initiatives and timely action taken to address bottlenecks. Quarterly economic reports (that identify reform implementation bottlenecks (including gender based issues) published and disseminated, with media coverage of issues raised.
	Monitor and advocate for implementation of GoV actions plans to streamline the business enabling environment. Identify and gender and/or other equity gaps in implementing action plans.	Annual progress reports on GoV efforts to reach targeted benchmarks (e.g. Resolution 19 and 35) to improve the investment climate and WEE, and actions take to address identified bottlenecks. Media coverage of issues.
	Build the evidence base (drawing on national research and international experiences) and advocate for reforms to develop more competitive and inclusive factor markets, analysing gender gaps where feasible.	Establishment of regulatory framework for independent agency to effectively and independently exercise State ownership rights in SOEs.
	Support for sub-national led studies, consultations and advocacy aimed at implementing the national economic restructuring agenda, including studies on gender based issues with restructuring.	Evidence based reports on key issues including any gender based issues. New resolution on market for agriculture land use rights approved and implemented to help increase transactions in markets for agriculture land use rights.
		Actions taken on reform recommendations made by at least one provincial level study and two sub-national research institutes.

Objectives	Focus of Support	Planned Program Results
Component 2: Ensuring Markets Operate Competitively in Consumer and National Economic Interests	Sharing of international experiences, and support for consultation on, and drafting of, amendments to competition law. Disseminate information on amended laws.	Approval of amended competition and consumer protection law and actions taken to reform implementing institutions in line with international commitments and good practice.
	Enhanced evidence base, information systems and skills to enforce competition agency responsibilities for regulating monopoly powers and any-competitive practices.	More effective and predictable implementation of the anti-monopoly powers and any-competitive provisions of the competition law.
	Enhanced evidence base, information systems and skills to enforce competition agency consumer protection responsibilities, including outreach programs targeting women.	Outreach programs, including programs targeting women. More effective and predictable implementation of the consumer protection.
	Develop materials and skills to raise awareness and implement trade remedies in line with international economic integration agreements.	Effective implementation of trade remedies provisions of international economic integration agreements
Component 3: Facilitating the Restructuring of the Rural Economy	Evidence based studies and consultations, including analysis of gender dynamics, leading to actions to mitigate adverse impacts of economic integration on rural economy.	Substantive regulatory/institutional reform implemented at national and provincial level to facilitate increased business investment and innovation in agriculture. Evidence of policy actions taken to facilitate the adjustment of adversely impacted groups in line with recommendations in report on impacts of economic integration agreements on the rural economy.
	Support rural “coalitions” to consult, analyse and advocate for reforms to increase value added and labour productivity in selected rural areas (initially in the Mekong Delta)	Coalitions established and effectively advocating for reforms to boost productivity in the Mekong Delta of Vietnam, and possibly later in another region. Active participation on women and men in the coalitions.
Component 4: Greater Business Voice in Implementing Economic Restructuring	Support for consultations, workshops and applied research to facilitate a more pro-active role by business associations in overseeing implementation of GoV economic reform and restructuring action plans.	Actions taken (changes to laws, regulations policies and/or institutions) to implement recommendations from at least two evidence based advocacy documents prepared by business associations targeting key bottlenecks to increased productivity identified by business groups.
	Support for consultations, workshops and applied research to facilitate a more pro-active role by business associations in promoting women’s economic empowerment (WEE).	Advocacy document produced and disseminated for reforms to strengthen WEE. Increased mainstreaming of WEE issues in economic reform and restructuring documents issued by the GoV.
Component 5: Flexible Fund to Respond to Emerging Bottlenecks to Productivity Growth and Innovation	Strengthening ECNA analytical and reporting capacity by direct support to evidence based studies, consultations and information dissemination activities directly linked to ECNA role in overseeing and guiding the GoV economic reform agenda. Support for substantive policy dialogue (e.g. high-level economic forums)	Substantive dialogue between ECNA, researchers and private sector, with reports on recommendations from this dialogue. Reports on progress with, and bottlenecks to, increasing national productivity, including analysis of progress with WEE.
	Increased evidence base to support the CPV economics committee role in overseeing the national economic reform and development agenda.	Actions taken (issuance of resolutions) to implement report recommendations of periodic reports on critical economic reform and development issues (including gender gaps) impacting on productivity growth.

Objectives	Focus of Support	Planned Program Results
	Support selected province to implement GoV resolutions on economic restructuring and improving the business environment.	Documented case study of successful sub-national economic restructuring. Case study used as a model for sub-national reforms in other provinces.

Chart 1. Aus4Reform Summary Program Logic



Delivery Approach

Aus4Reform will be nationally executed via government systems with most overhead costs met by the implementing agencies. CIEM will have overall responsibility for program delivery, and for implementation of the Flexible Fund to respond quickly to emerging priorities. CIEM will appoint an experienced National Program Director (NPD) to oversee program planning and implementation. CIEM, VCA, IPSARD and VCCI will be responsible and accountable for effective and efficient delivery of component outputs. Component implementing agencies will appoint National Component Directors (NCDs).

Resources

Aus4Reform will be implemented from July 2017 to June 2021. The Government of Australia will provide grant financing of AUD 6,000,000. The GoV will provide, through the implementing agencies, in-kind support estimated at about AUD600,000. Aus4Reform will also be able to draw on resources under the 'Aus4skills' program to support skill development, especially in key partner agencies. Lastly, the program will benefit from considerable in-kind contributions (mostly in the form of people's time) from the private sector, media, business associations, research institutes, and the broader community.

The following budget provides an indicative allocation of resources by year and by component. The details are by component will be adjusted during annual planning exercises (moving resources from the flexible fund and/or any underutilized budgets from other components). The indicative component budgets below are based on the expected financing costs of activities as at November 2016. Most activities from 2018 onwards will be defined during annual planning exercises with additional component funding allocated to components based on past performance and demonstrated need, with ad hoc needs financed from the Flexible Fund. The grant agreement will be with CIEM, who will be responsible for disbursing funds to line agencies as agreed at the PCC annual meeting in March.

Table 5: Indicative Annual Budget: DFAT Financing (1000AUD)

Component	July 2017- June 2018	July 2018- June 2019	July 2019- June 2020	July 2020- June 2021	Total
CIEM	180	180	180	180	720
VCA	150	150	150	150	600
IPSARD	70	70	70	70	280
VCCI	70	70	70	70	280
Flexible Fund (*)	280	280	280	280	1120
Program management and communication (see details in Table 5.1 hereunder)	250	250	250	250	1000

Component	July 2017- June 2018	July 2018- June 2019	July 2019- June 2020	July 2020- June 2021	Total
Unallocated (the allocation of this fund will be decided at the annual PCC meeting in March)		500	630	500	1660
DFAT's technical assistance (*)	190	190	230	230	840
Total					6500

(*) The budget for DFAT's technical assistance includes contracts with the international Policy Advisor, independent audit firms, monitoring and traveling cost of DFAT's staff, reviews and evaluation activities and other program-related TA.

Table 5.1 Break-down of expenses for Flexible Fund and Program management component

No.	Component	Budget Breakdown	Note
1	Flexible Fund	280,000	
1.1	CPEC	70,000	
1.2	ECNA	60,000	
1.3	Provinces	70,000	
1.4	Emerging issues	80,000	
2	Program management	250,000	
2.1.	PSU staff	92,900	
	SPC-E	36,000	12 months x AUD3,000 (full time)
	2 finance and admin support staffs	42,000	12 months x (AUD2,000 + AUD1,500) (full time)
	Salary related expenses as Vietnamese legal requirements	14,900	Insurance paid by employer (21% of 20 times of Vietnamese minimum monthly wage); 13th month salary;
2.2.	SAG	35,000	100 days * USD 245 (AUD 350)
2.3.	Admin expenditure	27,000	Stationary, photocopying, mailing, telephone, fax, travel, translation

No.	Component	Budget Breakdown	Note
2.4.	M&E	23,440	
2.4.1	M&E specialist	11,440	40 days * USD 200 (AUD 286)
2.4.2	M&E trips	12,000	6 trips x 2 persons; airfare, per diem, accommodation
2.5	Gender specialist	8,580	30 days * USD 200 (AUD 286)
2.6	PR and communication	63,080	
2.6.1	Communication specialist/company	28,000	
2.6.2	PR and communication activities	35,080	(video clips, website upgrade, hosting and maintenance, events, brochure, printing...)
	Total	530,000	

D: Implementation Arrangements

Management and Governance Arrangements and Structure

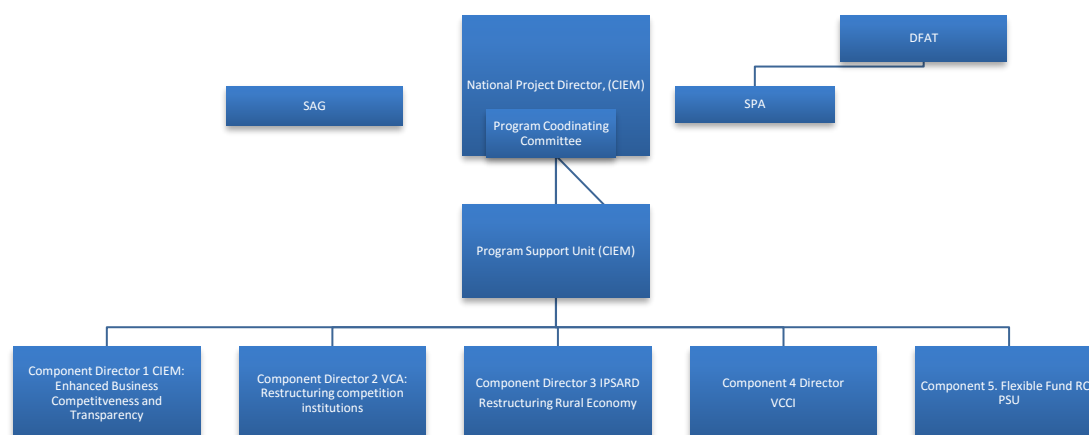
Overview of Program Management

CIEM (an applied research institute under MPI) will have lead responsibility for overall program coordination, budget management, reporting, M&E, and communications. This includes managing the Flexible Fund. CIEM performed this role well in the first phase of RCV. The GoV has assigned MPI to lead, coordinate and guide implementation of this overall master plan, including coordinating monitoring and reporting on implementation of the MPER. CIEM also plays a key role in providing the GoV with semi-independent economic advice. MPI also has the lead on advising the GoV on restructuring public investment, SOE reform, and on improving the business-enabling environment in Vietnam. The Minister of MPI has assigned CIEM to lead this work.

CIEM will be accountable to DFAT and the GoV for program implementation. The President of CIEM (or their nominee) will act as the National Program Director (NPD) (see following chart). CIEM will also provide program office facilities for the PSU and counterpart staff.

DFAT will be involved in program planning and strategy decisions, including approval of the Operations Manual (OM), key program personnel in the Program Support Unit (PSU) (including the Senior Program Manager-Economist (SPME), the Senior Advisory Group (SAG), and decisions on the use of the Flexible Fund. DFAT will recruit an international Senior Policy Advisor (SPA) to support RCV implementation.

Chart 2: Program Implementation Structure



DFAT's responsibilities will be to: manage the funding agreement with CIEM; review and decide (jointly with the NPD) any substantive changes in the Program goals, strategy, planned outcomes and/or design; review and approve (on no-objection basis) proposals for funding under Flexible Fund; review and approve jointly with the PCC program implementation guidelines and annual budget; work with the PCC to review and endorse any changes in program support functions (including appointment of key personnel); support the dissemination of and dialogue on program knowledge products (studies, reports, training materials, policy recommendations).

A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities. Membership of the PCC will comprise the NPD, NCDs and DFAT representatives. The NPD may decide to invite other participants (such as representative of the SAG, NA or CPV). Details of the PCC setting as well as task and responsibilities of the members are provided in Annex 3.

The PCC will meet at least every six months. These meetings will be important opportunities for strategic discussions between DFAT and program partners. They will include discussion of: results achieved; political-economy analysis, testing if program objectives and M&E indicators are still appropriate and achievable; testing strategies for achieving those objectives, including how well we are reaching relevant stakeholders; and forward work plans. This will ensure DFAT is well-informed about the program's activities and progress and will make better use of DFAT's own information, expertise and experience.

Management of Program Components

Agencies will be responsible and accountable for implementing activities under the components they lead. CIEM will be responsible for overall program coordination as well as implementation of the Flexible Fund. Criteria for deciding the allocation of Flexible Fund (FF) resources are provided in Annex 4. Similar criteria will be used to decide on priority activities during the annual review and planning process, with weight also applied to the past performance (if any) of the implementing agency when cooperating with RCV. Given limited

program staff and financial resources, and MTR recommendations, the program will avoid unnecessary fragmentation of FF resources to too many different partners. While not precluding new partners, priority will be given to working with ongoing partners with an established track record for delivering results. The SAG and/or the SPA will be asked to assist in reviewing and improving FF proposals as needed.

Implementing agencies will appoint a National Component Director (NCD) to be responsible for each component, plus additional staff and other resources.

The NCD will be responsible for preparation of annual work plans, budgets, and results reports in line with provisions of the RCV Operations Manual. Each component will need to ensure compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia. Detailed responsibilities are provided in Annex 3: Program Management Structure.

Program Support

The NPD will be supported by the SAG, a part-time international Senior Policy Adviser (SPA), a Senior (full-time national) Program Manager-Economist (SPME) and 2 full-time national support staff, and part-time experts. This section includes a brief description of their respective roles. Detailed TORs of key personnel are included in Annex 3: Program Management Structure.

The Senior Advisory Group (SAG)

The SAG will support ongoing quality control, planning and advocacy work, and will contribute to annual Program review and planning processes. The SAG will comprise a limited number of experienced, well connected experts from a range of backgrounds with a demonstrated capacity to engage on reform issues at all levels. Periodic contracts may be used – on an as needed basis – to provide timely access to SAG members that are expected to provide substantive inputs.

In line with the recommendations of the mid-term review of RCV, the NPD will attempt to ensure gender and geographic balance in the composition of the SAG, while also ensuring that the SAG has the appropriate skills sets, and access to senior leaders and national and sub-national opinion leaders. The composition of the SAG may be adjusted by the NPD, subject to no-objection from DFAT.

While not necessarily independent of the GoV or the CPV, SAG members must be respected Vietnamese who have been engaged in economic reforms or as advocates of economic reforms, with a track record of providing frank and useful advice and/or stimulating debate in the public arena. The SAG will help build national (including GoV/CPV ownership) of the program, as well as building partnerships with key stakeholders to and the Australian Embassy to improve the quality of policy dialogue and engagement on economic issues between Australia and Vietnam.

Learning from RCV experiences, the SAG is expected to play an even more important advisory role in supporting the NPD and SPA in planning, policy dialogue, communications and quality control over program activities.

The Senior Policy Adviser (SPA)

The SPA will be recruited by DFAT and will be accountable to both DFAT and the NPD. Work plans for the SPA will be jointly developed and agreed between DFAT and the PSU. The SPA will be an experienced international expert with post-graduate qualifications in economics and extensive experience in providing support for economic policy and investment climate reforms in Vietnam and the region.

Program Support Unit (PSU) led by Senior Program Manager/Economist (SPME)

The PSU will be established in the CIEM. The PSU will be headed by the SPME and will be directly accountable to the NPD. The PSU, which is headed by SPME, will include the SPME, administrative support staff (including accounting and procurement), and some part-time national experts. The PSU will also look to engage communications/advocacy expert(s), gender experts, and M&E/results management experts on a part-time or full-time basis.

Implementation Plan

Proposed summary implementation schedule is:

Milestone	Date	Responsibility
Advance Action on Program Support	February 2017	RCV PSU/DFAT
Approval of Financing Agreement	June 2017	MPI/DFAT
Operation Manual Approved	June 2017	NPD/PSU/DFAT
Signing of Financing Agreements	30 June 2017	CIEM/VCA/IPSARD/VCCI/DFAT
Annual work plan approved	31 July 2017 (and in each subsequent year)	NPD/DFAT/PSU
Program implementation	July 2017-June 2021	CIEM/VCA/IPSARD/VCCI/DFAT
Annual Program Review & Report	End of June each year	CIEM/PCC/PSU
Mid-term Review of Aus4Reform	mid-2019	DFAT/MPI
Decision on any follow-up	Q1 2020	DFAT/MPI

Many of the proposed activities are supporting GoV-led reforms initiatives to be implemented within a tight time frame. It is important that program support be approved and implemented as scheduled in order to ensure continuity with RCV and to build on its achievements and growing reputation as a reliable, quality and flexible source of support for economic reforms.

Detailed implementation plans will be prepared annually, and approved at PCC meetings, to ensure a continuing close fit with emerging national priorities and opportunities for reform. There will be opportunities to adjust work plans at any PCC meetings.

Financial Arrangements and Planning

An Assessment of National Systems (ANS) was conducted between 2013 and 2015 and found that Vietnam's public financial management (PFM) environment was adequate to support aid delivery using GoV systems.

Aus4Reform will maintain the same financial arrangements used in RCV. The process is as follows:

- DFAT's funds are transferred to the RCV bank account, managed by the PSU, on an annual basis. The PSU follows GoV financial procedures, has its own accounting and payments system documented in an Operations Manual, and produces quarterly financial reports;
- The Annual Work Plan (AWP) consists of budget plan which indicates the budget allocation to outputs and activities in the year;
- Allocations of unallocated resources will be considered and decided by PCC during annual planning processes with additional funding dependent on past performance in delivering and demonstrating outcomes from earlier support.
- Based on the approved AWP, RCV components will prepare quarterly budgets with corresponding TORs for activities;
- Based on the work plans (annual and quarterly), the PSU then transfers to the bank accounts nominated by and held at a Vietnamese commercial bank in the names of the relevant partner (RCV-CIEM; RCV-VCA; RCV-IPSARD; RCV-VCCI).
- Any changes/adjustments from the approved budget should be notified to the PSU, which will report those adjustments to the NCD and DFAT. Substantial changes should be approved with DFAT no-objection.
- All the PSU and CMUs follow GoV regulations on financial management and procurement (See Annex 9). These regulations and the quarterly financial report requirements have been reflected in the Operations Manual.
- DFAT will be responsible for **annual** audit, including TOR preparation, selection and contracting of a private sector auditor, and reviewing the audit reports. Types of audits shall include financial statements, compliance and/or performance.
- GoV shall be responsible for co-operation with the audit implementation, response to audit findings, and implementing recommendations.

Procurement Arrangements

DFAT will directly procure the services of the Senior Policy Adviser (SPA). The GoV will be responsible for all other procurement in accordance with its established rules, procedures and legislation. The PSU will be responsible for:

- Providing procurement advice to the staff of program beneficiary agencies
- Reviewing procurement practices and providing advice for improvement as required;
- Advising the NPD and DFAT of any concerns regarding procurement practices.

The GoV may request DFAT to undertake specific procurement action on behalf of the program.

Both parties agree that a random sample of major procurements may be independently audited periodically.

The first annual audit of the RCV Program was completed in January 2016. There were no major issues relating to financial management, although a number of largely administrative issues were raised concerning application of the Vietnamese accounting system, record keeping relating to advisor recruitment and service contracts, and the management of Program expenses. The PSU and implementing agencies are aware of these issues and are responding to them.

Monitoring and Evaluation (M&E)

AQCs conducted during RCV identified M & E as an area for improvement. In response, the design team has focused on strengthening M & E for Aus4Reform.

One difficulty with M & E for a governance/reform program like RCV is making the link between outcomes and the program outputs and activities. A related challenge is that RCV takes a whole of government approach and has several implementing agencies and other institutional partners. For these reasons, Aus4Reform uses a two-tiered approach to M & E: Component-level and Program-level (see Table 6 below), with component level indicators finalized during annual planning processes. At both levels, M & E will consider gender dimensions wherever possible, including providing data disaggregated by gender.

Table 6: Two-tier M & E approach

Component-level	Program-level
<ul style="list-style-type: none">- Specific- More output-focused- More qualitative- Implementing agencies responsible	<ul style="list-style-type: none">- Aggregate- More outcome-focused- More quantitative- PSU responsible (with SPA advice)

Component-level:

- At the Component-level, each implementing agency will be responsible for M & E for their activities. Agencies will be guided by the Logical Framework Matrix in Annex 2, which sets out clear outputs for each component and specific indicators to measure success. The NCDs will be responsible for preparing an annual M&E framework (in the same format as Annex 1) as part of the annual work planning exercise. The NCDs will also be responsible for reporting against progress towards this framework at the same time as submitting new annual work plans.
- At the component-level, M & E may be more qualitative, and will be based on: delivery of agreed reports/workshops; changes in legislation or government policy/messaging; feedback from GoV, beneficiaries, peer review, and Vietnam Posts' Advisory Committee and Reference Groups; media attention and public discussion.
- Implementing agencies will provide monitoring reports to the PSU as below:

1. Two short quarterly updates at the end of the first and third quarter.
 2. One six monthly report.
 3. One annual report.
 4. A program completion report (3 months prior to program completion), including data on progress relative to targeted indicators of results presented in the M&E frameworks included in annual work plans.
- In addition to those reports, under the financial management arrangement, each agency will submit to the PSU:
 1. monthly financial statements. The budget holder will be responsible for timely submission of reports, overseeing the effective implementation of the M&E, undertaking quality checks on the monitoring reports by each agency.
 2. A final component completion report prior to program completion.

Program-level:

- At the Program-level, M & E is focused on the targeted results and indicators under GoV economic reform action plans (see Annex 1: Program-Level M & E Framework), particularly those set out in Resolution 19 (2016) and Resolution 35 (2016). The PSU, with SPA support, will be responsible for aggregating the input from implementing agencies and testing to see whether qualitative, output-based results at the Component-level are consistent with more quantitative, outcome-based results at the national level.
- The PSU will prepare and submit to the NPD/DFAT a consolidated quarterly update, six-monthly and annual monitoring report, and final program completion report consisting of the consolidated narrative and financial reports of the implementing agencies.
- The annual program report will include a quantitative and qualitative assessment of program results and lessons learned.

The PSU's reports will be used to assess RCV's performance and will be a factor in allocation of funds across the program's components. M & E at the program-level will also be shared with other GoV agencies and will contribute to strengthening the evidence-base available to policy-makers.

Independent evaluation

DFAT will manage and finance an independent mid-term review (MTR) in late 2019 to assess progress, lessons learned, and recommend any changes needed to improve implementation. The MTR may also explore opportunities for follow-up support.

Gender Equality

RCV targets increased inclusiveness in the economy, including by: reducing bureaucratic impediments to business entry and development, which particularly impact on those less connected to power structures; reducing opportunities for corruption; and directly targeting impediments to investments in higher productivity business opportunities in rural areas (where most of the poor households live). These objectives should all benefit women.

Recognising the increasing emphasis on women's economic empowerment in Australia's foreign policy and in GoV development strategies, Aus4Reform includes a greater focus on activities targeted specifically at women. To help inform the program's approach, the design team commissioned a gender analysis by Dr Marzia Fontana an international expert recommended by the Australian Embassy's gender advisor (see Annex 7).

Building on recommendations from that analysis, Aus4Reform will contribute to nine key activities under Vietnam Posts' Gender Equality Action Plan 2016-2020:

- Support the removal of gender barriers including the unequal retirement age in the revision of the Labour Code in 2017
- Create opportunities for women leaders and potential women leaders to visit Australia
- Ensuring better representation of female officials on delegations to Australia and in dialogues and other interactions with the Government of Vietnam
- Support the development of policies that remove barriers to women's economic empowerment and facilitate the movement of women from lower productivity employment to higher productivity employment, including movement from informal to formal employment.
- Commission annual studies on the impacts of economic reforms and trade agreements (incl. TPP) on women, with a focus on the agricultural sector, and propose clear recommendations to mitigate adverse impacts.
- Support advocacy for and implement better policies and financial incentives for women-led SMEs including impact investing, innovative credit measures to reduce barriers to credit, trade promotion and linkages to global value chains.
- Advocate for women's economic roles and contribution to be explicitly noted in Socio-Economic Development Plans, and for gender targets to be included and regularly monitored.
- Advocate for and support implementation of policies to increase women's land title registration, including for ethnic minorities women, and to ensure more transparent and competitive markets for agriculture land use rights to increase economic opportunities for women and men.
- Supporting the operationalization of the National Action Plan for Gender Statistics 2016-2020 for policy making and monitoring

Furthermore, all studies and analyses will be required to consider impacts on women and (where appropriate) ethnic minorities and rural populations. Participation in consultations, surveys, and training programs will be monitored to ensure balanced representation of women. Wherever possible, M & E will consider gender dimensions, including providing data disaggregated by gender.

The gender expert working with the PSU will prepare a 6-monthly report to the PCC on progress in addressing program gender issues and broader women's economic empowerment (WEE) issues for discussion at PCC meetings.

The Australian Embassy in Vietnam also has designated gender advisors whose roles include providing expertise to programs like Aus4Reform and so this should reduce the need for external advisors. The Embassy's gender advisors are also well-placed to support discussions between Aus4Reform and other Australian programs, such as WEAVE, GREAT, and the Investing in Women Initiative, where the programs are working to achieve similar objectives and could benefit from greater cooperation.

Sustainability

RCV is well-positioned to achieve sustainable results because it supports nationally-led targets, uses partner government systems, and helps build coalitions for reform. The program also builds institutional linkages that are low-cost for GoV to maintain (correspondence by email etc.) and therefore are not contingent on future funding.

Disability inclusiveness

According to DFAT's disability strategy Vietnam has approximately 13 million people with disabilities, but a lack of data means that little is known about the barriers these people face. Disability inclusiveness is not a specific objective of RCV but the program works to make the economy more inclusive in general and this should also benefit people with disabilities. Some specific activities, such as input into the 2014 Law on Enterprises that formalised the role of social enterprises, are also likely to have particular benefits for people with disabilities.

Private Sector

The core thrust of the program is to engage with the private sector to identify bottlenecks to efficient investment and productivity growth, and to identify and take action to ameliorate these bottlenecks. Ongoing engagement with the private sector and the broader community is an important element of strategies to build support for reform.

To increase the program's private sector engagement, Aus4Reform introduces a new component partnering with the Vietnam Chamber of Commerce and Industry (VCCI).

Communications and advocacy

Communications and advocacy is important for Aus4Reform and its implementing agencies for three reasons. Firstly, effective communications and advocacy to reach the government and policy makers, the private sector, and the general public can build strong support for reform. Secondly, if communications and advocacy activities are well planned and tracked, this can support ongoing M&E. Finally, a broad distribution of high-quality articles and video reports of RCV work can help raise Australia's profile in Vietnam. Support to strengthen communications and advocacy will aim to build the capacity of implementing agencies: it will not be limited to directly supported program activities.

The Aus4Reform design includes recommendations on communications/advocacy aspects of the program (see Annex 8). Key recommendations include:

- Recruit a communications officer/communications company to work closely with the PSU.
- Provide training opportunities for the communications officer and relevant officers from other implementing agencies.
- More targeted and strategic use of media, with a focus on particular themes and key messages rather than reporting on individual workshops or conferences.
- More use of social media (by the program and its implementing agencies).
- Clear guidelines for holding successful/events workshops.

Risk Management Plan

Risk assessment and management response

RCV is designed to operate and support its partner agencies to deliver outputs and outcomes in a highly unpredictable policy and operating environment. This requires robust risk management (see Annex 10). The key risks and actions to address these risks are summarized in the following table.

Table 7. Risk assessment and management

Risk	Strategy for Managing Risk
Changes in the domestic policy agenda will influence the level of commitments to economic restructuring. Changes may stifle restructuring and/or create new opportunities for restructuring.	The program design includes the SAG (and SPA) to provide ongoing advice to the PSU and DFAT on changing circumstances that are likely to impact the program. The inclusion of the Flexible Fund allows for flexible responses to changing circumstances.
Delays in implementation could reduce opportunities for study recommendations to influence strategic policy decisions.	Support for high priority reforms, detailed guidance on periodic work planning, close monitoring of work-plans, and quick management responses will minimize this risk.
With a more visible Aus4Reform program, Australia may be seen as supporting unpopular reforms, and may receive bad press as a result. Some industries that are exposed to global competition may suffer and cause disruptions to some people's livelihoods.	The program design supports rigorous analysis of the overall and distributional impacts of key reforms and the dissemination of this information to help build consensus on the reform agenda.
Fraud, misuse of funding, overlap and/or duplication of resources and efforts.	DFAT and the SMP will meet periodically with other development partners to avoid overlap of funding and explore the potential for joint funding. Independent audit reports will be prepared and disclosed to relevant stakeholders. All RCV funded studies, researches should be peer reviewed by SAG/SPA before the final acceptance/payment.
Flexible Fund activities may be too fragmented, and thus be less efficient and effective in contributing to targeted program outcomes	Clear criteria and process for selecting of activities to be funded under the Flexible Fund are included in Annex 4 - Flexible Fund . The NPD, DFAT and SAG/SPA will all be involved in the appraisal process to ensure that activities supported by the Flexible Fund are aligned with agreed criteria.

Risk management approach and responsibilities

Risk management is built into all areas of the program design. All program managers and staff are responsible for effective implementation of risk management strategies. The NPD, NCDs and DFAT's Program Manager are:

- Accountable to the GoV (via their respective line agencies) and to DFAT for effective RCV governance, including managing all program-related risks.

- Responsible for overseeing the highest-level risks and for implementing mitigation strategies.

The RCV is considered a low-risk investment for DFAT. However, risks at the institutional and program level remain and need to be carefully managed throughout the implementation period. A risk register detailing immediate and significant risks identified during the design phase is included as Annex 10 (in excel). Annual reviews should occur and form part of Annual Work Plans and performance reports.

Safeguards

RCV does not involve any direct involvement in contact with children or the implementation of physical infrastructure so there is no direct impact on children or environmental issues. Table 8 shows the completed safeguard assessment for the program.

Table 8. Safeguard Assessment

	Yes	No	Not Sure
Child protection			
1.1 Did the outcome of the child protection risk context assessment indicate a full assessment is required?		X	
1.2 Is the investment likely to involve contact with or access to children (0-18 years old) due to the nature of the activity or the working environment?		X	
1.3 Will the investment involve personnel working with children?		X	
Displacement and resettlement			
2.1 Does the investment involve construction on: exclusion from: or repurposing of land that is occupied, accessed to generate livelihoods or of cultural or traditional importance?		X	
2.2 Does the investment's success depend on other development activities that may involve construction on; exclusion from; or repurposing of land that is occupied, accessed to generate livelihoods; or of cultural or traditional importance?		X	
2.3 Does the investment involve planning for, advising on or designing the economic or physical displacement of people to make way for infrastructure development, disaster risk reduction or exclusion of the local population from land accessed to generate livelihoods?		X	
Environment			
3.1 Will the investment support any of the following: <ul style="list-style-type: none"> • medium to large-scale infrastructure such as roads, bridges, railways, ports, infrastructure for energy generation; or • development of irrigation and drainage, diversion of water; or • land clearing, intensification of land use; or • hazardous materials and wastes; or • activity in mining, energy, forestry, fisheries, water supply, urban development, transport, tourism or manufacturing sectors? 		X	
3.2 Will the investment support any of the following: <ul style="list-style-type: none"> • small to medium scale infrastructure such as localised water supply and/or sanitation infrastructure; irrigation and drainage; rural electrification, rural roads; or 		X	

<ul style="list-style-type: none"> • construction/renovation/refurbishment/demolition of any building for example: schools, hospitals or public buildings; or • localised use of natural resources, including small-scale water diversion, agriculture, or other types of land-use change? 			
<p>3.3 Will the investment contribute to, directly or indirectly, or facilitate, activities such as those listed above, including through:</p> <ul style="list-style-type: none"> • trust funds, procurement facilities; or • co-financing contributions; or • support for planning, change to regulatory frameworks, technical advice, training or; • applied research? 	X		
3.4 Has an environmental review of the proposed investment already been, or will be completed by an implementing partner or development partner?		X	
3.5 Does this investment need to meet any national environmental standards or requirements?		X	

E: Annexes

Annex 1: Program/Results-Level M & E Framework

Program Focus	Desired result	Performance indicator	Who will collect and analyse the data?	Data collection method, frequency and timing	Baseline	Target
Above the line: broader goal/objective	Contribute to SEDP objectives of reducing poverty and ensuring equitable improvements in living standards via increased productivity resulting from a more inclusive, competitive and integrated market economy.	Poverty incidence (national poverty line)	Report of review teams at MTR and program completion.	GSO publishes data every 1-2 years. As key indicators for SEDP implementation, this data is monitored and reported by CIEM on a regular basis.	13.5% in 2015	<10% (2020)
		Gini coefficient for per capita income			37.6 (2014)	<37.6 (2020)
		GDP per capita			USD 1,980 (2015)	USD3,200-\$3,500 per capita (<i>SEDP target</i>)
Below the line: end of investment outcomes	Increased competition and productivity providing more equitable and sustainable access to economic opportunities, and resulting in accelerated and equitable growth in numbers of SMEs and large private enterprises, and accelerated growth in more productive employment.	Average annual growth in labour productivity (by gender if possible)	PSU to provide information in annual progress reports. MTR team to verify.	GSO data (annual) and GoV annual economic reports.	4.5% (2012-16)	5.0% (2017-2020)
		Share of domestic private sector in GDP	PSU to provide information in progress reports. MTR team to verify.	GSO data (annual) GoV annual economic reports.		48% of GDP by 2020
		Adoption of competition policy framework providing holistic approach to improving competition	PSU to provide information in progress reports. MTR team to verify.	Cong Bao (Government Gazette) when approved by the Government	None	Framework adopted and being implemented
		Global Competitiveness Index	PSU to include data in RCV annual reports	World Economic Forum publishes data annually about September	4.32 (2016)	4.64 (2020) (same as Thailand's score in 2016)
Intermediate outcomes 1. An improved and more equitable business enabling environment	Strong growth in the number of formal private enterprises registered and operating in Viet Nam and sustained growth in the average size of private firms. Accelerated growth in private sector employment of men and women. Important to recognize that a dynamic economy needs growing numbers of new firms, recognizing that many firms will not succeed.	Number of newly registered private business registered in Viet Nam	PSU to include data in RCV annual reports.	MPI Enterprise registration department. NB. New business registrations is an indicator of competition and confidence. Not all these enterprises will succeed.	Nearly 94,750 business newly registered in 2015	Steady growth in numbers of newly registered enterprises (with > 100,000 businesses newly registered in 2020).
		Average capital of newly registered private businesses	PSU to include data in RCV annual reports.	MPI Enterprise registration department	VND 6.3 billion/enterprise (2015)	Average annual real growth >7%
		Share of women headed businesses in total new business registrations.	PSU to include data in RCV annual reports.	MPI Enterprise registration department (<i>CIEM will need to request data by gender</i>)	32% (2015)	>35% (2020)
		Share of total workforce engaged under formal employment contracts	PSU to include data in RCV annual reports.	GSO data (annual) supplemented by WB/ILO reports	20.5% in 2013	25% in 2020
		Sustained growth in numbers of operational non-agricultural establishments.	PSU to include data in RCV annual reports.	GSO data (annual).	4.75 million in 2015 (4.21 in 2010)	5.0 million in 2020
2. More competitive and transparent product and factor markets.	Increase in overall labour productivity and incomes, and increased share of total workforce working in higher productivity sectors.	Average annual real growth in labour productivity (by gender if possible)	Report of review teams at MTR and program completion	GSO data (annual). As key indicators for SEDP implementation, this data is monitored by GoV and CIEM on a regular basis.	4.5% (2012-16)	5.0% (2017-2020)
		Labour productivity (VND million per worker/year in current prices))			VND 79.4 million/worker (2015)	>VND120 million/worker (2020)
	More transparent and active market for agriculture land use rights in Mekong Delta province(s).	Growing and more transparent market for transactions in agriculture land use rights in Mekong Delta (province(s).	IPSARD/CIEM to work with selected province(s) collect and publish information as part of RCV supported studies	At least two survey reports to be completed over life of program.	To be collected as part of study.	Data is available and shows increased transactions and progress in
		Reduction in fragmentation of land in selected province(s)			To be collected as part of study.	Reduction in fragmentation of agriculture land holdings

Program Focus	Desired result	Performance indicator	Who will collect and analyse the data?	Data collection method, frequency and timing	Baseline	Target
3. Stronger competition law institutions.	Approval by the Government of amended competition law in line with international economic cooperation agreements.	Law approved and widely recognised as complying with international agreements	PSU to report on any developments in RCV annual reports. MTR review teams will need to refer to any independent assessments (e.g. reviews of regional cooperation agreements and/or feedback from business associations)	VCA will provide documents to PSU as available. PSU will compile and store relevant documentation and make available for review teams.	The NA (in 2016) scheduled approval of amended law for 2018.	Amended law approved and enacted by end of 2018
	Development of a more independent competition agency with stronger enforcement capacity	Reformed competition agency has power to make decisions more independently of sectoral ministries.			Competition agency is directly accountable to the Ministry of Industry and Trade	Competition Agency is directly accountable to an institution that does not exercise ownership rights in any commercial business.
	More systematic framework for periodic reviews of barriers to competition.	Competition policy framework approved with provision for periodic reviews.			Competition policy issues addressed in ad hoc manner by different GoV agencies with no accountability.	Competition policy framework establishes accountability for action to remove barriers to competitive markets.
4. Accelerated restructuring of the rural sector.	Strengthened policy and legal environment contributes to accelerated growth in productivity of female and male rural labour and incomes.	Improved legal framework for agriculture investment. Agriculture GDP/number of agricultural workers (VND billion/worker in current prices, with assessment of any changes in gender gaps)	IPARD to provide to PSU to include data in RCV annual reports.	Cong Bao (for new laws and policies) GSO data (annual)	30.6 (2015)	55.0 (2020)
	Increase in value added per hectare of cultivated land (as a result of a shift into higher value added production)	Value of agriculture output/ha of land	Revised policies (decrees) on the management of paddy land. IPSARD to provide data to PSU for inclusion in RCV annual reports.	Cong Bao (for new laws and policies) GSO and MARD data	VND 82.6 million (2015)	VND 140 million (2020)
5. Economically empowering women to accelerate productivity growth.	-An increasing share of women headed enterprises	Share of new business headed by women	PSU to include data in RCV annual reports. PSU will need to specifically request data.	MPI Enterprise registration department Published data does not regularly gender disaggregated data.	32% (2015)	35% (2020)
	Reduction in gender productivity gaps	Average female productivity/average male productivity	RCV will commission studies to obtain data.	RCV study to combine GSO and survey data	Not available yet.	Reduction in gap.
	Reduction in gap between female and male labour participation rate	Gap between female and male labour force participation rates	PSU to include data in RCV annual reports.	GSO (Annual Report on labour force survey 2015)	Female 72.9% (2014) 83.0% (2014) Gap 9.3 percentage points	Gap reduced to <9 percentage points.
	Reduction in Viet Nam's gender gaps for economic participation and opportunity.	WEF Gender Gap sub-index for economic participation and opportunity	PSU to include data in RCV annual reports.	WEF publishes report annually around October.	0.74 (2016)	0.76 (2020)
Outputs See Annex-2: Component-Level Logical Framework Matrix below.	Contributes to program-level intermediate outcomes.	Program-level intermediate outcomes. Specific indicators to be agreed during annual program planning exercise.	PSU	Quarterly updates, six-monthly and annual reports.	Qualitative assessments.	Effectively contributes to one or more intermediate outcomes.

Annex 2: Component-Level Logical Framework Matrix

(More specific outputs and activities will be set through the annual work plan process)

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
Component 1: More Competitive and Transparent Business Enabling Environment and Factor Markets <i>CIEM will implement component. CIEM will work with related ministries and subnational agencies for effective implementation, and will work other stakeholders (independent research institutes, business association and the media to monitor implementation).</i>			
Output 1.1: Monitoring and implementation of economic development and economic restructuring initiatives linked to new economic growth model (NEGM), including better understanding of progress and issues in implementing sub-national level reforms.	<ul style="list-style-type: none"> -Quarterly economic reports published, discussed, and disseminated. -Other analytical reports published, discussed, and disseminated, including analysis of gender gaps. -Advocacy initiatives to implement economic development and economic restructuring plans. -Increased reference to gender issues in economic policy debates. -Actions taken to implement elements of the NEGM reform agenda supported by Aus4Reform, including sub-national level actions. -Analysis of lessons learned from implementing economic reforms in a selected province/region. 	CIEM reports and media tracking. Examples of issues raised in reports discussed in GoV meetings and media. At least one substantive policy paper submitted by CIEM to national leadership each year that is discussed in GoV meetings and mass media.	National leaders continue to prioritize implementation of MPER and retain confidence in CIEM reporting on implementation.
Output 1.2: Effective implementation of GoV actions plans to streamline the business enabling environment, including better understanding progress and issues in implementing sub-national level reforms.	<ul style="list-style-type: none"> - Revisions to business legislation in line with international good practice. - Review of competition policy published and actions taken on recommendations. - Reports on business environment and action taken to improve quality of business institutions (e.g. property rights, starting business, specialized inspection for export-import goods, enforcing contracts, resolving insolvency). 	Resolution 19 and 35 monitoring reports. Government, multilateral, and independent reports on progress in improving the BEE.	Government and CIEM commitment. Support from business associations and the mass media.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
	-Quarterly CIEM reports on progress in improving the enabling environment for all businesses (at all levels), including progress relative to: (i) GoV regulatory reform targets; (ii) the national competition policy agenda; and (iii) international commitments.		
	-Evidence of broad-based consultations with civil society and advocacy groups to identify issues and raise awareness.	Resolution 19 and 35 monitoring reports.	
	-Share of newly registered businesses owned by women.	MPI business registration.	
Output 1.3: Increased and more broad based support for reform agenda to develop competitive factor markets, with a focus on developing markets for agriculture land use rights	-Publication and dissemination of quality analytical reports on the costs of weak factor markets.	Peer reviews Media discussion of issues. Evidence that land reform issues are included in revised reform agenda. Discussions with sub-national partners involved in implementing studies.	Continuing GoV and CPV interest in strengthening factor markets
	-Survey, report and recommendations on reforms to ensure more competitive land use markets and to facilitate the consolidation of fragmented land holdings.		
	-Quality and evidence based public policy debate on the need for agriculture land use market reform.		
	-Sub-national level case studies of bottlenecks (e.g. faced by specific regions, value chains, disadvantage groups, etc.).		
Output 1.4: Strengthen capacity to implement SOE restructuring, focussing on: monitoring and evaluation of SOE equitization; solving loss-making SOEs; SOE financial oversight; and increased transparency governance and accountability institutions.	- Reports on monitoring and evaluation of SOE equitization; solving loss-making SOEs and recommendations. -Recommended actions to separate State ownership and regulatory functions and strengthening corporate governance of State investments in businesses.	RCV monitoring reports. RCV/CIEM website	Continuing Government commitment to strengthening SOE governance and performance, by strengthening transparency, incentives and accountability, and by transparently employing the most qualified personnel to leadership positions.
	-Establishment of operational institution(s), “independent” of State sectoral agencies, exercising State ownership rights in most large SOEs (transferred from sector agencies: (e.g. MOIT, MOT, MOC, and MARD)).	Government gazette (Cong Bao) Consolidated SOE performance report. RCV monitoring reports	
	-Share of women holding Board and CEO positions in SOEs.	Government and SOE reports.	

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
Output 1.5: Recommendations for action to reform, restructure and improve public investment discipline and quality and to improve public service delivery institutions.	<ul style="list-style-type: none"> - Reports on public investment restructuring and solutions for improving quality of public investment according to international best practices. - Reports on efficiency of public service delivery and solutions for restructuring the public service delivery agencies. 	Peer review of reports. Evidence of follow-up on reports.	Capacity of CIEM to provide quality advice to change the mind-sets of key policy makers.
Component 2: Safeguarding National Economic, Business and Consumer Interests in Competitive Markets <i>VCA to implement in collaboration with other stakeholders including the NA, CIEM, business and consumer associations and the media.</i>			
Output 2.1: Amended competition law and reformed implementing institutions in line with international commitments and good practice.	<ul style="list-style-type: none"> -Reports, consultations, international experience, and advocacy inputs used to amend the Competition Law in line with international commitments and good practice. -Amendments to the Competition Law submitted to the GoV (2017) and approved by the NA (2018). Competition Law implementing regulations issued by GoV. -Evidence that RCV-supported recommendations (e.g. institutional “independence”; stronger enforcement mechanisms; immunity for “whistle-blowers”) reflected in amended competition law. -Peer reviews of amended Competition Law and its compliance with commitments under regional economic cooperation agreements (e.g. AEC, RCEP). 	VCA quarterly and annual ERV reports Progress reports on implementing regional economic cooperation agreements.	The NA adopts the draft amended Competition Law submitted by the GoV in 2018. Global Competitiveness Index, scores on goods market efficiency and competition
Output 2.2: Enhanced evidence base, information systems and skills to enforce competition agency responsibilities for regulating anticompetitive practices	<ul style="list-style-type: none"> -Successful implementation of advocacy campaign to launch new competition law regime, with international expert support for first few high profile cases. -Simplified procedures to take action against anti-competitive behaviour. -Staff trained (female and male on-the-job training) in skills needed to effectively investigate and handle competition cases 	VCA quarterly and annual reports Progress reports on implementing regional economic cooperation agreements.	The NA adopts the draft amended Competition Law submitted by the GoV in 2018.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> -Peer reviews of Vietnam's progress in implementing relevant competition policy commitments under regional economic cooperation agreements (e.g. AEC, AANZFTA). -Share of competition cases raised by women-headed firms, and share of these cases resolved in a timely manner. 	Global Competitiveness Index, scores on goods market efficiency and competition Other surveys (e.g. PCI) Gender disaggregated data on participation in training activities.	
Output 2.3: Proposed key amendments to the Law on protection of consumers' rights.	<ul style="list-style-type: none"> - Review, consultations, international experience, consumer awareness survey, etc. used as ground and input to propose the GoV to amend the 2011 Law on protection of consumers' rights. - Proposal to the MoIT/GoV on amendments to the Law on protection of consumers' rights. 	VCA quarterly and annual ERV reports Progress reports on implementing regional economic cooperation agreements.	The MoIT/GoV supports the proposal on amending the Law on protection of consumers' rights.
Output 2.4: Enhanced evidence base, information systems and skills to enforce consumer protection responsibilities of the competition agency.	<ul style="list-style-type: none"> - Staff trained (gender balanced on-the-job training) in skills needed to effectively handle consumer complaints and disputes in response to emerging issues of consumption trend - Share of consultations on case-by-case and/or cross border cases (dealing with consumer protection) between the VCA and Australian partner agencies. -Number (and ratio) of consumer complaints (including online ones) resolved by VCA. Share of complaints resolved that were made by women. 	VCA quarterly and annual reports Program quarterly and annual reports, including gender disaggregated program data on participation in training activities.	The NA adopts the draft amended Competition Law submitted by the GoV in 2018.
Output 2.5: Strengthened capacity to implement trade remedies in line with international economic integration agreements.	<ul style="list-style-type: none"> -Successful implementation of advocacy campaign targeted at business community and trade associations to introduce new regulations on trade remedies under the Law on Foreign Trade Management. - The Law on Foreign Trade Management (trade remedies) implementing regulations issued by the GoV. 	VCA quarterly and annual reports Progress reports on implementing regional economic cooperation agreements.	The GoV remains committed to implementing international economic cooperation agreements.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> - Decline in anti-dumping and/or countervailing actions taken against Vietnamese producers. -Share of trade complaints raised by Vietnamese producers that are resolved in a timely manner. -Share of trade complaints raised by female Vietnamese producers that are resolved in a timely manner. 		
Component 3: Facilitating Rural Restructuring and More Competitive Factor Markets <i>IPSARD to lead implementation, but will need to build coalitions with subnational partners and central agencies</i>			
Output 3.1: Recommended actions to mitigate adverse impacts of economic integration on rural economy based on credible analysis of bottlenecks.	<ul style="list-style-type: none"> -Ongoing evidence based analysis of the distributional impacts of economic integration with recommended actions to mitigate adverse impacts. -Policy actions taken to mitigate adverse impacts. -Engagement with stakeholders (including women's groups) involved in related advocacy work. -Accelerated growth in rural per capita incomes. 	RCV monitoring reports. MARD reports to GoV and NA that draw on RCV-supported data and analysis Media references to RCV-supported studies and advocacy activities.	IPSARD is able to engage with committed senior leaders and other key stakeholder to secure reforms.
Output 3.2: Promote agri-business development with tangible reforms in a selected province and/or value chain.	<ul style="list-style-type: none"> - Ongoing evidence based analysis of key bottlenecks in agricultural product markets (input and output) and factor markets (land, capital, science and technology), including evidence of any gender bias. - Policy actions taken to remove bottlenecks in agricultural product and factors markets, including any actions targeted at disadvantaged groups. - Engagement with stakeholders (private sectors, associations, local and central government) in advocacy activities. 	RCV monitoring reports. PARD and MARD reports to GoV and/or policy documents that draw on RCV-supported data and analysis Media references to RCV-supported studies and advocacy activities. Cong Bao (for new laws and policies)	IPSARD is able to engage with committed senior leaders and other key stakeholder to secure reforms.
Output 3.3: Improved productivity, and well-being for rural households in a selected province(s)	<ul style="list-style-type: none"> - Evidence based analysis of barriers for transferring labour to higher productivity sectors; and factors impeding the productivity and well-being of farm households. 	RCV monitoring reports. Provincial reforms implemented that draw on	IPSARD is able to engage with committed provincial leaders, national policy makers, and other key

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
	<ul style="list-style-type: none"> - Policy actions taken to increase share of rural labour shifted to higher productivity sectors; and increase income and value added for agricultural labour. - Engagement with stakeholders (farmers; MARD, MOLISA at both local and central; local and central government; private sectors) in advocacy and implementation activities. -Rural land accumulation: increase in plot size and cultivated land per household -Increase in the amount of agricultural land used as collateral for bank loans 	RCV-supported data and analysis Cong Bao (for new laws and policies)	stakeholder to secure reforms.
Output 3.4: Rural “coalitions” established in selected provinces and pro-actively advocating for reforms to increase value added and labour productivity in rural areas.	<ul style="list-style-type: none"> -Cooperation between different stakeholders (private, associations, local government, institutes, and central agencies) to address priority issues. -Gender balance among members of these coalitions -Examples of “coalition” recommendations for institutional development and/or reforms that have been implemented. - Actions taken to reduce regulatory compliance costs incurred by agribusiness. 	RCV monitoring reports. Media references to RCV-supported studies and advocacy activities.	IPSARD is able to engage with committed stakeholder to work together to identify bottlenecks and secure reforms.
Component 4: Increased Business Voice in Overseeing Implementation and Oversight of Economic Restructuring Process <i>VCCI will lead implementation in collaboration with other business associations</i>			
Output 4.1: Increased business perspective in the monitoring and implementation of GoV economic reform action plans (e.g. Resolution 19 and 35).	<ul style="list-style-type: none"> -Reports describing business views on progress in implementing economic reform action plans (e.g. Resolution 19 and 35) and recommendations for further action. -Actions taken on recommendations in RCV-supported business association studies. 	Review RCV reports and M&E reports. Review media reports on RCV events Consultations with users of RCV-supported reports and events	Commitment of VCCI to engage with the program and other business leaders on these issues.
Output 4.2:	Reports, PPPD and workshops conducted with RCV FF support. Media references to RCV-supported reports and events.	Review RCV reports and M&E reports.	Commitment of VCCI to engage with the program and women business

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
More pro-active role of business associations in promoting women's economic empowerment.	Actions taken on recommendations from RCV-supported business association reports and events.	Review media reports on RCV events Consultations with users of RCV-supported reports and events	leaders and groups on these issues. VCCI commitment to raise the profile of gender issues.
Component 5: Flexible Fund to Address Emerging Competitiveness Issues (indicative outputs only: will be finalized following FF procedures) <i>CIEM will coordinate the processing and implementation of Flexible Fund activities)</i>			
Output 5.1: Stronger analytical and reporting capacity within ECNA to exercise its role in overseeing and guiding the GoV economic development agenda. More substantive dialogue (e.g. via high-level economic forums)	Reports, PPPD and workshops conducted with RCV FF support. Media references to RCV-supported reports and events. Actions taken by NA economics committee on recommendations from RCV-supported reports and events.	Review RCV reports and M&E reports. Review media reports on RCV events Consultations with users of RCV-supported reports and events	Continuing commitment of ECNA leadership to engage with CIEM and the program on these issues.
Output 5.2: Increased evidence base to support the CPV economics committee role in overseeing the national economic reform and development agenda.	Reports, PPPD and workshops conducted with RCV FF support. Media references to RCV-supported reports and events. Actions taken by CPV economics committee on recommendations from RCV-supported reports and events.	Review RCV reports and M&E reports. Review media reports on RCV events Consultations with users of RCV-supported reports and events	Continuing commitment of CPV economic committee leadership to engage with CIEM and the program on these issues.
Output 5.3: Increased capacity of rural province to implement economic reform program in line with new economic growth model, to serve as a model for other provinces.	-Reports on implementation of NEGM in rural province. -Evidence that selected province is being used as a model for improved implementation of NEGM in at least five other provinces. -Evidence of RCV-supported activities and/or forums to help build regional (multi-provinces) cooperation to facilitate implementation of NEGM.	Review RCV reports and M&E reports. Review media reports on RCV events	Commitment of "reform champions" in provincial and/or sub-national leadership to engage with the program on these issues.

Hierarchy of Objectives	Indicators	Means of Verification	Assumptions
Output 5.4 Report and recommendation on options for HCMC to shift to a new growth model with a strong focus on providing support services for neighbouring regions.	-Report and recommendations. -Media coverage of report and recommendations. -Actions taken to implement recommendations.	Review RCV reports and M&E reports. Review media reports on RCV events	Commitment of “reform champions” in HCMC to engage with CIEM and the program on these issues.

Annex 3: Program Management Structure and Terms of Reference for Key Stakeholders and Personnel

Overview

The GoV has assigned MPI to lead, coordinate and guide implementation of key elements of the GoV economic reform agenda, including the new growth model and the MPER, including monitoring and reporting on implementation. MPI has assigned CIEM – a think-tank belonging to MPI – to lead this work on behalf of MPI. CIEM also plays a key role in providing the GoV with semi-independent economic advice and in supporting business related reforms.

CIEM will be responsible for overall program coordination, reporting, knowledge management and dissemination. This includes managing implementation of a Flexible Fund to respond to priority emerging issues related to implementation of economic restructuring and reform. CIEM has a successful track record in facilitating whole-of-government and public-private dialogue and cooperation, and in working effectively with external partners. CIEM has an established track record of successfully advising the GoV on economic restructuring and reform, and investment climate and state enterprise reform.

CIEM will be accountable to the Governments of Vietnam and Australia for program implementation. The President of CIEM will act as the National Program Director (NPD). CIEM will provide office facilities and counterpart staff for the Program Support Unit (PSU).

National Component Directors (NCDs) will be responsible and accountable for the implementation of each component.

A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities.

Decision-making Principles

- The aim of the program structure is to ensure that decisions are made by people at the level best placed to make them.
- Decisions on strategy, focus and activity approval will be made by the PCC. The Senior Advisory Group and an international Senior Policy Adviser (see TORs below) will provide advisory support.
- Once annual work plans have been approved by the PCC, the NCDs will make operational decisions on activity implementation in order to implement the agreed work-plans.
- The Senior Program Manager-Economist (SPME) will manage the day-to-day operations of the Program Support Unit (PSU). The PSU will provide support services (including communications support) to both the NPD, PCC, the Senior Advisory Group (SAG), Senior Policy Advisor (SPA).
- Detailed tasks and responsibilities of key stakeholders -- and Terms of Reference (TORs) of Program supported personnel -- are provided below.

Tasks and Responsibilities of Key Stakeholders

National Program Director (NPD)

- The NPD is accountable to the GoV via the MPI for Program performance. The NPD must:
 1. Have relevant experience working as a senior GoV official supporting the planning and oversight of GoV economic and investment climate reform and restructuring initiatives.
 2. Have access to high-level economic policy makers in the GoV, NA and CPV, and access to sub-national officials and leading business representatives.
 3. Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
 4. Be experienced in managing successful external cooperation programs that address economic reform issues, and well-developed international networks (e.g. with economic think-tanks) that can be used to access international expertise.
- The NPD responsibilities include:
 1. Leading the PCC meetings to ensure that program supported activities are consistent with national reform priorities and annual economic plans and to ensure that the Program operates in line with its objectives and is on the right track.
 2. Taking the lead in organizing regular policy dialogue on priority cross-cutting economic restructuring and macroeconomic development issues.
 3. Exploring opportunities to design program activities that are inclusive, and are targeted towards inclusive outcomes for women and men.
 4. Developing and approving the Annual Program work plans.
 5. Approving (jointly with DFAT) any requests for substantive revisions to annual work plans.
 6. Monitoring and evaluating program implementation, including preparation and submission of an annual progress and results monitoring report.
 7. Implementation of a Flexible Fund mechanism, including approval (in consultation with DFAT) of new initiatives (see separate Annex for details of the operation of the Flexible Fund).

National Component Directors (NCD)

- Component complementing agencies will appoint NCDs to be responsible for each component, plus additional staff and other resources. NCDs must:
 1. Have leading responsible related to economic restructuring and reform within the implementing agency.

2. Have access to high-level economic policy makers in the Government, National Assembly and Communist Party, and in sub-national institutions.
 3. Be enthusiastic in engaging with the mass media, and planning and participating in high profile policy dialogue events.
- The NCDs will be responsible for:
 1. Developing draft annual component work plans and budgets (and proposed revisions to these plans if needed).
 2. Ensuring that program supported activities are consistent with established priorities.
 3. Monitoring and evaluating component implementation and results performance, including preparation and submission of an annual component progress and results monitoring report (as specified in M&E chapter of OM).
 4. Ensuring compliance with financial management, transparency and reporting requirements of the Governments of Vietnam and Australia (details to be provided in the OM),
 5. Exploring opportunities to ensure program activities are inclusive, and are targeted towards inclusive outcomes for women and men.
 6. Preparation and submission of consolidated quarterly progress reports.
 7. Develop and implement a communications and knowledge management strategy in cooperation with the NPD.
 8. Participating in PCC meetings and other Program related consultations.
 9. Support the NPD in organizing ad hoc policy dialogue on priority economic restructuring issues.

Program Coordination Committee (PCC)

- A Program Coordination Committee (PCC) will be established to ensure effective coordination, implementation, policy dialogue, and information sharing between various program components and activities. Membership of the PCC will comprise the NPD, NCDs and DFAT representatives. The NPD may decide to invite other participants (such as representative of the SAG, NA or CPV).
- The PCC will meet at least every six months. These meetings will be important opportunities for strategic discussions between DFAT and program partners. They will include discussion of: results achieved; political-economy analysis, testing if program objectives and M&E indicators are still appropriate and achievable; testing strategies for achieving those objectives, including how well we are reaching relevant stakeholders; and forward work plans. This will ensure DFAT is well-informed about the program's activities and progress and will make better use of DFAT's own information, expertise and experience.

- DFAT's responsibilities will be to:
 1. Manage funding agreements with each of the component agencies;
 2. Review and decide (jointly with the NPD) any substantive changes in the Program goals, strategy, planned outcomes and/or design;
 3. Review and approve (on no-objection basis) proposals for funding under Flexible Fund.
 4. Approve jointly with the NPD: program implementation guidelines; annual plans including budgets; and any substantial changes to approved annual plans;
 5. Work with the NPD to review and endorse any changes in program support functions (including appointment of key personnel).
 6. Support the dissemination of – and dialogue on – program knowledge products (studies, reports, training materials, policy recommendations).
 7. Support the development of a communications strategy and implementation of communications activities, including the production of communications products.

Terms of Reference for Program Supported Personnel

Senior Advisory Group (SAG)

- Drawing on B-WTO experiences, the SAG is expected to play a critical role in policy dialogue, and facilitating “whole of-government” approaches to delivering external support for economic restructuring. The SAG will help to achieve strategic GoV/CPV ownership of the program.
- While not necessarily independent of the GoV or the CPV, SAG members must be:
 1. Respected Vietnamese who have successfully engaged in economic reforms or as advocates of economic reforms,
 2. Have a track record of providing frank and useful advice and/or stimulating debate in the public arena.
 3. Enthusiastic about helping to build strategic national (including Government/ Party) ownership of the program.
 4. Interested in building partnerships with other key stakeholders and in engaging with the Australian Embassy to improve the quality of policy dialogue and engagement on economic issues.
- Members of the SAG will be recruited by PSU under periodic contracts to provide periodic advice and support to DFAT, the NPD and PCC on:
 1. Political economy and sector developments that impact on program performance.
 2. Emerging priorities and implications for program activities and work planning. Provide briefings on the impacts of major policy decisions (e.g.

- National Assembly or Party Policy Resolutions) on Program implementation and priorities.
3. What will work, what won't work (or isn't working) and who the program should engage with to resolve particular issues.
 4. Program performance, results and other strategic issues, including direct feedback on the references to program findings in high-level policy debate (e.g. in National Assembly or other high-level dialogue)
 5. Priorities and strategies for economic policy dialogue between Vietnam and Australia.
- The SAG will also directly support the NPD and PCC in implementing the following activities on an as needed basis:
 1. Provide ongoing advice and support to the NPD and PCC in areas such as:
 - Program priorities, political economy, macro-economic and sectoral policy issues.
 - Tactical options for increasing the program's influence (media, high-level dialogue, etc.).
 - Appraise proposals for funding under the Flexible Fund.
 - Peer reviews of policy studies and policy recommendations.
 2. High-profile engagement in policy dialogue (e.g. in mass media and workshops) to raise awareness of program findings and recommendations.
 3. Providing feedback on Program findings and recommendations to high-level of national leadership.
 4. Participate in annual program review and planning roundtables.
 - The composition of the SAG will be agreed between DFAT and the NPD, and can be changed as policy issues and advisory support needs changes. Additional members can be added from time to time as jointly agreed by DFAT and NPD. The Program will build on and learn from the experience with the SAG utilized under RCV and the B-WTO program.
 - The PSU, in consultation with the NPD, SAG and DFAT will be responsible for preparing quarterly work plans that identify needs for SAG inputs, and will be responsible for preparing tasking notes for specific inputs. DFAT and NPD will be responsible for approving these work plans and tasking notes.

The Senior Policy Adviser (SPA)

- The SPA must have:
 1. Extensive experience (> 15 years) in supporting economic policy and institutional change and development in Vietnam and South-east Asia.
 2. Past experience in supporting international funded, nationally executed programs supporting economic reform.

3. Proven track record of engaging with senior level policy makers, and with the broader community, on economic development issues.
 4. An awareness of regional economic cooperation initiatives such as ASEAN, AEC, TPP and RCEP.
 5. Post-graduate qualifications in economics or economic development.
 6. Have established networks of contacts with leading Vietnamese, regional and international experts working on economic development.
 7. Have high-level report-writing and communications skills.
- DFAT will recruit the SPA under a periodic contract. The SPA will be jointly accountable to DFAT and the NPD, and will work closely with the SAG.
 - SPA responsibilities will be to provide periodic advice and support, including:
 1. Ongoing support to the NPD and PCC, including
 - Ongoing advice and support for program planning, implementation and monitoring including inputs to gender mainstreaming, M & E reporting and work plans.
 - Contribute to policy dialogue on economic restructuring issues.
 - Monitor and inform the NPD, PCC and DFAT of political economy developments that are likely to impact on program performance.
 2. Prepare independent reports as needed (e.g. as input to PCC meetings) on emerging economic restructuring priorities and implications for program activities and work planning.
 3. Appraise requests for support under the flexible funding mechanism and support the development of these proposals.
 4. Identify and facilitate contact with highly qualified international experts and institutions as relevant
 5. Support the NPD and DFAT in development partner coordination activities, and participate in forums related to economic restructuring and integration.

Senior Program Manager-Economist

- The Senior Program Manager-Economist (SPME) will be appointed and be accountable to the NPD.
- The SPME will be senior Vietnamese expert with:
 1. A well-regarded university degree in economics and/or economic development.
 2. Excellent Vietnamese and English language communications and reporting skills.

3. At least ten years of experience working on high-level policy issues with central GoV agencies. Ideally, the SPME should also have work experience interacting with business associations, and/or civil society organizations.
4. Past experience in coordinating and/or managing complex, inter-agency development programs. Familiarity with good practices in the monitoring and reporting on the performance of such programs.
5. A well-established network of contacts in the Vietnamese government, research institutes, and business associations.
6. Familiarity with GoV and development partner program reporting and accountability requirements.
7. Previous experience with similar programs would be an advantage.

- The SPME will be responsible for:

Overall:

1. Acting as the key focal point for helping the NPD coordinate program activities and the focal point for day-to-day contact about program issues.

Program planning:

2. Working with the NPD/SAG/SPA to identify and document Program's priorities and annual work plans including the annual budget allocation for PCC review, and NPD/DDFAT approval
3. Making plans and preparing documents for the PCC meetings
4. Preparing the work plans and tasking notes for Program's regular advisors and specialists, including SAG, M&E, gender, communication specialists

Program implementation:

5. Developing the Program management systems
6. Coordinating Program's activities: giving guidance to program's components, acting as the focal point for implementing agencies, DFAT, SAG, SPA, M&E, gender, communication specialists and related stakeholders
7. Managing and providing supports to the implementation of FF activities
8. Managing the PSU operation

Program reporting, monitoring and evaluation (M&E)

9. Preparing quarterly reports on Program's progress and issues
10. Managing, giving advice and supporting the M&E specialist in preparing the periodical M&E reports

Financial management

11. Overseeing – together with the Embassy's financial team – the financial planning and compliance with OM requirements
12. Working with independent audit, following up on audit recommendations

Gender

13. Managing, giving advice and supporting implementation of Program initiatives to mainstream gender into program activities.
14. Oversees the work of the Program gender expert.

Communication

15. Managing, giving advice and supporting the communication specialist/company in implementing the communication activities for the Program

Program Support Unit (PSU)

- The PSU will be established in the CIEM. The PSU will be headed by the SPME and will be directly accountable to the NPD. The PSU, which is headed by SPME, will include the SPME, administrative support staff (including accounting and procurement officer, and administrative staff cum interpreter), and some part-time national experts. The PSU will also look to engage communications/advocacy expert(s), gender experts, and M&E/results management experts on a part-time or full-time basis.
- The PSU will be responsible for:
 - a) Developing and implementing **program management systems** (Operations Manual (OM)) covering, for example:
 - i. Prioritization, planning and implementation
 - ii. Monitoring and evaluation
 - iii. Policy dialogue and communications.
 - b) **Managing and implementing the Flexible Fund** in accordance with OM requirements, including.
 - i. Providing support for proposal development.
 - ii. Receiving, processing, and responding to requests for support.
 - iii. Assessing whether proposals meet program criteria and include all needed information.
 - iv. Arrange for appraisals of proposals (by SAG, SPA or other experts).
 - v. Seek concurrence from NPD and DFAT within OM specified time limits.
 - c) Work planning and reporting, including:
 - i. Preparing consolidated annual work plans in line with OM requirements:

- ii. Preparing quarterly consolidated program progress and issues reports.
 - iii. Preparing quarterly work plans for the SAG and SPA.
 - iv. Preparing **tasking notes** for the SAG and SPA.
- d) Financial management and accountability
 - i. Ensuring annual and quarterly budgets (program and component levels) are prepared and reported on in line with OM requirements.
 - ii. Overseeing- together with the Embassy's financial team- the financial planning and compliance with OM requirements
 - iii. Organizing Program audits in accordance with OM requirements.
 - iv. Follow-up on any Audit recommendations
- e) Provide **administrative support** to Program supported components and activities, including flexible fund activities in:
 - i. Financial management.
 - ii. Accessing international and national expertise (e.g. for program design, development of methodologies, and quality control of outputs (e.g. peer reviews)).
 - iii. Recruitment of consultants and procurement process.
- f) Communications and knowledge management.
 - i. Implementation of program communications and dialogue strategy.
 - ii. Consolidate and communicate information on program results and lessons learned, including:
 - 1. Develop and regularly update program website (program outputs and plans should be available from this web site: the website will be critical for both internal and external knowledge management and sharing) – building from CIEM website
 - 2. Ensure policy briefs produced and distributed for all relevant studies, events and reports.
 - iii. Facilitating policy dialogue and collaboration between SAG, development partners, program components and other stakeholders on MPER and related issues;
 - iv. Coordination with other development partners working on related programs.
- g) Provide **other support** and information requested by the NPD.

Annex 4: Draft Guidelines for Flexible Fund

Objectives of Flexible Fund Support

The purpose of the Flexible Fund is to provide a quick response mechanism that will allow RCV to help the Government of Vietnam to respond quickly to emerging priority issues directly linked to Aus4Reform objectives.

Procedures for Processing Flexible Fund Support

Based on proposal submitted through RCV Program Support Unit (PSU), the Program Director (NPD) may request the Senior Advisory Group (SAG) and/or Senior Policy Advisor (SPA) to work with relevant agencies to develop proposals to be funded.

Criteria for Selection of Programs for Funding from the Flexible Fund

Proposals being considered for Funding from the Flexible Fund must directly support the economic law and/or policy making agenda of the GoV, NA or Party, and must either be:

- Designed to support implementation of SEDP priorities directly linked to increasing productivity and competition. Most proposals should be linked to action priorities in related resolutions/action plans to implement priority elements of the SEDP, such as:
 - The National Assembly (November 2016) resolution on economic restructuring:
 - The CPV (November 2016) resolution on the New Economic Growth model.
 - Related annual related Government resolutions (e.g. on improving the business environment and economic restructuring).
 - Monitoring and evaluation of impacts of economic reform and restructuring initiatives, and/or the formulation of updated related resolutions.
- Or, be designed to help formulate and/or review economic national annual and medium term economic development planning documents (to provide input to the SEDP 2016-2020).

These criteria may be modified during the annual RCV review and programming exercise.

Proposals for Funding from the Flexible Fund

Subject to the criteria above, any GoV, NA or CPV agency, research institutions, and/or civil society organization with responsibilities directly related to the above criteria may submit a proposal to the NPD for funding from the flexible fund.

All proposals must be prepared in the prescribed template and include an expected results chain with details of targeted policy and/or institutional changes and expected beneficiaries.

The PSU will be responsible for vetting proposals to ensure that they meet Flexible Fund guidelines and request STA, and/or SAG members or relevant informed experts to review proposals prior to submission to the NPD and DFAT for final approval.

The Appraisers will provide written comments and ratings. In addition to conforming that the proposal meets the above criteria, the expert(s) will rate each proposal against a limited set of key selection criteria, including:

- Relevance to targeted criteria;
- Design logic;
- Expected impacts and beneficiaries
- Contributions to promoting inclusive/equitable outcomes;
- Cost effectiveness (value for money) and risk.

The Appraisers may suggest resubmission of unsuccessful proposals, with advice on changes needed to increase the probability of securing approval for promising proposals.

Proposals rated successful by the Appraisers will be submitted to DFAT for “no objection” prior to submission to the NPD for consideration.

Approving the Use of Flexible Funds

- The NPD is responsible for endorsing proposals for financing using of flexible funds.
- The NPD will submit endorsed proposals for funding to DFAT for their no objection.
- The NPD will report on all decisions regarding flexible fund proposals (including brief justifications for the choices made) in quarterly and annual reports.

Use of Funds

CIEM, with the help of the PSU, will generally be responsible for managing and disbursing flexible fund resources in accordance with the RCV OM.

The NPD and DFAT may decide to delegate responsibility for managing and disbursing resources to the beneficiary agency depending on the nature of the proposed activities and the capacity of the implementing agency. The Director of any FF activities with delegated responsibility would be subject to the same reporting, M & E, and accountability obligations as a Component Director.

All institutions granted funding from the Flexible Fund must sign a contract with the NPD (or their representative) that all activities will be implemented in accordance with the RCV OM, and will be accountable to the NPD for proper and efficient use of funds.

Beneficiaries of the Flexible Fund must give due recognition to the RCV as the source of funding, and must be prepared to share all data and studies resulting from this support.

The Flexible Fund cannot be used for funding and capital costs, equipment, and/or any regular expenditure of the requesting agency.

Template for Proposal for Activity Funding from RCV Flexible Fund

Heading	Details required
Activity Details	
Title	Please provide a short and clear activity title
Agency details and address	Include contact details of the proposing agency: street address, contact person, phone, mobile and email address.
Implementation Partners	Provide details of any other partners with whom the proposing agency will work to implement the activity
Activity objectives and urgency	
Activity objectives and rational	Describe the activity objectives? What is the problem/issue/ opportunity to be addressed? Describe clearly and briefly the activity logic?
Need for activity	Describe clearly the need for the activity at this time
Links with national & RCV priorities	Briefly and clearly indicate how the activity fits with MPER and RCV priorities
Links with ongoing agency responsibilities	Describe how the proposal fits with the mandated responsibilities and current work priorities of this agency
Related ongoing initiatives	Provide details of any other related initiatives and discuss any action needed to ensure that this activity complements (rather than duplicates) other initiatives.
Activity in details	
Planned outputs	Concisely describe the outputs of the activity
Necessary sub-activities	List down and clearly describe necessary sub-activities: Key targets and/ or indicators of successful implementation of sub-activities
Methodology	Briefly describe the planned methodology for implementing the activity
Timeline	From: _____ To: _____
Input	Estimated fund from RCV Estimated contribution from proposing agency
Activity longer-term impacts, beneficiaries and stakeholders	
Expected impact	Briefly describe the expected impacts (positive and negative). Include social, economic and environmental impacts. Note any gender considerations
Activity beneficiaries	Note the main expected direct and indirect beneficiaries. Note any gender targets for beneficiaries and how this will be monitored
Other stakeholders	Note other stakeholders likely to have an interest in this activity.
Sustainability	Briefly discuss the likely sustainability of proposed interventions
Proposal authorisation	
Signature, Name, Position and date	

Cost estimate for the proposed activity (file attached)

No	Description	No. of persons	No. of days	Cost norm	Total (USD)
1.	Local specialists				
2.	International experts				
3.					
4.	Workshops/Technical seminars				
5.	Publications				

Annex 5: Target Results and Results Achieved under RCV

Targeted Results	Results
A. Higher level results targets supported by – but not attributable to – RCV	
Increased national economic competitiveness.	Continued progress in national competitiveness (DB and WEF rankings), but needs to be accelerated (see CIEM reports). Evidence of linkages between RCV-supported efforts and increased competitiveness (see CIEM quarterly reports). Increased focus on gender expected to further boost competitiveness.
Accelerated growth in labour productivity, employment and incomes.	Signs of acceleration in growth in 2015 (GSO data, and CIEM reports). Sustainability of this initial improvements not guaranteed. (CIEM Q reports provide evidence for M&E reports).
Improved transparency in business regulation and reduce corruption.	Simplified regulations (e.g. EL and IL), and improved framework for SOE governance, improve transparency and reduce opportunities for corruption (CIEM Q reports), but no clear indicators of declines in overall levels of corruption.
Reductions in business compliance costs (following approval of revisions to the EL and IL).	Continuing progress. From 1 July 2016, all Circulars and Decisions on business conditions that were issued by various line ministries shall be null and void. In 2016, MPI proposed the reduction from 267 regulated sectors with business conditions to 226 sectors. This reduction has been submitted by the Government to the National Assembly to be included in the draft Law on the amendment, addition to Annex 4 of the Investment Law which is expected to be effective since 1 January 2017. More needs to be done to implement, and better control regulatory quality. Whole of Government (WoG) task force established to improve implementation
Increase in the quantity and quality of the cases handled by the Vietnam Competition Agency.	Not a good indicator. The aim should be to minimize the number of formal competition cases. VCA is pushing for institutional changes needed to raise awareness, promote voluntary compliance and encourage competition. Better indicator might be a more independent and pro-active VCA (e.g. with RCV-support, VCA has used social media to disseminate information to raise awareness of rights under Competition Law.) National Assembly support to amend the new Competition Law is an indicator of progress in changing mind sets.
Concrete actions taken by GoV to begin restructuring the rice value chain at national and central level.	Progress, but no concrete action. Strategy drafted and discussed. Considerable public debate. But key reforms remain in too hard basket. CIEM will undertake pilot rice value chain review to help push reforms.
Policy recommendation resulted in GoV, CPV's strategic documents dealing with economic restructuring including restructuring of the rural economy.	National Assembly (NA), Government and Party (CPV) references to RCV-supported work (NA economic forums, RCV reports discussed at cabinet meetings, CPV economic committee workshops). Action taken on MEPR and RR recommendations (business conditions). Wide media coverage of RCV studies. Restructuring issues (including rural restructuring) receiving more focus in SEDP and other planning documents.
B. Results directly supported under RCV	
<i>Business competition and transparency</i>	
More business friendly EL & IL approved by NA (in late 2014, with key implementing regulations approved by the GoV by 2015).	Progress achieved as identified in NA, Government and CIEM progress reports. Growth in new business registration (including the share of female headed firms) accelerating. More work to remove remaining business conditions.
Diagnostic report on impediments to private sector development & implementing	RCV supported diagnostic reports as part of WoG reporting on Decision 19 process (aiming for Vietnam to reach ASEAN-6 standards in business enabling environment).

international economic commitments submitted to GoV (by end 2015).	
Quarterly and annual reports on progress and issues with MPER used by GoV to sustain pressures to implement the MPER, and to adapt MPER priority actions to meet changing circumstance.	RCV supported report on WoG progress with Master Plan on Economic Restructuring and Renewing the Growth Model. The revised economic restructuring plan for 2016-2020 was approved by the XIV NA in November 2016. The Resolution No. 05-NQ/TQ (dated 1 November 2016) was adopted at the fourth plenum of the 12th Party Central Committee, affirmed major policies and directions to continue renewing growth model, improving growth quality, labour productivity and economic competitiveness. Recommendations from quarterly CIEM economic reports on measures to facilitate restructuring and improve the business (and private sector) enabling environment feed into monthly Cabinet meetings.
At least two quality analytical reports on priority macro-economic and broader economic development issues submitted by the MPI to the national leadership and widely discussed in mass media (by 2016).	Attached as chapters in CIEM quarterly economic reports (9 reports). Recommendations have been discussed at Cabinet level and reflected in key Government decisions (e.g. in Resolution 19 and decisions on economic priorities) and plans (annual and SEDP 2016-2020).
<i>Restructuring competition institutions</i>	
Enhanced evidence base, information and skill to enforce competition policy.	Reports on economic concentration timely in helping VCA to deal with increasing levels of M&A activity, and provided evidence base for VCA comments on policy and regulatory reforms being introduced by other government agencies. Increased awareness of rights to take action under Competition Law. Regular engagement between VCA and ACC staff (e.g., via workshops, secondments, written and telephone communications) helping to build capacity.
Enhanced policies, systems and support to minimize the negative impact of anti-dumping actions and other trade remedies.	Weakness in 3 ordinances identified in RCV-supported study are being rectified via additional provisions added to a draft Law on Foreign Trade Administration (to be approved by NA in 2017). RCV-supported internship with private trade law firm in Brussels. VCA staff resources increased.
Expanded early warning systems on potential trade defence cases.	Improved system (enhanced database) and outreach helping to raise awareness in firms that are at high risk of anti-dumping action, allowing them to take pre-emptive actions. Increase in cases handled.
<i>Restructuring the rural economy</i>	
Analysis and reports contribute to improved institutional structure for rice value chain collaboration in Dong Thap supported by representatives of all stages of the rice value chain.	Consultative study completed for Dong Thap. Support extended for national consultations on a national rice sector restructuring strategy addressing bottlenecks to equitable participation in rice value chains (women now concentrated in less productive employment). Strategy and implementation plan is still to be approved.
Reports on modelling of impacts of rice value chain restructuring (paddy land reservation policies, and reforms to increase competition in rice exports) submitted to Minister, (MARD).	Modelling of the level and distribution of costs (sub-sectors, gender), of restrictions on trade and trading land use rights submitted to, and discussed with, the Minister. Modelling is stimulating debate on need for reform. Cooperation with ANU is building IPSARD capacity in evidence based policy analysis, including use of GTAP model.
Policy dialogue on rice value chain restructuring issues reflected in media coverage and	Broad based consultations with officials, associations and private firms (including women) with regular media coverage helping to raise awareness, but reform continues to be resisted by vested interests. Restructuring of rural economy a strong focus of new SEDP.

public awareness of issues and policy options.	
<i>Flexible Fund: selected (untargeted) results to addresses emerging issues</i>	
<u>Planning economic development and restructuring:</u> Support to both EC-CPV and ECNA	Lessons from MPER & Australian and international experiences reflected in SEDP restructuring priorities. Consultations on SEDP development issues, including 2 high-level NA led economic forums.
<u>Comparative economic institutions.</u> Demand for a more strategic approach to developing market economy institutions over next five years.	Detailed comparative study of 6 different economies (Australia, Germany, Malaysia, Russia, South Korea, and the USA) finalized and submitted to NA members. Expected to influence legal drafting and institutional reform agenda of next NA.
<u>Gender and economic restructuring (CIEM).</u> More active support for women's economic empowerment (WEE) to help achieve economic & equity objectives.	EL and IL reforms appear to be increasing opportunities for women's participation in business. Suggested measures to boost WEE under RCV and during economic restructuring.
<u>China-Vietnam economic links</u> (CIEM). Need to assess the impact of reduced linkages with China (for political reasons and/or the slowing Chinese economy)	Report presented to workshop and widely disseminated in May 2016 with detailed quantitative analysis of impacts and issues with changing patterns of economic linkages with China.
<u>Worst/best business regulations.</u> VCCI. Promote public engagement on, & pressure for, regulatory reform.	Attracting press coverage and public debate. Final results with recommendations for regulatory reform is expected to be announced in December 2016
<u>Economic Policy Dialogue.</u> General development issues, with a focus on improving governance.	Periodic dialogue with Government, Party, NA and civil society and RCV experts (including Australian officials)

Annex 6: Political-Economy Analysis

How economic reform happens in Vietnam

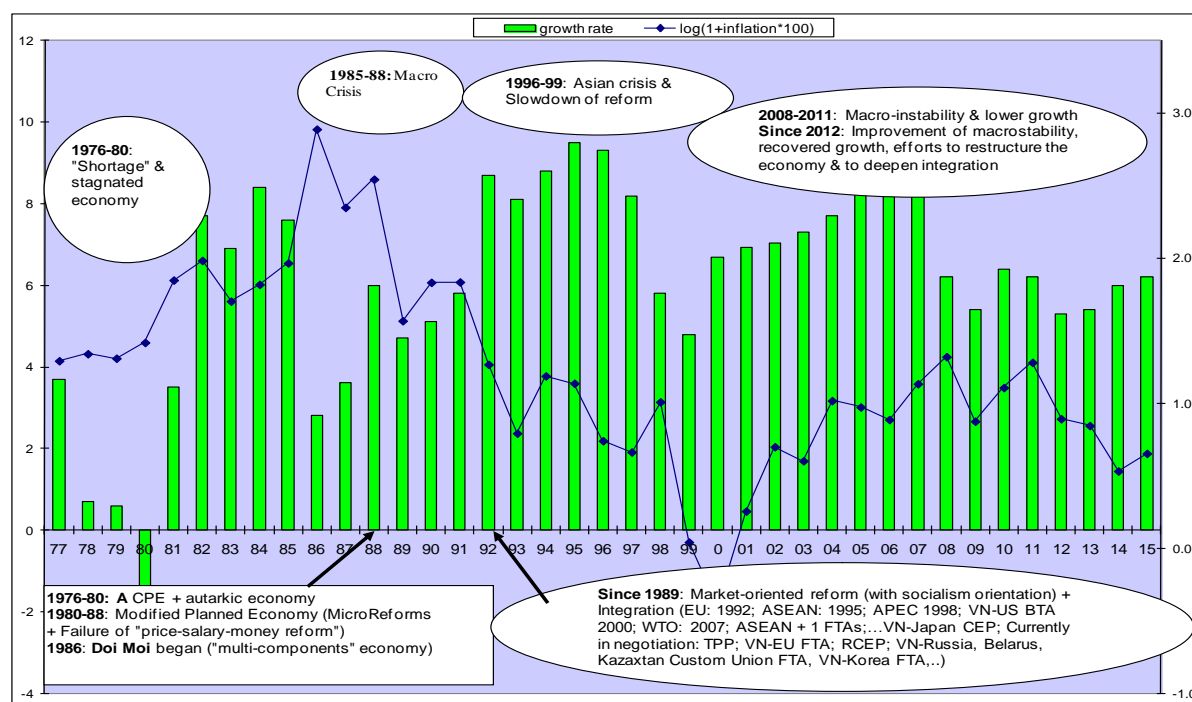
Thirty-plus years of economic reform

Following several years of experimentation with policy reforms aimed at improving economic incentives and performance, Vietnam's Sixth Party Congress formally endorsed *Đổi Mới* (renovation) in late 1986. *Đổi Mới* signalled a new direction in economic management towards a more market oriented and outward looking economy. The role of the state evolved over this period and continues to be re-defined as part of the reform process.

The reform process was partly facilitated by the fact that key elements of economic and power were remarkably decentralized, and even fragmented horizontally and vertically. A large share of the members of the central committee owed their positions to provincial power structures. The central government had limited resources, both in absolute terms and as a percentage of GDP. Limited central economic and political power provided opportunities for subnational agencies to innovate and experiment with reforms, including the use of limited market forces into some production and trade activities. The fact that the initial reforms benefited most, if not all, sections of society, helped in building support for the reform process.

However, implementation of the reform process has been far from linear. Progress is often followed by setbacks or challenges in implementing reforms (see following graph). A key challenge has been the need to radically change social and political attitudes towards the role of the market and the private sector in economic development.

Figure: Vietnam: Reform, growth and inflation 1977-2015



Source: Vietnam 2035 report.

While the pre-*Đổi Mới*, policy experimentation generated some useful gains, the partial and semi-formal nature of reforms contributed to uncertainty, and left reformers economically and politically vulnerable. Moreover, the partial reforms did little to address the growing macro-economic instability that was exacerbated by declining economic links with the centrally planned East European economies. This – and increasing recognition by key national leaders and advisors that East Asian market economies were achieving equitable and much more rapid improvements in living standards – provided impetus for the formal adoption of *Đổi Mới*.

Progress but challenges remain

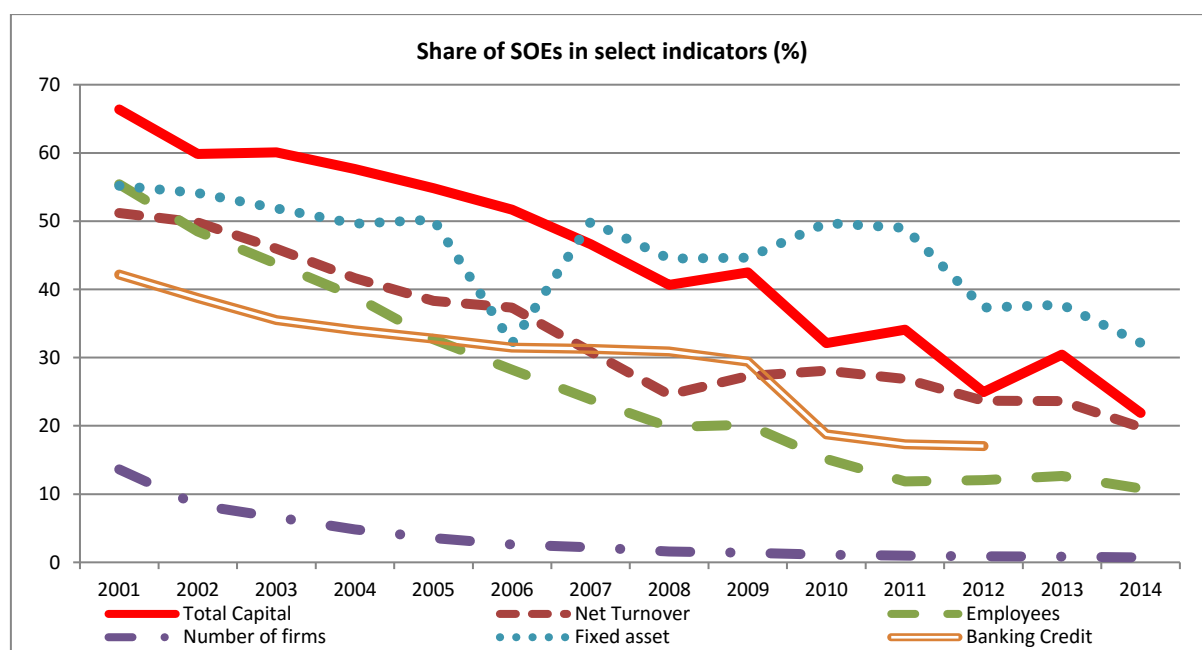
The reform process has greatly expanded economic rights, choices and opportunities for the Vietnamese people. Throughout the reform process, a strong focus has been retained on equitable outcomes and social inclusion. Per capita incomes have increased dramatically. Poverty fell from nearly 2/3 of all household living in poverty (subsisting on USD 1.25/day) in 1993, to only about 2 percent of households in 2015. There have been no major increases in overall income inequity, although gaps remain with the more isolated rural areas and disparities between poverty levels of the ethnic minority groups and the majority population have increased. Outcomes in terms of delivery of education, health, power, rural roads, rural electrification, water supply and sanitation have also been impressive.

Despite remarkable socio-economic achievements, average per capita income and living standards remain well below national aspirations, and Vietnam continues to face critical development challenges. Productivity growth has slowed in recent years, pressing social and environmental problems remain, inequities persist, and economic institutions and governance

remains weak. The SEDP (2016-2020) warns that Vietnam must adapt more quickly and effectively to global opportunities and challenges if it is to avoid continuing to lag behind other successful regional economies.

Declines in productivity growth rates are a particular concern. Fragmentation (horizontally and vertically) of state power, has resulted in many small, scattered and overlapping public investment projects. Poor public sector investment efficiency has been compounded by weak governance of public agencies and state enterprises and pervasive corruption. Attempts to impose hard budget constraints on SOEs have been undermined by the provision of preferential access to land, credit and public contracts to poorly performing SOEs to help protect them from fair market competition. With poor public investment and state distorted market incentives, private sector productivity growth has suffered. Relatively slow progress with SOE reform, and private enterprise development, is indicative of the real challenges in implementing “top-down” reform in a country like Vietnam with its decentralized and fragmented power structure.

Despite the generally poor performance of Vietnamese SOEs and slow pace of SOE reform, SOE numbers, the share of capital allocated to SOEs, and SOE share of total employment have all declined since 2001, as shown in the following graph. New legislation has also been introduced with the aim of ensuring greater accountability for the efficient use of public investment resources. Nevertheless, inefficient use of State investment resources continues to undermine productivity and economic growth.



Source: WB/MPI Vietnam 2035: Private Sector Development.

The efficiency of private sector investment is also undermined by weaknesses in State policies and institutions. CIEM (2016) notes that policy makers are acutely aware that Vietnam remains behind regional best practices in terms of public sector efficiency, reducing barriers to free competition and the entry and growth of the domestic private sector, and developing market institutions that effectively facilitates a competitive business environment needed to ensure more efficient use of limited resources and to promote employment, income and economic growth. As detailed below, the Government has developed, and is implementing, a range of reform initiatives specifically aimed at reducing gaps with regional benchmarks.

What has driven success in implementing reforms?

Vietnam sustained success with economic reform, despite periodic setbacks, provide valuable insights into what is needed for reforms to succeed. The Vietnam 2035 report identified several features that have contributed to successful implementation of reforms in Vietnam. Key features are summarized below

Firstly, pragmatism replaced ideology as the driver of change following the onset of *Đổi Mới*, with Vietnam taking combining a step-by-step approach to reform when there was compelling evidence of economic benefit, with a strong focus on achieving consensus for reform that placed a premium on political and social stability. Every effort was made to avoid creating losers in the reform process and to avoid potentially destabilizing “shock therapy” approaches to reform. Where uncertainties existed, pilot initiatives were used to learn from experience, and build the evidence base for reform. Reforms that have involved clear losers (e.g. key elements of State enterprise reform, and reforms of some administrative procedures) have proved much more difficult to implement

Secondly, the reform process has remained largely domestically driven, while at the same time Vietnamese policy makers have been keen to learn from, and adapt, international experiences to meet national needs. The strong national ownership of the reform process has been a critical factor in terms of ensuring the broad-based domestic consensus needed to effectively implement reforms. The broad-based national ownership of the reform process meant that the reforms were directly targeted to address specific bottlenecks that allowed Vietnam to build on its specific economic strengths. In particular, the initial focus on land reform and trade and investment liberalization generated strong supply responses that benefited most of the population and helped build broad-based support for reform.

Thirdly, the reform process built on the Vietnam’s relatively high, and equitably distributed, level of basic human capital. Vietnam’s continuing success with literacy, school education, and health facilitated the rapid transition of the workforce into commercial agriculture, service sector activity and labour intensive manufacturing as workers and small-scale entrepreneurs.

Fourthly, during the later stage of more difficult reform, when it was more difficult to avoid interest groups losing from reform processes (e.g. SOE reform), policy makers were able to make strategic use of international commitments that were in the national interest, to help build pressure for reform. Planned future regional economic cooperation commitments may provide opportunities to push forward with a reform agenda that increasing involves losers, and which can be expected to be met with growing resistance.

Vietnam’s evolving development aspirations

The Ministry of Planning and Investment (MPI) and the World Bank recently cooperated with a broad range of stakeholders to produce the Vietnam 2035 (2016) report to help build a consensus on priorities for national socio-economic development. The report identifies aspirations for Vietnam to be a “*moderately prosperous society, at the upper reaches of upper middle income, by 2035*”. It is envisaged that Vietnam will become a more mature market economy that will be private sector-led, competitive, and intensively integrated with the global economy. By 2035 the domestic private sector is expected to benefit from strong and modern market institutions that will “*ensure free and fair competition, security of all forms of private property rights, and competitive and transparent land and capital markets*”. There will be relatively few SOEs. All corporations, private and public, will face a level playing field and be

subject to universally enforced global good practice corporate governance regulations. Modern industries and a knowledge-based economy will thrive in an efficient and well-connected network of modern cities that encourages learning, innovation, and new product development, connecting people and firms to the world.

Vietnam 2035 outlines a vision of the role of the state in socio-economic development, and actions needed to build a truly competitive and equitable market economy. In summary:

- An effective and accountable *rule-of-law state* will be in place well before 2035. The country's governance structure will clarify the relationship between the state and its citizens, and between the state and the market. The state will perform its basic functions effectively, through a well-organized government structure (both at the centre and locally) and a strong, meritocratic bureaucracy.
- An effective Vietnamese state will also apply market rationality to economic policymaking. State-market relations will be characterized by a clearer division between public and private spheres. Government agencies involved in economic regulation will not engage in business of any kind. The state's role in the economy will focus on providing a level playing field in the economy, with enforcement of free and fair competition and more secure and transparent property rights, particularly around land issues.
- The state will develop strong institutions to ensure that the power belongs to the Vietnamese citizens with clear lines of responsibilities between the legislative, judiciary, and executive branches for adequate checks and balances on the government.
- The National Assembly will have the capacity and autonomy to represent Vietnamese citizens, exercise oversight over the executive, and pass quality legislation. The judiciary will have the autonomy and capacity needed to resolve disputes in a more diverse economy.
- Every citizen and every political and social organization equal before the law.

Research for the Vietnam 2035 report, and RCV support to the Economic Committee of the CPV, fed into the drafting of the political resolution of the 12th Party Congress, as discussed below. Key aspirations identified in the Vietnam 2035 report are aligned with development priorities identified in the CPV resolution.

The 12th Party Congress and beyond

Significant changes in the policy environment, political leadership and development priorities have emerged since RCV was formulated. The 12th National Congress of the Communist Party of Vietnam (CPV), held in January 2016, resulted in changes to the membership of the Politburo (12 of the 19 members were newly appointed). Following the Congress and the election of a new National Assembly (in May 2016), Vietnam has a new Prime Minister, a new Chair of the National Assembly, and a new President. Among Vietnam's top 4 leadership positions, only the Secretary-General of the CPV remains unchanged. The new cabinet includes 5 deputy prime ministers, including two deputy PMs with Ph.Ds. in economics. New ministers were appointed to head 21 out of 24 ministerial level agencies in Vietnam. Many of the new cabinet have studied internationally, including in market economies. The role of the mass media and non-state

actors in public policy debate is steadily increasing. These changes are opening up new opportunities to support an increasingly ambitious nationally led institutional reform agenda.

The 12th Congress identified innovation of the Vietnam's growth model, and "perfecting the market economy", as two key tasks for period to 2020. The Congress emphasized the need for further institutional reforms to complete the transition to a socialist oriented market economy. The resolution states that:

"The socialist-oriented market economy of Vietnam includes many forms of ownership, many economic sectors, with the private sector an important driving force the economy; the market plays the major role in mobilizing and effectively allocating resources for development; the state plays the role in orientation, building and perfecting the economic institutions for fair, transparent and healthy competition."

While cautioning that:

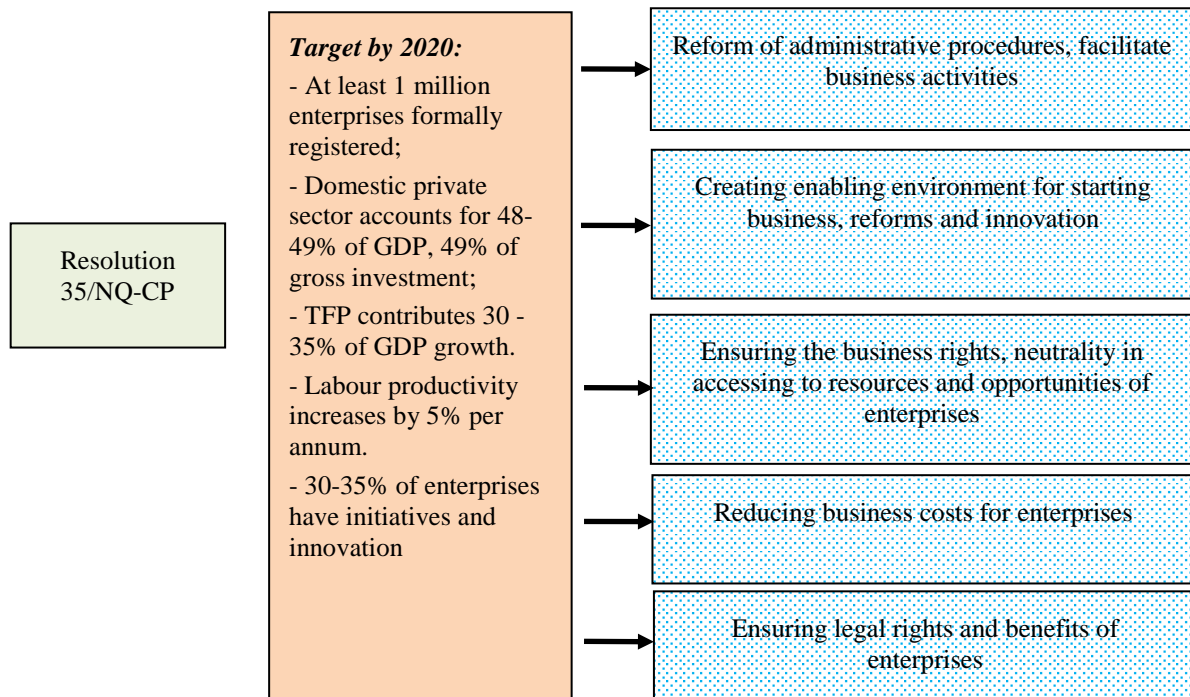
"a fully-fledged, modern and integrated market economy with diversified ownership – operating fully and efficiently in accordance with the rules of a market economy – has still to be developed and perfected", and that:

"many provisions in the legal system, mechanisms, policies and management and administration have not fully complied with the rules of market economy, especially in the allocation of resources, management of prices of goods and essential services and ensuring fair competition".

The newly elected National Assembly approved the Socio-economic Development Plan 2016-2020 (SEDP). The SEDP includes a strong focus on strengthening productivity and competition to help raise incomes and living standards. Private sector development and removing remaining barriers to increased integration are seen as pivotal to achieving SEDP objectives.

The Government has issued several resolutions (drafted by CIEM) to progress this agenda and to systematize policy framework for supporting the enterprise development, including Resolution 19 (2016) and Resolution 35 (2016). Key principles identified under Resolution 35 address the interaction between managerial agencies and enterprises. For example, the State protects the legitimate property rights and freedom in doing business of the people and enterprises within the regulatory framework, and the State ensures equality for all enterprises. Specific targets set under Resolution 35 that could be supported by RCV2 are summarized in the following diagram

Figure: Summary of Resolution 35/NQ-CP



Source: CIEM 2016

With RCV support, CIEM is also drafting a new MPER and guidance on a “new growth model” in line with SEDP objectives. The Aus4Reform design should be closely aligned to targets specified in Government resolutions (including new resolution on economic restructuring and the new growth model) to implement selected elements of the SEDP directly linked to increasing business competition and productivity.

Continuing resistance to reform

Implementation of the economic restructuring plan has faced many challenges, including resistance to change from vested interests. Throughout the *Đổi Mới* period there has been a persistent (and still unresolved) debate about the role of the state. There has been a continuing insistence that the state should play a “leading role” in the economy, with differing and conflicting interpretations as to what a “leading role” implies. This prolonged ideological debate has slowed the economic transition and socio-economic development. The ongoing debate has been used by some to justify preserving a dominant state role in commercial business activity. There has been a perception that *“the dogma disease is still prevalent, there is still impartial thinking, irrationality, fear of innovation; innovation thinking is not resolute and strong”*.

The next stage of reform will not be any easier. Vested interests can be expected to continue to resist changes that will affect their current privileged positions. Integration and economic restructuring will expose uncompetitive sectors of the economy to competition. This can lead to increased productivity and competitiveness, but will also lead to the failure of some enterprises and significant adjustments in some areas. Policy responses need to be timely and adapted to prevailing circumstance to help minimize adverse impacts. Vietnam has limited capacity to: (i) monitor and/or provide evidence based predictions of the impacts of economic reforms (especially equity impacts) and; (ii) develop evidence based policy actions to ensure better and

more equitable outcomes. Without a sound understanding of potential impacts and potential policy responses, it will be difficult to build a consensus for reforms, and Vietnam's leaders will be reluctant to push forward with difficult reforms for fear of a backlash that could result when some of the negative impacts of reforms begin to impact.

While there is no way of being sure if the increasing pressures for economic reform and restructuring will be adequate to bring significant change soon, or the exact details of how this change might happen, pressure from both within the official system, and in terms of public sentiment, appear to support the case for engaging on economic reform issues at this time. Past experience (since the beginning of Doi Moi) suggests that Vietnam's leaders are prepared to take a pragmatic approach to economic reform when there are compelling arguments and significant pressure. More substantive public debate about equity issues and the need for legitimacy – that partly depends on achieving 'broad enough'-based economic growth – is an important factor in creating pressure for reform. Past experience suggests that international support – to help provide advocates of reform with better access to information and credible national and international evidence of linkages between economic reform and equitable socio-economic outcomes – can help in building support for such reforms.

Annex 7: Addressing gender equality objectives in Aus4Reform: overview of issues and preliminary suggestions – by Dr Marzia Fontana

Gender equality and women's economic empowerment are important priorities for both the Vietnamese Government and the Australian Government. This note aims to provide a framework for the integration of women's economic empowerment objectives in the Aus4Reform programme and offer suggestions on practical steps that could be promoted on the ground to ensure that women's needs and interests are fully considered into the GoV new plans for equitable improvements in productivity and inclusive economic growth. Section 1 introduces the concept of women's economic empowerment. Section 2 describes aggregate employment indicators that can capture gender differences in access to earnings and opportunities, and offers a brief overview of recent trends in the Vietnamese labour market. Section 3 discusses barriers to women's fuller participation in more remunerative forms of paid work and proposes policy options. The discussion in section 3 is further organized under three headings which broadly reflect key outcomes of the Aus4Reform Logical Framework: (a) Fairer markets and higher value added production; (b) Restructuring of the rural economy; (c) Improved and more equitable business environment.

The meaning of Women's Economic Empowerment (WEE), with focus on labour markets and livelihoods

The concept of women's economic empowerment has been variously defined by development agencies. The World Bank was one of the first agencies to conceptualise it as "... making markets work for women (at the policy level) and empowering women to compete in markets (at the agency level)". The OECD-DAC Network on Gender Equality defines women's economic empowerment as their "...capacity to participate in, contribute to, and benefit from growth processes in ways that recognise the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth". A paper by the Swedish International Development Agency (SIDA) defines economic empowerment as "...the process which increases women's real power over economic decisions that influence their lives and priorities in society. Women's economic empowerment can be achieved through equal access to and control over critical economic resources and opportunities, and the elimination of structural gender inequalities in the labour market including a better sharing of unpaid care work". These are just a few examples among many efforts to define women's economic empowerment and this list is simply to highlight their common emphasis on women's capacity to make effective choices, their rights to access resources and opportunities, and therefore the need for policy to address structural constraints that limit their rights and choices. Many organizations also emphasize that there are both intrinsic and instrumental reasons for promoting women's empowerment: "...economically empowering women is essential both to realise women's rights and to achieve broader development goals such as economic growth, poverty reduction, health, education and welfare".

When applied to labour markets and livelihoods, the main domain through which most women gain access to earning opportunities, these principles underscore the importance of going beyond a mere 'quantity of jobs' approach. They call for comprehensive measures to facilitate women's access to secure and well remunerated jobs, with particular attention to enabling disadvantaged women to acquire the required skills, productive resources, and control over their own time, for participating in sectors and occupations previously precluded to them. It is preferable that these measures are designed and implemented as an integrated package since

gender-based constraints in access to credit, land, technical skills and markets are often mutually interdependent. These specific measures need also to be embedded within broader gender-sensitive social policies aimed at supporting human capacity development for all. In the words of the development economist Ruth Pearson “Poor women need money but increases in jobs and wages will not on their own make women either less poor or more powerful. Improvements in the conditions and returns to work must be coupled with expectations that the state will ensure that they achieve a minimum income; that they have access to affordable and high quality education, health and transport services; and that their environment is healthy and their lives are not blighted by community and domestic violence”. A similar vision for gender equality is reflected in the ‘agenda for public action’ advocated in UN Women’s flagship report *Progress of the World’s Women 2015-2016*. All this suggests that the State has an important facilitator role to play in promoting not only private sector development but also women’s economic empowerment, and that there are synergies between these objectives.

Gender differences in the quality of paid work, globally and in Vietnam

As the previous discussion suggests, there is consensus by now on the fact that mere access to jobs is not panacea for women’s economic empowerment: whether women really benefit from increased work opportunities depends on the quality and sustainability of the jobs available to them as well the effects that women taking up paid work has on the gender distribution of time and responsibilities in other spheres of life. An important question that this poses for policy-makers relates to the sort of indicators that can best capture gender differences in the quality of paid work and the distribution of unpaid care work, and thus enable monitoring of progress towards the objective of women’s economic empowerment. This section explains why female labour force participation (FLFP) rates or employment rates are not adequate indicators and focuses instead on employment status by sex and gender patterns in the sectoral distribution of employment as indicators offering a first useful glimpse into gendered patterns of paid work. It first shows global patterns from recent ILO statistics and then looks specifically at Vietnam data.

Female labour force participation (FLFP) or employment rates, both in absolute terms and relative to male rates, are inadequate indicators of women’s economic empowerment because they are not able to tell us whether women have chosen to enter paid work or have been forced to do so by poverty or by a sudden crisis in their household or community (what Diane Elson calls ‘distress sales of labour’ and ‘added worker effect’). Employment rates on their own do not say whether the jobs women have access to provide them with adequate remuneration either. Findings from the latest Vietnam Labour Force Survey for instance show that many women are employed in farming and that a significant share of these women farmers take on more than one paid job throughout the year (i.e. female employment numbers are high). Additional analysis demonstrates that these patterns are especially prevalent in the poorest regions and it is largely low productivity and poor earnings that lead women farmers to seek multiple jobs for survival. This is unlikely to be an empowering situation for them. To conclude, Vietnam has one of the highest female labour force participation rates in the South East Asian region (above 70 percent) but this in its own cannot be taken as an indication that women are economically empowered, a more careful and nuanced analysis of a variety of aspects is needed. Some of these aspects are examined in the next paragraphs.

Data on employment status by sex and gender patterns in the sectoral distribution of employment can offer a first useful glimpse into gender differences in the quality of paid work.

According to ILO statistics, in all regions of the world women remain overrepresented as ‘contributing family workers’. A ‘contributing family worker’ is in the most vulnerable form of employment as his/her status implies no independent access to income. Gender differentials in this employment category are especially marked. For example, contributing family work makes up 40 percent of female employment compared to 11 percent of male employment in South Asia and 36 percent of female employment compared to 12 percent of male employment in South East Asia. As for other employment categories, globally, very few self-employed workers are classified as employers, and even fewer women workers: about 3 percent of men and 1 percent of women were in this category in 2012. Most of the self-employed are classified as own-account workers. More specifically, overall about 26 percent of women are own-account workers compared to 40 percent of men, but there are of course regional variations. In South East Asia, about 30 percent of women and 47 percent of men are own-account workers for instance. Globally, on average, similar shares of women and men (about 50 percent) are wage workers, but this in itself constitutes no guarantee of higher job quality either. In fact, nearly 40 per cent of women in wage employment do not have any social protection. This proportion reaches 63 per cent in sub-Saharan Africa and 74 per cent in South Asia, where informal employment is dominant.

As for gender patterns in the sectoral distribution of employment, globally services has overtaken agriculture as the sector that employs the highest number of both women and men. In 2015, about 62 percent of all employed women and 43 per cent of all employed men worked in services. Women though continue to be overrepresented in a narrow range of sectors and occupations. In upper-middle-income countries, more than one third of women are employed in wholesale and retail trade services and in the manufacturing sector. In high-income countries, the major source of employment for women is the health and education sector. Agriculture remains the most important source of employment for women in low-income and lower-middle-income countries. In South Asia and sub-Saharan Africa, over 60 per cent of all working women still remain in agriculture, often concentrated in time and energy-intensive activities, which are unpaid or poorly remunerated. In terms of occupational segregation, a recent analysis of 142 countries shows that women remain overrepresented in ‘clerical, service and sales workers’ and in ‘elementary occupations’.

Vietnam

Where is Vietnam located within these broad patterns? In Vietnam too, many more women than men are contributing family workers-- about 27 percent of employed women and 16 percent of employed men are in this category, and many of them are found in rural areas. As Table 1 shows, in recent years however there has been an upward trend in the share of women in wage work in relation to both contributing family work and own-account work, mostly driven by increased employment opportunities specifically for women in foreign-owned export oriented factories.

It is interesting to note that in Vietnam the proportion of wage workers without social insurance (i.e. those wage workers who are informal workers according to the ILO definition) is higher among men than among women. This is mostly due to male workers’ higher representation in the domestic private sector. In 2014, women constituted more than 65 per cent of the total labour force employed by the foreign-owned sector while their share in both public and private domestic sectors was less than 50 per cent. The available evidence therefore seems to suggest that wage employment offers better opportunities and comparatively more favourable conditions to women workers because labour conditions tend to be more ‘decent’ (in ILO terms)

in public or foreign-owned enterprises relative to domestic private firms. In the case of foreign-owned export factories, higher compliance with labour standards can be partly explained by increasing pressures from reputation-conscious buyers. It is also a reflection of the more developed labour and occupational safety policies prevailing in the countries where these companies originate. The policy challenge in this context is thus how to extend best practices and higher compliance with labour regulations to the domestic private sector. Improving labour standards is an important pathway to both higher labour productivity and firm competitiveness. Achieving these two objectives simultaneously is at the core of the ILO Better Work programme's philosophy. The Better Work programme has been successfully operating in a number of garment factories both in Vietnam and elsewhere in the region and offers a promising model for the objective of improving factories' compliance with Vietnam's labour laws and strengthening women's rights at work.

Table 1. Employed population by sex and employment status, 2014

Employment Status	Female (%)	Male (%)	Total (%)	Female intensity (%) (2009)	Female intensity (%) (2014)
Employer	1.2	2.9	2.1	32.6	28.4
Own-Account Worker	41.6	40.1	40.8	51.1	49.7
Unpaid Family Worker	26.6	16.5	21.4	64.1	60.4
Wage Worker	30.6	40.5	35.6	40.1	41.9
Total	100.0	100.0	100.0	48.7	48.6

Source: UN Women Vietnam (2015); calculated from GSO (2014) Labour Force Survey data.

As for self-employment, similar shares of Vietnamese women and men are classified as own-account workers (42 percent and 40 percent respectively according to the latest LFS statistics) but in this category, it is women more than men who are likely to be found in the informal low end of the spectrum. For instance, a larger share of female self-employment than male self-employment is in agriculture (VHLSS data, various years). Self-employed women in agriculture earn the least of all—about 65 percent of what self-employed men in agriculture earn and only 22 percent of what male wage workers in urban areas—the highest earning category—earn. Vulnerability and informality in employment are highest among ethnic minorities, reflecting their strong presence in agriculture. This aspect deserves special attention, particularly for the objective of achieving an accelerated restructuring of the rural economy, and will be further elaborated in later sections. Reducing the gender gap in earnings from self-employment in agriculture, and raising such earnings overall, could represent a useful target indicator.

As for gender differences in the sectoral distribution of employment, the shares of women and men in agriculture have been both declining. But it is important to keep in mind that agriculture remains the principal source of employment for about half of the labour force and, as already noted, is by far the main source of livelihoods for ethnic minorities. This is in contrast to many of Vietnam's South-East Asian neighbours including Thailand and even Indonesia, where the share of the female (and male) labour force in agriculture is now smaller. There are significant regional variations in gender dynamics in Vietnamese agriculture, especially between the North, where the share of the employed female population in agriculture is larger than the share of the

employed male population (and male migration more frequent than female migration), and the South, where the reverse is true. Official statistics indicate that women who stay behind in agriculture tend to be older than other female workers and almost none of them has received any technical or vocational training, about 26 per cent of them has no formal education at all, and another 30 per cent has only completed primary school. This is significantly lower than the educational attainment of female workers in other sectors, where about 70 per cent of the female labour force has secondary education or higher, and raise the important policy question of what special measures may be needed to facilitate the movement of this particular group of women away from low productivity agriculture to higher income-generating activities, either on the farm or off-farm.

Female employment in manufacturing has been growing at a faster pace than male employment while the share of employed women who work in services (about 33 percent) seems to have remained stable over the last few years. Gender segregation tends to be marked in both manufacturing and services, with modest variation over the years. Women cluster in garments and footwear in manufacturing; and trade, hotel and restaurants, education, and paid domestic work in services. The increase in the share of manufacturing in employment without a commensurate increase in the share of manufacturing in GDP suggests, however, limited improvements in labour productivity in this sector. Many garment factories, for example, produce at the cut-make-trim end of the value chain, a simple assembly process with low value-added for the producer, and rely heavily on imported raw materials. This is a drawback and constitutes a serious obstacle for upgrading and economic development in the long term. As already noted, employment in the more formal segments of the garment industry appears to provide some women workers with the opportunity for decent working conditions and relatively stable earnings. However, these jobs so far have offered limited opportunities to gain and consolidate skills, or obtain promotion.

Promoting women's economic empowerment: wage work, self-employment or both?

So which of these various forms of employment is more likely to offer the possibility of empowerment for Vietnamese women? While it can be agreed that participation as unpaid contributing family work does little to challenge women's subordinate position within the family or expand their opportunities, the question of whether own-account work or wage work holds out a greater promise of empowerment does not have a clear cut answer. It depends on a number of factors and circumstances.

The wider international gender-aware literature on the opportunities and challenges generated by greater trade integration points to the fact that women are more likely to be incorporated into international trade as wage workers in the manufacturing sector than as self-employed workers in agriculture or other sectors. It is argued that this is because gender inequality positions women more as sources of competitive advantage than as achievers of competitive advantage. To achieve competitive advantage, producers need not only their own labour but also other productive resources and a favourable regulatory environment. Ample evidence from developing countries shows that rural women in particular face greater constraints than rural men in terms of land tenure systems, access to infrastructure and credit and the technical expertise needed to comply with regulations and output standards. Hence, as independent producers, they remain often confined to small businesses in local markets. This explanation might be helpful for interpreting part of what is currently happening in Vietnam, but there is also the need to better document and understand gender dynamics in self-employment, especially in relation to non-agricultural businesses.

In general, both own-account work and wage work can be thought of in terms of a spectrum, with precarious survival-oriented income-generating activities at one end and more remunerative and formal activities at the other end. The most important research and policy questions for the GoV thus relate to finding out what could be done to promote women's transition both from survival-oriented to accumulation-enhancing business as own-account workers and from exploitative to 'decent' working conditions as wage workers.

Studies from other developing economies shows that gender stratification strongly characterizes entrepreneurial activity in terms of sectors where women and men cluster (e.g. in many African countries it is brewing beer and preparing and selling food for women, and brick-making and building for men). Gender stratification is present even when women and men trade in the same commodity (e.g. wholesale and intermediary trade in agriculture produce is dominated by men while women are mostly retailers, trading in smaller quantities than men). General research findings also confirm that women's enterprises tend to grow more slowly and generate lower profits than men's and that many more women's businesses appear to be at the smaller-scale informal end of the own-account spectrum. Explanations for these trends usually include: greater difficulties women face in balancing their work and family responsibilities; restrictions on their time and mobility; various forms of discrimination they face in accessing productive resources and networks, and lack of education, which may translate into limited knowledge of legal provisions or simply less self-confidence.

Available evidence also suggests that self-employment at the margin of survival might often be the only option available to some women, especially when labour markets are missing and/or restrictions on women's mobility in the public domain are strong. For the most disadvantaged and poor women who are self-employed, the chances to shift to the formal/accumulation-enhancing end of the spectrum are very unlikely and would require a number of integrated measures rather than better access to land or credit only. As some of the micro-credit literature shows, very poor women have some chance of succeeding only when access to credit is accompanied by intensive mentoring and measures aimed at strengthening their financial management skills or actively integrating them in marketing networks and value chains. An alternative might be that poor women may be better off in wage work. In relation to this latter point, a study from Vietnam seems to suggest that many of the informal female enterprises that closed over the period of the recent crisis did not close for reasons of business failure but because of better opportunities in waged jobs.

As for women workers at the lower end of the wage earning spectrum, it is unlikely that they will make an easy transition to the decent jobs end of the spectrum. A more likely possibility is a slow movement into just slightly better forms of wage work than their previous situation. Both their individual employability and overall jobs availability need to improve if they are to access better forms of wage employment or be able to negotiate better terms in their existing jobs. The literature suggests that the individual-level constraints that most likely impede such transition include restrictions on women's use of time and education. Educational qualifications are more important for wage employment than for self-employment, particularly in the formal economy, where qualifications frequently serve as a form of credential. This appears to have more relevance for women than for men. Migration status can constitute another important individual-level constraint. Studies on waged work undertaken in the context of international migration for example find that in some countries unskilled international migrants lack access to even the basic economic and social rights offered to local populations and hence are exposed to extreme forms of exploitation in the factories where they work.

In terms of overall jobs availability, highly segregated labour markets by gender, with women crowding into a narrow range of jobs, tend to exacerbate the general lack of wage employment opportunities for poor women in particular. The absence of infrastructure, such as road and transport networks but also, importantly, health care, childcare and housing, has more severe impact on female than male wage earning opportunities because of the greater constraints on women's time and primary family responsibilities.

The discussion so far has already pointed to a range of data and indicators that could be used for Aus4Reform targeting. It has also indicated knowledge gaps that, if filled, could inform effective policy formulation. The next paragraphs provide further suggestions organized along the three broad objectives of (a) making factor markets more competitive and fairer, (b) restructuring the rural economy and (c) improving the business environment.

Implications for Aus4Reform

Fairer and more competitive markets

This section focuses on labour markets and how to facilitate women's transition to more secure and remunerative forms of wage employment. Issues to do with other factor markets such as land and regulatory environment will be dealt with under the other two headings.

As already noted in earlier sections, increasingly more women are gaining access to relatively secure and more formal wage jobs in Vietnam. Both horizontal and vertical segregation by gender in the labour market remain a significant concern, however. Women's equal access to quality technical and vocational training can be even more important than formal education in reducing occupational segregation. Vietnam has made significant progress in reducing the gender gap in formal education but as far as Technical and Vocational Education and Training (TVET) is concerned, in 2014 only 16 per cent of the female workforce and 21 per cent of the male workforce had some kind of technical qualification. It is of special concern that data from various rounds of the VHLSS suggest that since 2004, the share of the employed population with technical qualifications has fallen for women while it has risen for men. Of serious concern is also that the distribution in fields of study still shows marked gender patterns with little change over the years. Among students enrolled in tertiary education, men are considerably more likely to specialize in engineering, manufacturing, construction, and services, while women are more likely to specialize in social sciences, education, humanities and the arts. This gender segregation in the field of study can be further reinforced by discriminatory practices in recruitment and promotion.

Increasing support to the development of non-traditional skills by enabling women to participate in high quality training and offering specialization in technical fields would not only expand the range of economic options available to women, but also increase their ability to rise up through the occupational hierarchy. Measures are also needed to tackle persistent gender stereotyping in the workplace and discriminatory practices from employers.

Women who work in wage employment in urban areas but have recently migrated from rural areas are especially vulnerable and would need to be supported through improved provision of social services such as health, care and housing. Support with childcare is indeed an important issue for most female factory workers as data show that a considerable proportion of them has young children less than five years of age.

Another finding from the UN Women Vietnam study is that gender differentials in vulnerable employment increase substantially with age and are highest in the 55-59 age bracket. The fact

the official retirement age for women is five years earlier than for men is likely to be a contributing factor and should be redressed. In general Vietnam's labour law are very progressive and recognize women and men workers as equal but need to be better implemented.

Indicators to monitor progress in these areas could include: measures of horizontal and vertical segregation by gender (to be reduced); share of women with educational qualifications in technical subjects; tracking cohorts of men and women in the labour market after they have completed training courses to ascertain whether the training has achieved its objectives; proportion of female wage workers who obtain a promotion; proportion of children attending organized early childhood education by employment status of the mother.

Restructuring the rural economy

Knowledge gaps are most severe with regard to gender dynamics in agriculture and more research on various dimensions is urgently needed. For instance, recent reports point to promising new developments in the production of high value products such as pork, cut flowers and litchis for export markets as well as increasingly important domestic supermarket networks. However, the terms upon which small-scale women farmers are involved in these initiatives, if at all, are not yet well understood.

Despite these new developments, several factors continue to constrain agricultural productivity such as the small size and fragmentation of most farms and poor integration of farmers along value chains. These factors are likely to be exacerbated for women farmers. The UN Women study highlights two key policy areas for improving the productivity and quality of women's agricultural employment: land and extension services. But it also stresses the importance of promoting a holistic approach through well-coordinated agricultural policies and public support to rural infrastructure, since gender-based constraints in access to land, credit, services and markets are mutually interdependent.

Vietnam has a good Land Law which grants women and men equal rights to land and was enacted more than 20 years ago. A number of studies indicate that women who have their name on land use certificates (LUCs) on average earn more than women who do not. They also report having greater decision-making power on matters such as borrowing money, purchasing household goods and carrying out various transactions related to production. These studies also suggest that both LUCs held by women only and LUCs held jointly with husbands reduce the incidence of household poverty by about 5 per cent (relative to those cases in which LUCs are held by men only). The benefits are thus clear, and would provide a strong rationale for promoting widespread land titling for women. The problem is, however, that women's land rights are not fully realized in practice as yet and the number of female farmers with formal entitlements to agricultural land remains small. As recommended by UNDP, a strategy for strengthening women's land rights would entail, among others: increasing the quantity and quality of legal services offered to rural women; encouraging more of them to register their land rights; and promoting outreach programmes and awareness campaigns that include men as well as women. Ethnic minority communities that practice patrilineal succession deserve special attention.

As for agricultural extension services, these could be made more gender-sensitive and easier to attend by: ensuring that the training is organized in places and at times that are compatible with rural women's caring responsibilities; increasing the number of female extension services;

and using participatory methods and teaching tools tailored to the needs of farmers who have no formal education.

Indicators to monitor progress in these areas could include: gender gaps in earnings from agricultural self-employment (to be reduced); proportion of commercial farms who are owned by women; share of women who are involved in non-traditional agriculture; share of women who have their name on land use certificates.

More equitable business environment

An analysis of the VHLSS 2008 using a sample of 2569 non-agricultural household businesses finds that male-operated enterprises were more likely to be registered than female operated ones, particularly in urban areas; were more likely to employ paid workers; were as likely as female to work from home but of the remainder, female operated enterprises were more likely to be located in markets while male operated enterprises were distributed between markets, shops/permanent sites, markets and non-permanent sites. Male operated enterprises reported considerably higher mean monthly earnings. It is likely that the higher-earning male enterprises were registered so that the differential in earnings most probably captured differentials in size and formality. This study is valuable but out of date and it would be useful to extend it to more recent years.

Evidence from other countries suggests that cumbersome registration procedures and similar regulations may hit women harder. Because of greater demands on women's time and their lower levels of education, overly-complex bureaucratic procedures may impose a greater cost on them. For instance, women entrepreneurs in Ghana identified registration procedures as a major hindrance to formalizing their businesses. On the other hand, a pilot

program in Uganda to simplify business start-up procedures led to an increase in first time business which was 33 percent higher for women than men.

Indicators to monitor progress in these areas could include: Not just numbers of registered enterprises headed by women, but also information on their size, profits and survival rates relative to enterprises headed by men; evidence of reduction in gender stratification in business by sector; proportion of self-employed mothers who uses organized early childhood education services for their children; reductions in gender differences in the distribution of unpaid care work.

An overarching recommendation to cuts across all sectors, refers to the need to strengthen analytical skills in gender-aware economic analysis and gender-aware data collection in research and government institutions alike.

Annex 8: Communications and advocacy recommendations for Aus4Reform

Background

Communications and advocacy is important for RCV for three reasons. Firstly, effective communications and advocacy to reach the government and policy makers, the private sector, and the general public can build strong support for reform. Secondly, if communications and advocacy activities are well planned and tracked, this can support ongoing M&E. Finally, a broad distribution of high-quality articles and video reports of RCV work can help raise Australia's profile in Vietnam.

Recommendations

Personnel

- Recruit a communications officer/communications company to work closely with the PSU. Responsibilities should include:
 - Work with PSU and agencies to identify a number of key topics and write up a communications plan for each of these topics.
 - Approach a selected number of journalists to pitch stories and topics for coverage. Outputs include a series of articles, video reports and talk shows.
 - Brainstorm events (workshops, conferences) and work with PSU and agencies to organize events. Preferably, these events should feature Australian experts, Australian institutes (i.e. ACCA, Productivity Commission), Australian universities, Australian alumni (and RMIT students) and AusCham members.
 - Assure high-quality stories and correct messages being broadcast on these platforms. Compile all media outputs (articles, video reports, and talk shows) and keep track of media coverage (rating, polls, debate...).
 - Manage Aus4Reform Facebook page.
- Provide training opportunities for the communications officer and relevant officers from CIEM and agencies. (Each agency can delegate a communications role to one officer who would work on Aus4Reform anyways. This person is the contact point from his agency for communications activities.)
 - a tailor-made course on communications and advocacy offered by MDF Consultancy Company
 - local/overseas study tours suggested by Human Resource Development and Strategic Communications (DFAT)

Targeted use of printed/TV media

- Newspapers that Aus4Reform should actively reach out to:
 - Vietnam Investment Review, Saigon Times, Tuoi Tre, Thanh Nien, Vneconomy
 - Zing.vn (targeting a young audience that fancies new ways of reporting, recently improving its journalistic quality and graphics)

- Bloomberg & Forbes (foreign press-agents that cover Vietnam's economic news on a frequent basis)
- Note: USAID's GIG is willing to share its list of Vietnamese journalists that it has offered training to and collaborated with.
- TV channels that Aus4Reform should actively reach out to:
 - VTV1
 - VTV9, HTV (Southern region)
 - Channel News Asia (Singapore-based)
- All media outputs (articles, video reports, talk shows and events) should be planned out in the communications plan for each key topic. The key is these outputs should be developed in topical series with development, instead of being fragmented and driven by workshops and conferences.

Use of social media:

A Aus4Reform Facebook page is recommended, instead of a Website or Twitter because a Facebook page can:

- reach out a wide-range of audience
- easily collect feedback and gauge interest from audience (Likes, Interested/Going)
- allow polls/ survey
- allow "Live broadcast" function for events
- allow quick updates for events
- easily link with articles or video reports

Guidelines for events

- Before the event:
 - DFAT should be informed of any event at least 2 weeks in advance to delegate one Australian official to attend. This Australian official should be ready to deliver some opening remarks and answer interviews from the media.
 - Any event has to be announced on Aus4Reform Facebook page at least 1 week in advance to attract attendants. Create an event hashtag (i.e. #Vietnamcompetitionpolicy)
 - If there is a panel discussion, a competent facilitator is critical. Thus, briefing with the facilitator beforehand is advised.
 - Press releases have to be sent a list of journalists and interviews for speakers should be pre-arranged. (Here, the communications officer can actively pitch stories and information to some selected journalists).
 - When appropriate, invitations to events should be extended to other Embassies (the US, New Zealand, the EU delegation, Germany, Japan, South Korea, Singapore...), academia (Vietnamese universities, RMIT), private sector (AusCham, VCCI's business community)

- During the event:
 - Live broadcast on Aus4Reform Facebook page (if suitable) to share what's going on with those who couldn't attend.
- After the event:
 - Post fascinating photos, videos and quotes on Aus4Reform Facebook page
 - Create polls on Aus4Reform Facebook page (if appropriate)
 - The communications officer will compile all media outputs (articles, video reports, and talk shows) into media clippings and keep track of media coverage (rating, polls, debate...). This post-event media report is to be sent to DFAT and PSU.

Budget:

There are two main costs associated with communications/advocacy for Aus4Reform: personnel and media outputs (events & publications). Estimated costs vary among different options for personnel and media outputs, and can be allocated from sources other than RCV (i.e.: from agencies' own funding or through co-sponsorship).

Target audiences, key messages and communication tools

Target audiences	Key messages	Communication tools			
		Written	Oral	Audio visual	Information & Communication technology
Government, National Assembly, Party	<ul style="list-style-type: none"> · Aus4Reform supported reforms are critical to implementing – and ensuring equitable national benefits from – economic integration. · Vested interest has to be tackled to ensure meaningful economic restructuring. · Coordination and cross-agency linkages are critical to implement reforms. · Promoting land reform can facilitate a shift to higher value agriculture · Women's economic empowerment is essential to accelerate productivity growth. · Australia is active in promoting regional partnerships that will impact on Vietnam (especially the AEC, RCEP and TPP). 	<ul style="list-style-type: none"> · CIEM's annual policy papers to national leadership · policy studies/reports 	any event with government representatives	talk shows and video reports on selected issues	
Experts (economists, think-tankers)	<ul style="list-style-type: none"> · Economists can use their expertise to back reforms. 	<ul style="list-style-type: none"> · Aus4Reform & VCA quarterly & annual economic reports 	report launching events		

Target audiences	Key messages	Communication tools			
		Written	Oral	Audio visual	Information & Communication technology
	<ul style="list-style-type: none"> · Australia has particular expertise in modelling the impact of economic and institutional reforms, including assessing equity impacts. 	<ul style="list-style-type: none"> · Op-ed articles in newspapers 	<ul style="list-style-type: none"> · panel discussions in any relevant event 		
Private sector	<ul style="list-style-type: none"> · Businesses should have their voice heard on economic restructuring process. · Supporting reforms can help ease the burden of corruption and regulation for businesses · Women's economic empowerment is essential to accelerate productivity growth. · Australia is a leading advocate of economic productivity and trade related reforms. 	<ul style="list-style-type: none"> · surveys (purposes: (1) collect businesses' opinions (2) raise Aus4Reform profile · Articles in newspapers 	<ul style="list-style-type: none"> · report launching events · panel discussions in any relevant event 	<ul style="list-style-type: none"> talk shows and video reports on selected issues 	Aus4Reform Facebook page
General public	<ul style="list-style-type: none"> · Aus4Reform supported reforms are critical to implementing – and ensuring equitable national benefits from – economic integration. · Vested interest has to be tackled to ensure meaningful economic restructuring. 	<ul style="list-style-type: none"> · Articles in newspapers 		<ul style="list-style-type: none"> talk shows and video reports on selected issues 	Aus4Reform Facebook page

Target audiences	Key messages	Communication tools			
		Written	Oral	Audio visual	Information & Communication technology
	<ul style="list-style-type: none"> · Women's economic empowerment is essential to accelerate productivity growth. · Vietnam's economic prosperity and security is in Australia's interest. 				

Annex 9: Assessment of capacity, risk and benefits associated with using the partner government's public financial management systems

Overview on the Public Financial Management (PFM) of the RCV project

According to DFAT's current Assessment on National System (ANS), Vietnam's public financial management (PFM) environment is considered adequate to support aid delivery. However, to effectively manage procurement and financial risks, the RCV project has been using a hybrid mechanism, not solely reliant on GoV's PFM system. Specifically, an Operations Manual (OM) has been developed on the basis of Vietnamese regulations on PFM and procurement, with some modified controls. These are described below.

How the RCV program currently works

In the first phase of RCV, under the Grant Agreement, DFAT's funds were transferred to CIEM, which opened a separate bank account in the name of the project (RCV). The funds are managed by the PSU, which includes staff qualified in accounting.

After receiving the funds, the PSU immediately transfers relevant funds to the bank accounts in the names of RCV-CIEM; RCV-VCA; RCV-IPSARD, consistent with the allocation for Components as detailed in the Grant Agreement. These are separate from GoV's own budget accounts for these agencies.

The PSU and CMUs have an accounting and payments system developed consistent with the project's OM. This OM will be updated in the first half of 2017. The updated version will be shared with DFAT for review and comments to ensure that the prescribed controls effectively manage fiduciary risk.

In term of financial reporting, the components submit regular financial statement to the PSU, who then consolidate these into a quarterly financial monitoring report (FMR), which is provided to DFAT. The report is also provided to MPI and the Ministry of Finance, according to the GoV's regulations, to make sure there is no doubling up on expenditure or procurement.

The MTR report also recommended that governance arrangements could also include continuing the 'no-objection' role that DFAT has with respect to Flexible Fund activities and component work plans, recognising that this should be designed to provide an opportunity for discussion and enhancement. This mechanism will continue to apply in Aus4Reform given that it also provides DFAT with a regular opportunity to meet with the government agencies to review progress. Beside the formal review processes, the "no objection" and review mechanism will support regular communication between DFAT and various government agencies and officials.

The PSU follows GoV procurement procedures which include mandatory open procurement thresholds at amounts below that of the Commonwealth Procurement guidelines. Nevertheless, DFAT has requested the right to oversee panels for larger procurements to ensure that procurement processes are being properly applied. However, this hasn't occurred to date as there have been no sufficiently large or high risk procurements under RCV.

Under RCV, the main type service procured was consultancy services for technical assistance. This is expected to continue under Aus4Reform.

DFAT will be responsible for an annual independent audit, including preparing the TOR, selection of auditor (include private/international firms), contracting process, and reviewing the audit reports.

GoV shall be responsible for co-operation with the audit implementation, response to audit findings, and implementing recommendations.

PSU is in charge of organizing/arranging meetings for the auditor and following up audit recommendations.

How well these arrangements work

The first annual audit of the RCV Program was completed in January 2016. There were no major issues relating to financial management, although a number of largely administrative issues were raised concerning application of the Vietnamese accounting system, record keeping relating to advisor recruitment and service contracts and the management of Program expenses.

New partner in Phase 2

In addition to the three key partners under RCV (CIEM, VCA, and IPSARD), Aus4Reform will also partner with the Vietnam Chamber of Commerce and Industry (VCCI).

VCCI was established in 1963 in the form of an independent, non-governmental, and non-profit organisation. This organisation is not part of Government of Vietnam.

DFAT has undertaken due diligence to assess VCCI's suitability to operate as a partner, including reviewing audits and other assessments prepared by the EU, USAID and DfID. VCCI was the first local organisation in Vietnam that was eligible to sign a direct agreement with USAID, which set out a high standard of financial management and accountability. Records of previous activities in which VCCI received funding from EU through the MUTRAP project and the Beyond-WTO Program (co-financed by DfID and AusAID) were audited without any significant adverse findings.

DFAT will not sign a separate contract with VCCI - CIEM will sign a contract with VCCI to formalise their role. Funds transfer will work the same way for VCCI as for the other three component partners, as described above.

Enhancing the current arrangements in Aus4Reform

In addition to the measures applied under RCV, described above, Aus4Reform will apply some additional measures in an updated OM. The OM will be updated before July 2017 and will provide updated guidance on implementation of Vietnam's procurement regulations, including forms of bidding/procurement, procedures, and responsibilities. The OM will also include detailed procurement procedures and procurement risk mitigation strategies.

DFAT will also work with the PSU throughout Aus4Reform's lifetime to conduct regular and/or random check on financial and procurement regulation compliance.

Annex 10: Risk Register

(please see excel file attached)