

Restructuring for a more Competitive Vietnam Program (RCV)

Mid-term Review Report MANAGEMENT RESPONSE

Initiative Summary

Initiative Name	Restructuring for a More Competitive Vietnam (RCV)		
AidWorks initiative number	INL354		
Commencement date	May 2014	Completion date	31 December 2016
Total Australian \$	A\$ 3,100,000		
Primary Implementing partner(s)	Ministry of Planning and Investment (MPI), Ministry of Agriculture and Rural Development (MARD), Ministry of Industry and Trade (MOIT)		
Country/Region	Vietnam		
Primary sector	Economic		
Initiative objective/s	The Restructuring for a Competitive Vietnam Project (RCV) will help relieve key constraints to healthy growth of the private sector (domestic and international), increasing Vietnam's competitiveness and thus its regional and global trade. It will help strengthen the evidence-base to support economic restructuring in line with Vietnam's emerging commitments under regional and international economic cooperation agreements.		

Review Summary

Objective of the MTR

The MTR team reviewed progress made towards achieving agreed objectives and considered how the program could be improved in its next phase (RCV2).

Review Completion Date: 31 Jul 2016

Review Team

- Robert Warner - Team Leader\Economic Governance Specialist
- David Barber - Evaluation Specialist;
- Dr Pham Lan Huong - Gender Specialist

DFAT Management response to the evaluation report

The MTR is a thorough and good quality review and evaluation report supported sufficiently by evidence from both desk and field interviews. The MTR findings and analysis provided a solid basis for guiding the design of RCV2, which is now almost complete.

DFAT management response to the specific recommendations made in the report

Recommendation	Response	Actions	Responsibility
Phase I Completion/Extension			
1. Extension phase funding should be allocated (as proposed) to the Flexible Fund.	Agree	Implement recommendation.	DFAT, Program Support Unit (PSU)
2. Work plans should be agreed upon with existing implementing partners - the Central Institute for Economic Management (CIEM), the Vietnam Competition Authority (VCA) and the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) - including existing proposals for Competition Policy and Rice Value Chain studies.	Agree	The National Program Director (NPD) and PSU will prepare annual work plans in collaboration with implementing partner agencies.	NPD, PSU, Implementing partner agencies
3. Further support should be considered for the Vietnam Chamber of Commerce and Industry (VCCI), the Economic Committee of the National Assembly (ECNA) and the Economic Commission of the Communist Party of Vietnam (ECCPV), subject to available funds and proposals consistent with Program objectives (improving market competitiveness).	Agree	RCV2 will: - upgrade VCCI to a formal partner. - work closely with the ECCPV, including on implementing the Resolution on a New Growth Model and hosting annual economic forums. - Continue to support ECNA activities through the Flexible Fund (subject to the conditions included in the MTR	PSU, VCCI, ECCPV, ECNA.

		recommendation).	
<p>4. The peer review network and the Senior Advisory Group (SAG) should be strengthened:</p> <ul style="list-style-type: none"> • thus retaining influential networks, but also seeking to engage with younger economists, and researchers from the south. 	Agree	<p>RCV2 will:</p> <ul style="list-style-type: none"> - involve new SAG members, including more women and more representatives from outside Hanoi. - reconsider how the program uses the SAG and how best to engage them. 	DFAT, MPI/CIEM
<p>5. The Program Support Unit should continue to seek improvements/simplification to Flexible Fund approval processes and the Operations Manual for incorporation in Phase II.</p>	Agree	RCV2 will simplify Flexible Fund approval processes and the Operations Manual.	PSU
<p>6. While there are weaknesses in the performance assessment framework, changes can wait until the Phase II design.</p>	Agree	RCV2 will have an improved M & E framework.	DFAT, PSU
Phase II Design			
<p>9. Phase II design should take account of lessons learned and utilise the successful elements of Phase I, adopting, in particular:</p> <ul style="list-style-type: none"> • a delivery model involving national execution under CIEM leadership; • a flexible and adaptable design; • peer review including accessing relevant international expertise; and • quality research and dissemination to build coalitions for reform. 	Agree	RCV2 will retain all these core elements.	DFAT, PSU

<p>10. Commence the design process at the earliest opportunity to ensure completion before the end of 2016 and to allow sufficient time for Government of Vietnam and Government of Australia appraisal and approvals prior to completion of Phase I.</p>	<p>Agree</p>	<p>Design was commenced early in the second half of 2016 and the design process is almost complete.</p>	<p>DFAT, PSU</p>
<p>11. Do not extend the number of components (and Component Management Units), - but use the Flexible Fund to:</p> <ul style="list-style-type: none"> - continue to build and strengthen relationships with additional important stakeholders particularly, the ECNA and ECCPV. Both have a strong interest in enhancing their capacity for economic analysis and provide a conduit to higher authorities through preparation of economic documents for input to the Standing Committee of the National Assembly, and Party Committees and Congresses; - expand stakeholder engagement with the private sector – including through VCCI and its regional offices, other business associations and selected companies through consultations, workshops, and engagement in monitoring implementation; - provide options for ECNA, ECCPV and VCCI to develop annual work plans (with clearly defined outputs and activities) to facilitate certainty of support and to limit future ad hoc requests for support from the Flexible Fund; and - provide additional resources to the PSU (to manage finances/reporting) and to the STA (to support peer review of stakeholder work plans and outputs) 	<p>Mostly agree</p>	<p>RCV2 will:</p> <ul style="list-style-type: none"> - Extend the number of components to include a dedicated component working with VCCI on private sector development and women's economic empowerment, two of Australia's key priorities in Vietnam. - As per response to recommendation 3 above, will engage closely with ECCPV and ECNA, including to assist them to develop annual work plans and proposals. 	<p>DFAT, PSU</p>
<p>12. Maintain, and broaden where scope exists, institutional linkages between Vietnamese and Australian institutions, researchers and academics</p>	<p>Agree</p>	<p>These linkages are a core feature of RCV and will be retained.</p>	<p>DFAT, PSU</p>

13. Continue to foster agency coordination, disseminate information and build stakeholder alliances by: <ul style="list-style-type: none"> – strengthening engagement with the private sector (particularly in the south), civil society, media (including social media –such as Facebook); and target messages and delivery appropriately to different audiences. 	Agree	RCV2 will: <ul style="list-style-type: none"> - have a greater focus on building coalitions under each program component. - include greater subnational engagement, especially in the south of Vietnam on rural restructuring. - include a stronger focus on communications and advocacy, potentially with resources for a dedicated communications officer to sit in the PSU. 	DFAT, PSU
14. Explore potential for provincial case studies and/or pilot implementation of reforms	Agree	RCV2 will include greater subnational engagement, especially with Ho Chi Minh City and provinces in the Mekong Delta on rural restructuring.	DFAT, PSU
15. Strengthen engagement on promoting women's economic empowerment and consider specific case studies	Agree	RCV2 will include a stronger focus on women's economic empowerment, informed by a gender analysis by an experienced expert as part of the design process.	DFAT, PSU
16. Continue to strengthen and broaden the peer review network and the SAG, as suggested for the remainder of Phase I.	Agree	As per response to recommendation 4 above.	DFAT, PSU

<p>17. Continue with current management and governance arrangements, including retention of the STA, who plays a key role in supporting the Program Director and all Component activities. The 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.</p>	<p>Agree</p>	<p>RCV2 will retain the main management and governance features of the first phase.</p>	<p>DFAT, PSU</p>
<p>18. Revise the performance assessment framework – simplify, ensure clarity of outputs/results, use consistent terminology and numbering system to enable comparison of planned versus actual performance, and:</p> <ul style="list-style-type: none"> – use the Government of Vietnam's monitoring of MPER to validate progress on the reform agenda (higher level program objectives). 	<p>Agree</p>	<p>As per response to recommendation 6 above, RCV2 will have an improved M & E framework and will link with the GoV's own M & E processes.</p>	<p>DFAT, PSU</p>
<p>19. Utilise opportunities offered by RCV to enhance DFAT economic diplomacy and aid objectives, and adopt a considered approach to accommodating Australian interests – recognising that these may evolve over the life of a second phase, and that in some areas, such as the Australia's concern to engage the Government of Vietnam on the Trans-Pacific Partnership, RCV is already working in key areas covered by chapters of the agreement, including competition policy, regulatory coherence and SOEs.</p>	<p>Agree</p>	<p>RCV2 will continue to take into account Australia's broader agenda in Vietnam, especially the APEC agenda as Vietnam hosts APEC in 2017. Recent developments with the TPP have made it less directly relevant but RCV2 will still champion high quality standards, including on competition policy, regulatory coherence, and SOEs.</p>	<p>DFAT, PSU</p>