



25 Years in Vietnam 1992 - 2016



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Swiss Agency for Development
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A woman wearing a traditional black and red patterned headscarf and a matching long-sleeved shirt is smiling as she harvests tea leaves in a lush green field. She has a large woven basket on her back. The background shows rolling green hills under a clear sky.

SDC - 25 YEARS IN VIETNAM

1.1 Introduction

The Swiss Agency for Development and Cooperation (SDC) has been active in Vietnam for more than 25 years. Vietnam became a middle-income country in 2010 and therefore bilateral cooperation between SDC and the Government of Vietnam will come to an end in 2016. SDC will, however, continue to be active with a sizeable number of programs that address challenges at the global or Mekong region level, such as climate change, water and food security, and include Vietnam components. Furthermore, bilateral economic development cooperation

will continue through the State Secretariat for Economic Affairs (SECO).

To mark the end of bilateral development cooperation, the SDC wishes to present the story of SDC's engagement in Vietnam in the form of a retrospective analysis of the Governance and the Agriculture and Forestry sectors over the past 25 years.

During this period, Switzerland has supported Vietnam's impressive gains in reducing poverty, promoting economic growth and reforming local government.

Since 1992, SDC has worked with authorities, institutions and civil society in Vietnam. SDC's Hanoi office, which was set up in 1995, has funded more than 32 programmes amounting to CHF 216 million. SDC programme activities in Vietnam are estimated to have reached 4.6 to 6.8 million people¹.

This brief presents the key results achieved by SDC programmes in Vietnam from 1992 to 2016 in the main areas of governance, agriculture, forestry, research, education and environment. It summarises the main findings from an independent review of this Swiss-Vietnamese collaboration over the past 25 years. The analysis covers a review of 32 programmes.

1.2 Giving People a Voice

SDC, like other aid givers, brings a way of doing things to their development programmes that is informed by its own experiences and traditions. The Swiss political identity is tied to a strong tradition of decentralisation and local government based on the cantonal system, and direct democracy practised through referenda.

The Swiss tradition for local democracy has been at the core of the Swiss-Vietnamese collaboration. SDC's most significant result is to give people a voice in local government and to promote people's participation in decisions affecting their livelihoods.

No progress could have been made without the active support of the authorities. In this, SDC showed a deep understanding for and ability to cooperate with local governments and to maintain an on-going dialogue within its programmes.

In a wider sense, the SDC portfolio has supported the development of democracy from a Vietnamese perspective, which implies people's participation in the social and economic development of the nation. Thus, the SDC portfolio in Vietnam has provided a space for the people's voice in local affairs and matched it with more freedom of choice for improved livelihoods and poverty alleviation.





2.1 Vietnam Becomes an International Partner

The story of Vietnam's economic growth and poverty reduction is well known and often told. GDP has grown at the rate of 5-8% per year, and by 2010 Vietnam reached lower middle-income status. Growth was largely led by opening up to foreign trade, spurred on by government-led reforms and foreign direct investment.

Vietnam is a world leader in reducing poverty: GDP per capita rose from USD 288 in 1995 to USD 2,111 in 2015². Poverty rates fell consistently over the entire period from nearly 60% in 1992 to 20% in 2012³, and further to 13% in 2015.

Vietnam has become part of a globalised economy, which has brought rapid social change in many areas: better human qualifications, and new ideas in business and culture, consumer patterns, media diffusion, internet usage, social exchange and intellectual diversity.

VIETNAM'S ACHIEVEMENTS

Vietnam has become a member of international organisations and inter-state agreements and is now an active member in multilateral fora (e.g. UN Security Council). Vietnam has opened up markets and expanded trade agreements with the EU, the USA, the ASEAN Economic Community and the Trans-Pacific Partnership.

Vietnam has achieved a remarkable increase in the *Human Development Index*⁴ and is now ranked in the group of countries with medium human development at 116th place out 187 countries. In the period from 1980 to 2015, Vietnam's score rose 44%.

While social and economic achievements are outstanding, Vietnam does not fare that well in quality of government. The *World Governance Indicators*⁵ shows that the only gains are in government effectiveness and in rule of law. Vietnam's score on voice and accountability remains among the lowest in the world, while regulatory quality and control of corruption remain stagnant.

2.2 Vietnam's Programmes for Reform

Since the early 1990s, Vietnam has launched national reform strategies in all main areas of social and economic development. These strategies have been decisive factors in Vietnam's growth and the introduction of a market economy.

Among the main national strategies are the Socio-Economic Development Strategy (2001-2010; 2011-2020), the Sustainable Development Strategy (2011-2020) and two national, targeted programmes - New Rural Development and Sustainable Poverty Reduction. National reform programmes were also enacted within agriculture, forestry, education, vocational training, law-making, public administration, justice and gender equality.

The international donor community responded positively to the national reforms. The volume and diversity of foreign development assistance to Vietnam in the period rose significantly and totalled USD 27.5 billion in bilateral assistance for the period 1995-2014⁶. This was an important factor contributing to reaching national development targets.





THE SWISS CONTRIBUTION

3.1 The SDC Portfolio

The Swiss-Vietnamese cooperation covers a period of remarkable change and rapid development in all aspects of Vietnamese society. The factors influencing growth and development in Vietnam are numerous, and few of any achievements are attributable to a simple causal relation.

Vietnam would certainly have developed without the presence of SDC programmes. On the other hand, the Swiss assistance to Vietnam's development has been significant in its own right. Swiss development thinking and expertise has benefitted a very large number of individuals and institutions. It has influenced the way things are done, be it in local governance, in decision-making, in education, in knowledge or in people's self-reliance.



The 32 SDC programmes can be grouped into the following main thematic areas:

1. Local Governance and Planning	7 Programmes
2. Human Resources for Research and Education	7 Programmes
3. Improving Rural Livelihoods	5 Programmes
4. National Programmes and Monitoring	6 Programmes
5. Protecting the Environment	4 Programmes
6. Justice & Democracy	3 Programmes

SDC programmes were relevant for Vietnam's development priorities. In the 1990s, when most SDC projects on capacity building began, the government had yet to formulate national strategies for the education sector. However, some early SDC projects did in fact contribute to such policies, notably in vocational training. Later, all SDC programmes supported the respective national strategies for forestry, agriculture and public administration, and the broader strategies for socio-economic development.

The Swiss financial contributions through the SDC Hanoi office amounted to CHF 216 million in the period from 1992-2016. The total Swiss contribution is larger because Switzerland funds programmes through both the SDC Hanoi office, the SDC Regional Office and directly by SDC Head Office in Berne, as well as through SECO. The total Swiss bilateral assistance to Vietnam reached USD 375 million or CHF 371 million at current exchange rates⁷.

The SDC portfolio focused squarely on local governments. Thus, SDC programmes on local governments and communities accounted for 83.5% of total disbursements (thematic areas Nos. 1, 2, 3 and 5), while national level programmes with central ministries occupied the remaining 16.5% (thematic areas Nos. 4 and 6).



3.2 Portfolio Timeline

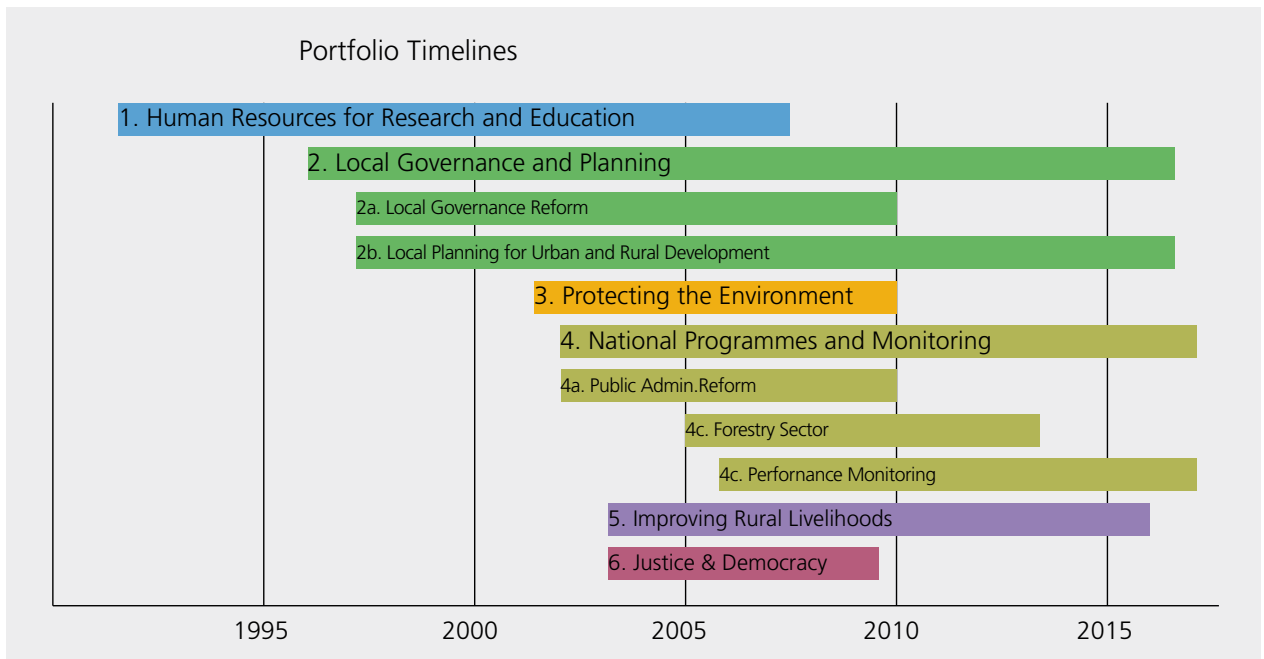
A timeline of the projects shows that the first phase of SDC projects mainly supported capacity building and local institutional reforms. Some of these early programmes sought successfully to build up a Vietnamese base of researchers and educators in universities and vocational training.

An early phase of urban development programmes supported economic growth and local government reform in provincial centres. In the early 2000s, rural livelihood programmes were introduced that developed into more advanced projects on local decision-making and market access support. In many cases, SDC was

able to carry over experiences and lessons learnt from one programme to another.

Environment protection projects were divided into two distinct types of projects: one on building research capacity at universities; and the second on action-research projects for specific environmental hazards.

An intermediate phase supported central-level programmes and strategies, notably in public administration and forestry. Towards the end, SDC began supporting national monitoring of local government performance as a way of improving governance and providing a platform for citizen's voice.



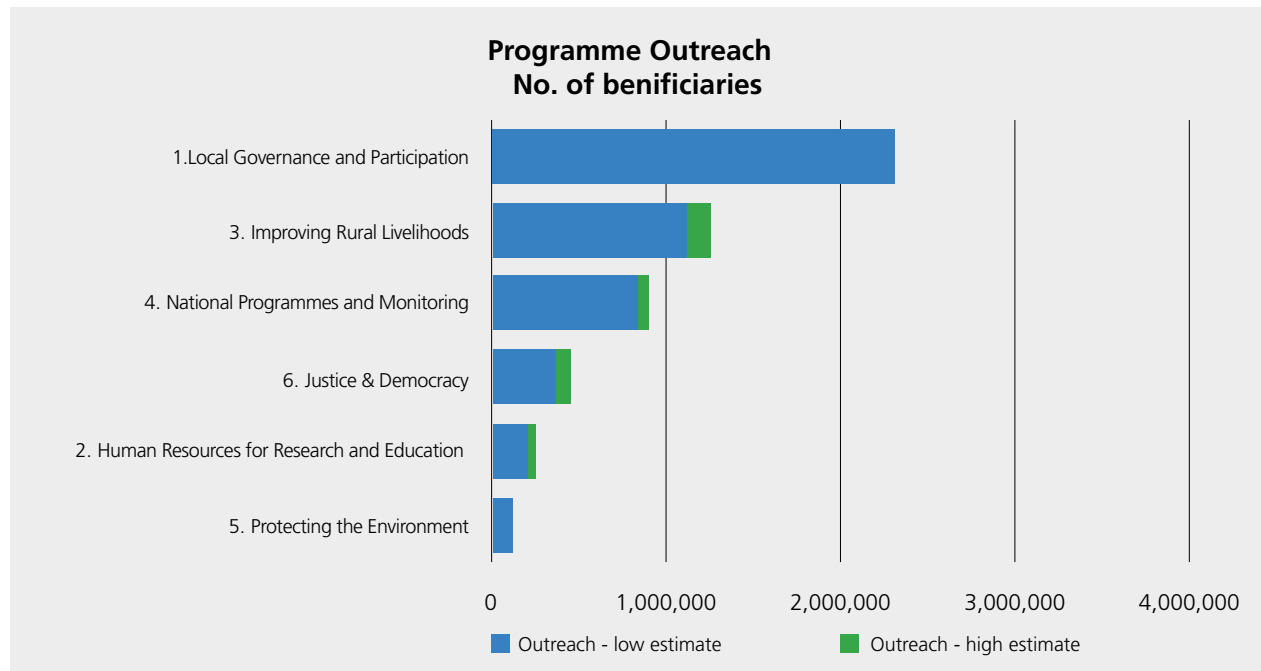
3.3 Portfolio Outreach

The SDC programmes in Vietnam are estimated to have direct or indirect benefits for 4.6 to 6.8 million people. The portfolio outreach is an indicative figure for the maximum extent of project activities and the number of persons that are likely to have come into contact with the projects.

The difference between a direct and an indirect beneficiary of a project is the difference between a university teacher who received a graduate

degree from a project and the outreach to one of his or her students in subsequent years.

The programme data available do not permit an accurate count of all project beneficiaries. Thus, a programme like One-Stop Shops helped created the basis for delivery of public services for a large number of people, but statistics for actual use of One-Stop Shops would be very difficult to come by.





KEY RESULTS

4.1 Local Governance and Participation

Local Governance and Participation is the largest thematic area by disbursements. It comprised some of the most significant initiatives for promoting local decision-making and democratic participation of people in both urban and rural areas.

SDC strived for people's participation in nearly all of its programmes. This was both novel

and difficult in a country with a long tradition of top-down rule and weak accountability. Developing workable ways of promoting people's participation was a long process. It is a measure of success that the results in this area have excellent prospects of replication on a national scale.

The urban development programmes sought to assist local governments in reforming local administration and setting up consultation processes with the local population. The

programmes established small investment funds for local infrastructure projects on which the communities would have a vote. A successful example was funding for small-scale sanitation projects in the *Hue and Dong Hoi* and *Nam Dinh Urban Development Projects* that operated on revolving loans administered by the Women's Union.

Gradually, the SDC programmes were able to move closer to communes, the lowest administrative level. At commune level, participatory planning processes allowed farmers' direct influence on investment decisions and small-scale project management. SDC understood that planning without funds is useless, and therefore made available Commune Development Funds to be spent according to the priorities of the communes and villagers.

SDC was able to carry this one step further in the Community Management Project, in which self-managed communities decided on and

managed small-scale investments funds for roads, irrigation and other projects of benefit to the communities.

All programmes relied on close cooperation with the local People's Committees. Training of local government officials took place in all programmes and plans for restructuring public services were developed and carried out, although with varying degrees of success. A notable achievement is the SDC support to *One-Stop Shops*, which sought to simplify and decentralise public administrative services, typically in the granting of permits and licences. One-Stop Shops are now established nationwide in all districts and most communes.

SDC programmes helped democratise local governance. As a result, relations between local governments and the population improved. In project areas, many officials' attitudes to people's participation changed, and people found confidence to participate in public life. SDC programmes supported active participation of women in farmer interest groups and in the making of commune development plans.





4.2 Improving Rural Livelihoods

Improving Rural Livelihoods included important programmes for alleviating rural poverty through training, market access and improved public services in agriculture and forestry. Several programs have excellent prospects for replication and could be expanded nationwide based on the experience and results obtained by SDC and its local partners. Thus, the *Public Service - Agriculture and Rural Development Programme (PS-ARD)*, the *Community Management Project (CMP)* and to some extent the *Market Access for the Rural Poor (MARP)* all developed a modular approach and demonstrated achievements that can be replicated across the country.

The programmes assisted farmers to improve crop techniques, to reduce animal mortality and to improve government services to farming communities. However, what distinguishes SDC programmes is the way they combined rural development with better governance, more transparency and people's participation, which have been indispensable for improving livelihoods. Thus, several of the programmes sought to improve the way local governments function, while at the same time supporting farmers in having a say on how public funds are planned and spent.

In the early 2000s, SDC began to support farmers in getting better access to markets for

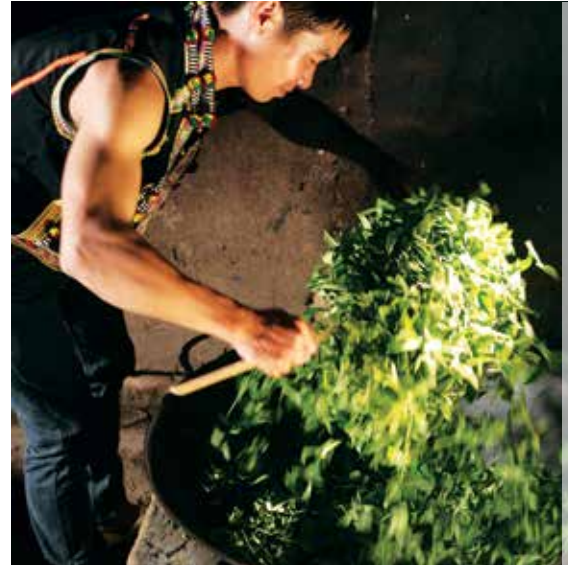
their produce. Increasing production in itself was not enough; products needed to be sold. The programmes focused on so-called value-chains that supported farmers to better understand markets and establish distribution networks with sellers and businesses. Main value-chains included chayote, vegetables, tea, cinnamon, star anise, bamboo, rattan, livestock and handicrafts.

All programmes are able to document positive effects on income levels and on the participation of poor people and women. Incomes rose in the project areas and nearly all participants reported improved market access for their products. The value-chain projects developed a low-cost model of supporting individual value-chains that has valuable experience for replication.

4.3 Human Resources for Research and Education

Human Resources for Research and Education was the second largest group of programmes with some very successful programmes focused on teaching methodology, curriculum development and building research capacity. Among the best projects were vocational training in urban centres, support to environmental research and training at university level, and a programme for education in business administration with several leading universities in Vietnam.

SDC brought new teaching methodology to its capacity-building projects that were adopted - and adapted - with evident enthusiasm. Thus, SDC introduced a learner-centred teaching methodology and participatory curriculum development in all capacity-building projects in agriculture, forestry, farmers' training and vocational training. Results are positive and valued by all participants.



4.4 National Programmes and Monitoring

National Programmes and Monitoring consisted of support to national development strategies. The two main strategies were the Public Administration Reform and the Vietnam Forestry Development Strategy. SDC support in this area was part of a concerted effort by the donor community to make aid more effective by aligning it to national strategies and priorities.

At the same time, SDC sought to promote the best results from its local programmes by incorporating them into national programmes and regulation wherever possible. Towards the end of its operation, SDC



became the main funder of the *Provincial Administration Performance Index (PAPI)*, which is the first initiative to allow citizens to provide their feedback on the performance of local governments and disseminate results for increased transparency.

4.5 Protecting the Environment

Protecting the Environment consisted of four action-research projects including brick-making, clean air and hazardous waste management in artisanal production. Environment protection was also a part of the urban development programmes that made significant and lasting contributions to waste management in the three cities, Hue, Dong Hoi and Nam Dinh.

Action research was also a key component of SDC support to building the capacity of environmental research institutions, one notable success being research and solutions to arsenic-contaminated water. The projects showed good knowledge transfer and produced research outcomes of direct benefit to individuals and for the environment.

While SDC was an early mover on environmental protection, the projects were phased out by 2010, partly as a result of a change of focus in regional strategy. In hindsight, this seems a missed opportunity. SDC left the sector just as it was emerging as a major concern among the population and as a government policy issue.⁸

4.6 Justice and Democracy

Justice and Democracy is the smallest group of programmes and comprised projects for support to *Capacity Building for the People Elected Bodies* and to the *National Legal Aid Agency*. The projects, while worthwhile in themselves, had mixed results and tended to fall outside SDC's main focus areas. SDC chose to terminate the projects early. The decision appears reasonable and based on sound strategic considerations.





4.7 Poverty Eradication

All rural development programmes are able to document positive impact on income levels and in a wider context on participation of poor people and women. From the mid 2000s, SDC focused programmes on rural, poor areas in the north of Vietnam with high populations of ethnic minorities. Thus, the *Extension Training Support Programme* (ETSP) and later the *Public Service - Agriculture and Rural Development Programme* (PS-ARD) had clear poverty targeting for rural and ethnic populations with a focus on empowering women.

SDC projects seem to underscore the observation that poverty alleviation projects - when well-structured and adapted to the local context - can act as a catalyst for individuals to engage and invest in economic activities that generate income and business opportunities for the larger community. Several projects carried evidence of this derived effect, for example the *Poverty Alleviation through Livestock Development* programme (PALD) and the *Market Access for the Rural Poor* (MARP).

SDC's most valuable contribution to poverty alleviation is the success of the participatory approach to local planning and financial management. This is innovative and appears to have a sustainable impact. Citizens have a sense of empowerment and confidence in making their voice heard. The *Community Management Project* showed clearly that local governments and politicians recognise the importance of people's participation in decision-making and acknowledge the results of the projects.

4.8 Gender Equality

Gender equality was implicit or explicit in most projects, and in some programmes the gender impact is significant. There is no doubt that SDC projects, in particular those relating to rural livelihoods, promoted women's participation and succeeded in empowering women as decision-makers and income-earners. The participatory approach to rural development favoured inclusion of women and had a positive impact on the mindset of local government attitudes to local development.





LESSONS LEARNT AND LEGACY

5.1 Delivering Aid

Working with partners: SDC has engaged with a large number of national and local government agencies over the past 25 years. These agencies were partners in project formulation and implementation and their support has been indispensable. SDC took the time necessary to develop its projects and to ensure that objectives and actions were properly shared and agreed. But SDC also defended its principles and would cut short a project if such common purpose could not be reached.

Understanding local decision-making: SDC understood the importance of working with the complicated approval procedures in

a hierarchical administrative system. It is often overlooked by donors that local governments have little autonomy and are dependent upon higher-level permissions to a degree entirely unknown in Western countries. One example was SDC's decision to fund local communities directly rather than via communes through the *Community Management Project*. Here, SDC and its local partners were able to maintain a dialogue that allowed for real changes in perceptions and the way of doing things.

Finding out what works: The most successful projects in the SDC portfolio had long trajectories and underwent experimentation through several phases to obtain better results. The learning process was no straight line and

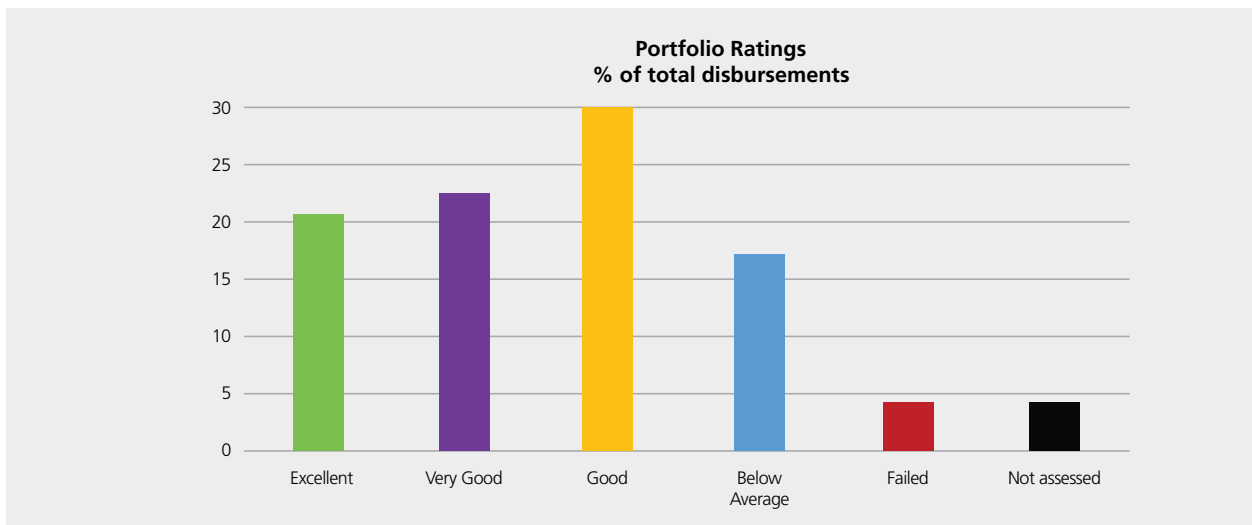
several components had to be abandoned along the way. However, through willingness to learn and commitment to experiment SDC and its partners arrived at workable models of rural development. The result - commune and community development funds - appears to be replicable throughout the country.

An exemplary project-learning process is the chain of projects that led to phase 2 of the *Public Services in Agriculture and Rural Development* project, which embodies SDC's legacy in commune planning and participatory development.

Not all SDC projects were successful, and some were even failures. Some projects were abandoned too early or were not adequately coordinated with other projects. Examples are the *Clean Air Programme* and the *Cao Bang Support to Administrative Reform*. A few programmes are deemed to have failed either because of the poor implementation of central government strategies or, in one case, lack of adequate project assessment and management (*Mekong Market Development Portfolio*).

The independent review of the SDC country portfolio⁹ established a scorecard of all the programmes in the portfolio¹⁰. The ratings are to some extent subjective, but they do offer a consistent assessment based on available programme documentation and interviews with numerous stakeholders and beneficiaries.





A full 43.5% of the portfolio disbursements received ratings of excellent and very good. A further 29.7% were rated as good, while 17.3% and 4.1% were rated as below average or failed, respectively. The ratings are a very satisfactory outcome and underscores SDC's ability to conceptualise, design and manage development programmes.

5.2 Value for Money

Many of the results obtained are difficult to quantify in money or a monetary equivalent. This is evident when trying to quantify improved transparency in public management or future benefits from better education.

The value-for-money assessment is therefore a weighing up of the positive, sustainable results of the portfolio. These results may consist of the following: a) improved livelihoods, b)



the potential for better quality of life in the future, c) the increase in transparency and local participation in decision-making, d) the contributions to local democratic processes, and e) the skills and mindsets acquired by the many beneficiaries of the projects.

All SDC rural development programmes can provide evidence of positive impact on people's income and livelihoods, and in a wider context

on the participation of poor people and women. Available data is too uneven to allow a consolidated picture of the portfolio's direct impact on poverty. Nevertheless, programme evaluations give a clear picture of improved incomes and income potential, not least in the SDC portfolio's focus areas in poor provinces in northern Vietnam where there are sizeable ethnic minorities.



The outreach of the portfolio is estimated to be upward of 4.6 million people, which indicates that smaller or larger benefits as described above have affected a significant number of people. The ratings of the programmes show a high percentage of programmes that are found to have succeeded in their objectives in a cost-effective way.

The combination of the outreach plus the ratings of the portfolio and measurable impact on livelihoods leads to the conclusion that the portfolio has provided value for money in both improved livelihoods and administrative processes.



5.3 SDC's Legacy

SDC's legacy in Vietnam is the local participatory planning process. The SDC portfolio leaves behind profound knowledge and experience in promoting self-management and the empowerment of local government and communities through participatory planning and development funds in districts, communes and villages. Few, if any, of the other donors that have supported Vietnam over the years have a comparable expertise.

The projects have developed a pool of national expertise and knowhow, supportive local governments, successful demonstration projects, guidelines and incipient national regulation. The SDC experience in participatory community development is readily replicable throughout the country, provided best practices of local consultation are observed.

In a wider sense, the SDC governance portfolio has supported the development of democracy from a Vietnamese perspective, which denotes people's participation and voice in the national development project. Thus, the SDC governance portfolio has provided a space for people's voices in local affairs and matched it with more freedom of choice through improved livelihoods.



SDC PORTFOLIO IN VIETNAM – LIST OF PROGRAMMES

Local Planning and Participation

1. Hue and Dong Hoi Urban Development Project
2. Nam Dinh Urban Planning Project
3. One-Stop Shop
4. Cao Bang Support to Public Administration
5. Community Forestry (RECOFTC)
6. Community Management Project
- 7a. Public Service Delivery - Agriculture and Rural Development (PS-ARD) (Governance components)

Capacity Building for Research and Education

8. Management Development Programme
9. Social Forestry Support Programme (SFSP)
10. Strengthening Vocational Training Centres in Vietnam (SVTC)
11. Human Resources Development Project for the Mekong Region (AVRDC-ARC)
12. Training and Research in Environmental Science and Technology in Northern Vietnam (ESTNV)
13. Capacity Building for the Institute for Environment and Sciences IER (CEFINEA)
14. CIFOR Study for Sustainable Forest Management

Improving Rural Livelihoods

- 7b. Public Service Delivery - Agriculture and Rural Development (PS-ARD) (Service delivery components)
15. Extension and Training Support for Forestry and Agriculture in the Uplands (ETSP)

16. Mekong Market Development Portfolio (MMDP)
17. Market Access for the Rural Poor (MARP)
18. Poverty Alleviation Livestock Development (PALD)
19. Small-Scale Agro Enterprise Development Project for the Uplands of Vietnam and Laos (SADU)

National Programmes and Monitoring

20. Public Administration Reform Master Programme
21. Monitoring and Evaluation for Poverty Reduction
22. Support to Governance Reforms under the “One UN Plan”
23. Provincial Governance and Public Administration Performance Index
24. Pro-poor Policy Monitoring and Analysis in Vietnam
25. Trust Fund for Forests (TFF)

Protecting the Environment

26. Hazardous Waste Management in Nam Dinh
27. Sustainable Brick-making Project
28. Clean Air Programme
29. PCB Elimination in Vietnam

Justice and Democracy

30. Support to National Legal Aid System
31. Prevention of Domestic Violence
32. People’s Elected Bodies

NOTES

¹ *Analysis of SDC's Governance Portfolio 1995–2015*, SDC, Hanoi, April 2016; *Analysis of SDC's Agriculture and Food Security Portfolio in Vietnam 1993–2016*, SDC, Hanoi, July 2016.

² World Development Indicators. Source: World Bank.

³ *Poverty Reduction in Vietnam: Remarkable Progress, Emerging Challenges*, World Bank, 2013. Poverty line at USD 1,25 per day. Using USD 1,90 per day (2011 PPP) the figures are 49.2% in 1992 declining to 3.2% in 2012).

⁴ The Human Development Index is compiled by the UNDP and measures four variables: 1) life expectancy at birth, 2) expected years of schooling, 3) mean years of schooling, and 4) GNI per capita.

⁵ The World Governance Indicators compiled by the World Bank are aggregate indicators for six dimensions of governance: 1) voice and accountability, 2) government effectiveness, 3) rule of law, 4) political stability, 5) regulatory quality and 6) control of corruption.

⁶ Source: OECD.

⁷ Source: OECD.

⁸ The National Strategy on Environment Protection was approved in 2003 and revised in 2012.

⁹ *Analysis of SDC's Governance Portfolio 1995 - 2015*, SDC, Hanoi, April 2016; and *Analysis of SDC's Agriculture and Food Security Portfolio in Vietnam 1993 - 2016*, SDC, Hanoi, July 2016.

¹⁰ The ratings was based on three OECD criteria to assess to what extent programmes were sustainable and effective plus their level of impact. A fourth criterion on replicability was added.



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