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Swiss Agency for Development
and Cooperation SDC

Mekong Region Cooperation Strategy 2013–2017





Editorial

This new SDC strategy for the Mekong region reaffirms and renews Switzerland's development policy commitment in the region and in the three countries with bilateral programs: Cambodia, Lao PDR, and Vietnam. The strategy responds to the needs of the partner countries and is in line with the principles of Swiss development policy, as defined in the Parliamentary Message on International Cooperation 2013–2016.

We formulated the strategy in dialogue with our partners. It responds to the major challenge the region is facing: the start of the ASEAN Community by the end of 2015. Local Governance and Citizen Participation, Agriculture and Food Security, as well as Employment and Vocational Education are the three domains of our cooperation. We support our

partner countries to narrow the development gaps with the other ASEAN member countries. We do so with a focus on inclusion of disadvantaged groups: good governance for all, equality for both genders and ethnic minority groups. Adaptation to climate change is vested with increasing importance as the Mekong region is being particularly affected. In this way, we are also making a contribution to reducing the risk of natural disasters.

In essence, the three domains of our cooperation address one and the same challenge: How can the living conditions of the poor be sustainably improved, and what contribution can Switzerland make? We invite you to discover the answers in this new strategy for the Mekong region.

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Abbreviations and Acronyms

| | | | |
|-------|--|---------|---|
| A&FS | Agriculture and Food Security (SDC program) | MRS | (SDC's) Mekong Region Strategy |
| ADB | Asian Development Bank | MTR | Mid-term Review |
| ASEAN | Association of Southeast Asian Nations | NGO | Non-Governmental Organization |
| ASFN | ASEAN Social Forestry Network | NPA | Non-Profit Association (legal status of Civil Society Organizations in Lao PDR) |
| CCA | Climate Change Adaptation | NPO | National Program Officer |
| CBO | Community Based Organization | NQF | National Qualification Framework |
| CDE | Center for Development and Environment (of the University of Berne) | NSDP | National Strategic Development Plan (Cambodia) |
| CDF | Commune Development Fund | NSEDP | National Socio-Economic Development Plan (Lao PDR) |
| CEDAW | Convention on the Eradication of all Forms of Violence against Women | NTFP | Non-Timber Forest Product |
| CFA | Chief Finance and Administration Officer | NTFP-EP | Non-Timber Forest Product Exchange Programme (NGO, Cambodia) |
| CHF | Swiss Franc | NUDP | Northern Uplands Development Program (SDC program in Lao PDR) |
| CIDA | Canadian International Development Agency | NURIFAR | Northern Uplands Rice-based Farming Systems Research Project (SDC program in Lao PDR) |
| CLMV | Cambodia, Lao PDR, Myanmar and Vietnam | OMR | Office Management Report |
| CM | Community Management (SDC project in Vietnam) | PAPI | Public Administration Performance Index (Vietnam) |
| COOF | Cooperation Office | PAR | Public Administration Reform |
| CSO | Civil Society Organization | PARUA | Poverty Alleviation in Rural Upland Areas (SDC program in Lao PDR) |
| DP | Development Partners | PDR | (Lao) People's Democratic Republic |
| DRR | Disaster Risk Reduction | PEI | (UNDP's) Poverty and Environment Initiative |
| E&VET | Employment & Vocational Education and Training (SDC program) | PPP | Purchasing Power Parity |
| ELC | Economic Land Concessions | PRF | Poverty Reduction Fund |
| EU | European Union | PSARD | Public Service Provision Improvement Program in Agriculture & Rural Development |
| FAO | United Nations for Food and Agriculture Organization | RECOFTC | Regional Community Forestry Training Center for Asia and the Pacific, Bangkok |
| FDFA | Federal Department of Foreign Affairs of Switzerland | RGC | Royal Government of Cambodia |
| FDI | Foreign Direct Investment | RIICE | Remote Sensing-based Information and Insurance for Crops in Emerging Economies (SDC funded program) |
| FO | Farmer Organizations | SAM | Small Actions Mekong (of SDC) |
| GDP | Gross Domestic Product | SCO | Swiss Cooperation Office |
| GIZ | (German) Gesellschaft für Internationale Zusammenarbeit | SCO-VTE | Swiss Cooperation Office in Vientiane |
| GMS | Greater Mekong Sub-region (Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, Chinese provinces of Yunnan and Guangxi) | SDC | Swiss Agency for Development and Cooperation |
| GNI | Gross National Income | SDC-HA | Humanitarian Aid of Swiss Agency for Development and Cooperation |
| GoL | Government of Lao PDR | SECO | State Secretariat for Economic Affairs (Switzerland) |
| GPAR | Governance and Public Administration Reform (SDC program in Lao PDR) | SEDP | Socio-Economic Development Plan (Vietnam) |
| GRET | Professionals for Fair Development (NGO, France) | SHA | Swiss Humanitarian Aid Unit |
| HSD | Human Security Division of the Political Directorate of the (Swiss) Federal Department of Foreign Affairs | SIDA | Swedish International Development Cooperation Agency |
| ICS | Internal Control System | SMEs | Small and Medium Enterprises |
| IFAD | International Fund for Agricultural Development | SNDD | National Program for Sub-national Democratic Development, Cambodia |
| ILC | International Land Coalition | SURAFCO | Support to the Reform of the Agriculture and Forestry College, Luang Prabang (SDC program in Lao PDR) |
| INGOs | International Non-Governmental Organizations | TABI | The Agro-Biodiversity Initiative (SDC program in Lao PDR) |
| IVET | Integrated Vocational Education and Training | TFF | Trust Fund for Forest (Vietnam) |
| LEAP | Lao Extension in Agriculture (SDC program in Lao PDR) | TVET | Technical and Vocational Education and Training |
| LG&CP | Local Governance and Citizen Participation (SDC program) | UNCDF | United Nations Capital Development Fund |
| LOGIN | Local Governance Initiative (SDC sponsored/hosted learning network in Asia) | UNDP | United Nations Development Program |
| M&E | Monitoring and Evaluation | UNHCR | United Nations High Commissioner for Refugees |
| MAF | Ministry of Agriculture and Forestry, Lao PDR | UNICEF | United Nations International Children Education Fund |
| MAFF | Ministry of Agriculture, Forestry and Fisheries, Cambodia | USD | United States (of America) Dollars |
| MARD | Ministry of Agriculture and Rural Development, Vietnam | UXO | Unexploded Ordnance |
| MARP | Market Access for Rural Poor | VET | Vocational Education and Training |
| MDGs | Millennium Development Goals | VFDS | Vietnam Forestry Development Strategy |
| MERV | Monitoring Entwicklungsrelevanter Veränderungen | VFI | Village Focus International |
| MI | Mekong Institute | WWF | World Wildlife Fund |
| MLVT | Ministry of Labor and Vocational Training (Cambodia) | | |
| MOHA | Ministry of Home Affairs, Lao PDR or Vietnam, depending on context | | |
| MRC | Mekong River Commission | | |

Executive Summary

SDC's four focus countries in the Mekong region – Cambodia, Lao PDR, Myanmar, and Vietnam, the so-called "CLMV countries" – have achieved impressive average economic growth rates and progress in poverty reduction during the past 20 years. They remain, however, the poorest countries in Southeast Asia. They have a low Human Development Index and are marked by governance deficits. Their major challenge in the coming years will be to narrow the development gap with the other six ASEAN countries, as they will all integrate into the ASEAN Community (AC) by the end of 2015.

During the strategy period 2007–2012, the SDC program consisted in essence of three separate country programs: development cooperation programs concentrated on Vietnam and Lao PDR, and a Humanitarian Aid program focused on the Myanmar context. The main lessons learnt from the Swiss Mekong Region Strategy (MRS) 2007–2012 implementation are: Firstly, that specificities of the individual countries need to be recognized and accounted for through individual country programs, and, secondly, that a regional approach focusing on similar development challenges makes sense to enhance and complement in-country work, but will develop gradually. This reflection led to the structural set-up of the MRS 2013–2017: Individual country programs focused on the same thematic domains and similar outcomes, complemented by regional programmatic interventions addressing shared issues in the same domains.

During the new strategy period 2013–2017, SDC will expand development cooperation to Cambodia and Myanmar, in line with the new Message on International Cooperation 2013–2016 approved by the Swiss Parliament, and it will develop a supra-national program, addressing shared interests of the CLMV countries. Switzerland aims to contribute to equitable and inclusive development in Cambodia, Lao PDR, and Myanmar as they develop towards Middle Income Country (MIC) status. In Vietnam, which reached the MIC status in 2010, SDC will contribute

to consolidate development results and phase out its program by 2016. SECO, in charge of economic development cooperation, will increase its economic support program contributing to consolidate Vietnam's economy and to facilitate its integration into world markets. The Myanmar program is defined in a separate cooperation strategy.

The overall goal of Swiss development cooperation in the Mekong region 2013–2017 is: Switzerland contributes to reducing poverty, to supporting equitable and sustainable development, and to fostering democratic governance. It strengthens CLMV governments and non-government actors in their aim to become equal and empowered partners in the upcoming ASEAN Community.

The thematic orientation of the existing programs in Vietnam and Lao PDR continues to focus on local governance and citizen participation and on agriculture and food security. Political economy assessments confirmed the relevance of these domains also for Cambodia. We consider improvements in governance the most important factor for inclusive and sustainable growth in CLMV countries, enabling them also to reap benefits from the ASEAN Community integration. Agriculture remains the livelihood base of the majority of the population, and poverty is most widespread in rural areas and among people belonging to ethnic minority groups. In order to allow the poor to benefit more from economic development and to improve their chances for economic diversification, vocational education and training is introduced as third thematic domain. Improved skills will allow the large numbers of young people entering the labor force every year to find better paid jobs and offer opportunities for those leaving the agriculture sector. Due to SDC's program being phased out in Vietnam, no third domain program will be developed there.

The Swiss Mekong Region Strategy (MRS) 2013–2017 is built on a scenario of strong economic growth, regional integration into the ASEAN Com-

community and progressive improvements in governance. This assumes a political economy situation, where governments benefit from high economic growth rates and returns from resource extraction and land concessions which allow them to distribute dividends to the population at large and to maintain stability of the political systems without granting significant spaces for democracy.

These expected tendencies define a rather narrow space for development and need to be carefully monitored since deterioration in governance, primarily social accountability and human rights, cannot be excluded. Preventive and mitigation measures include:

- › targeting the interventions to the main context challenges, with clear poverty targeting;
- › a more pluralistic mix of partner institutions and implementation modalities, with government, civil society and private sector, which allows to react flexibly to opportunities or limitations of the context, shifting the emphasis of the program to those partners or activities, promising the best development results for the target population;
- › closer coordination and information-sharing with other development partners (bilateral, multilateral and civil society);
- › increased political dialogue (by SDC and embassies);
- › introduction of new elements in the thematic orientation of the strategy, especially:
 - strengthening human capacities;
 - further strengthening checks and balances within the political systems, especially supporting the space for civil society organizations in all the domains;
 - tackling land governance more systematically at national and at regional level.

The major risks related to context assumptions will be monitored through the MERV-instrument (monitoring of context changes relevant for development) and mitigated through the annual reports. Since the contexts in Cambodia and Lao PDR show elements of fragility, Conflict Sensitive Program Management will be applied. Risks related to the impact hypothesis of projects will be monitored through impact studies; mitigation measures will mainly be addressed through the management responses of project reviews.

SDC’s Regional Cooperation is the main source of funding for the SDC Mekong program (planned allocation of 205 million CHF for the period 2013–2017; average of 41 million CHF per year), which represents an increase of 40% compared with the previous five years (2008–2012; 147 million CHF; average 29.5 million CHF per year).

Planned financial allocation per country and per thematic domain:

| | | | |
|----------|------|--|------|
| Cambodia | 27% | Agriculture & Food Security | 34% |
| Lao PDR | 42% | Local Governance & Citizen Participation | 34% |
| Vietnam | 11% | Employment and Vocational Education | 16% |
| Regional | 15% | Health | 11% |
| COOFs | 5% | COOFs | 5% |
| Total | 100% | Total | 100% |

SECO’s tentatively planned allocation for its priority country Vietnam is 100 million CHF (2013–2016).

The Swiss cooperation office in Vientiane is both: country office for the program in Lao PDR and regional office for the Mekong region. SDC has program offices in Hanoi and Phnom Penh. The Myanmar country program is managed by the integrated embassy in Yangon and is not under the supervision of the Mekong regional office. Myanmar will continue to be included in exchange and learning activities in the Mekong region. The regional office in Vientiane will continue to provide some support services to the Myanmar team where needed. With the phasing out of the SDC program in Vietnam, SECO takes over the lead of the Hanoi office in 2015.



1. Context Analysis

SDC's four focus countries in the Mekong region – Vietnam, Lao PDR, Cambodia and Myanmar, the so-called “CLMV countries” – have achieved impressive average economic growth rates and progress in poverty reduction. They remain, however, the poorest countries in Southeast Asia. They have a low Human Development Index and are marked by governance deficits.

The main drivers of change in the Mekong region are:

- › Foreign Direct Investments;
- › The Greater Mekong Sub-region (GMS) investment program, fostering regional connectivity through transport and energy infrastructure and through trade facilitation, and;
- › The ASEAN Community, scheduled to enter into force at the end of 2015, creating a common work place and market for ten states and 600 million people.

These forces contribute to the ongoing regional and global integration.

The CLMV countries are seen as a group because of their development gap in comparison to the other six, more developed ASEAN members. The four countries do share other common characteristics, but there are also **important differences**: They have heterogeneous cultural and economic backgrounds, and historically derived tensions still prevail. Their political, economic, and social development processes have evolved at different speed, marked by their different ideologies and histories of violent conflict. These differences, and the continuing importance of the nation states as main reference for development planning, are the reasons why SDC supports both regional and country-specific programs.

SDC and other development partners adopt a regional approach, supporting regional initiatives, because of the **shared challenges** of the four CLMV countries. One of the most salient features uniting

these countries is the Mekong River and their shared responsibility for the management of its waters. The four countries also share similar political characteristics:

- › They are regimes with authoritarian features, where participation of citizens in formal, democratic processes is limited, and accountability of state organs is weak.
- › Human rights are not fully respected, freedom of speech and assembly restricted.
- › Their socio-political structures are coined by political ideologies and patronage systems that do not favor equitable and inclusive development.
- › They have ruling elites that use state instruments to serve their vested interests.

All four countries are marked by decades of war and violent conflict. Myanmar is still today affected by armed conflict along ethnic lines in many areas. Cambodia and Myanmar both have features of fragile states. The legacy of violent conflict still weighs heavily: War, genocide, and refugee brain drain result in destroyed social fabrics, lack of human resources and capacities, as well as widespread trauma.

In spite of marked progress in reducing poverty rates, **democratic participation and inclusiveness** remain shallow. People's main aspirations are stability, the prospect of better livelihood and participation in shaping their own future. The astonishing reform initiated in Myanmar in 2011 hopefully lays the basis for rapid economic, social, and democratic development.

During the past ten years Vietnam, Lao PDR, and Cambodia have **sustained economic growth rates** averaging 7%, nearly doubling their GDPs. The economic growth model adopted by the governments in all four CLMV countries is based on natural resource extraction and cheap labor. Vietnam has progressed furthest, but is slowed down by the

effects of the current economic crisis. All four countries face a formidable **challenge of diversifying their economies** to provide enough decent employment opportunities for their young populations. The prevailing political economy model of these states – rent seeking by the ruling elites, especially from land and natural resource extraction – weighs heavily on the options available and there are few indications of a real political will to change.

The ASEAN Economic Community will exacerbate the challenge of diversifying national economies, since the CLMV countries will have to compete in a common market, dominated by much larger and more developed economies. Diversification of economies will be difficult under those frame conditions, in particular due to low qualification of the national labor forces in Cambodia, Lao PDR, and Myanmar. **Vocational education and training systems are underdeveloped.** The limited offers that exist are based on theoretic learning, with limited practical application, and are accessible only to students having finished secondary school. **Labor migration** is likely to become even more frequent in the future than it is today, especially for Lao PDR, Cambodia, and Myanmar.

The CLMV countries have made impressive **progress in poverty reduction** over the past 20 years. In Vietnam, the percentage of the population living below the international poverty line decreased from 64% in 1993 to roughly 13% in 2012, in Lao PDR from 56% in 1992 to roughly 28% in 2012. The re-

duction is more impressive, when national poverty lines are used (based on less than USD 1.25/day), but much less impressive when the USD 2.00/day poverty line is used (Vietnam from 85% to roughly 39%, Lao PDR from 85% to roughly 60%). Overall, still 20% (32 million people) of the CLMV population live on less than USD 1.25 per day, and around 50% (80 million) on less than USD 2.00 per day. Ethnic majorities and urban population groups benefited more from economic growth during the past 20 years, than minorities and rural people. Today, poverty in the CLMV countries is strongly prevalent in rural populations; in Lao PDR, Myanmar and Vietnam mostly in ethnic minority groups.

Agriculture is the livelihood base for the majority of the CLMV countries' populations. In Cambodia, about 70% of the population relies on agriculture, fisheries, and forestry for their livelihoods; in Lao PDR 77%, and in Vietnam 43%. While Vietnam has followed a policy of empowering smallholder agriculture for many years, the other three governments, with recent changes of trends, strongly favored land concessions as primary instrument for agricultural and rural development during the past 10 years. Much of the overall poverty reduction is due to the increased inclusion of smallholders in the market economy over the past 20 years, driven mostly by private sector and often cross-border initiatives from Thailand and China. There is little government support for smallholder market production, be it extension services, agricultural inputs, or financial services. The lack of regulatory frameworks for





Historically, Thailand and the four CLMV countries grew out of kingdoms, based on irrigated rice production in the main river valleys of mainland South-east Asia. The people living in the mountains between them practiced shifting cultivation, spoke their own languages, and had other belief systems. Many of these **minority groups** were involved in armed struggles or wars with the majority groups. With colonialism and the definition of fixed geographical borders, these people became part of states as “ethnic minorities” or “hill tribes” (numbering today roughly 7% in Cambodia, 32% in Lao PDR, 11% in Myanmar, and 13% in Vietnam). Ethnic minorities face many forms of exclusion and discrimination: Due to linguistic differences they have difficulties with the mainstream education and vocational training systems; they live in remote areas and therefore have limited access to infrastructure, markets, and public services. They mostly practice subsistence agriculture and are not well integrated into the market economy. In Lao PDR and Vietnam, where figures are available, more than half of all ethnic minority households live below the poverty line. Ethnic minorities lag far behind the country averages for all Millennium Development Goals and they are hit especially hard by the non-recognition of customary land rights.

contract farming and market access frequently leads to unfavorable terms of trade for farmers, many of them staying stuck between the USD 1.25/day and USD 2.00/day poverty lines. In all four CLMV countries, the poorest farmers are those living in the uplands, practicing gathering and shifting cultivation: due to changes in their environment – non-favorable policies, pressure on land, reduced availability of non-timber forest products and fisheries, increasing monetary needs – they face increasing difficulties to meet their food requirements and have to intensify their on-farm production. These are almost exclusively families belonging to ethnic minorities.

Land tenure legislation is different in each country, but tenure security for customary land use is fragile in the entire region. Weak rule of law combined with widespread corruption result in growing conflicts. Booming (Foreign) Direct Investments into hydropower, mining, and industrial agriculture rapidly change rural environments. Investors enter into competition with smallholder farmers on the use of agricultural land and forests. Livelihoods of rural families are threatened, and when forced off their land, most of these people neither get an appropriate compensation to start somewhere else as farmers, nor do they have the skills to participate in development other than as low-wage laborers. In Lao PDR, more land has been given away in agricultural concession agreements, than is currently being used for paddy cultivation (more than one million hectares). In Cambodia, there are economic land concession agreements on more than half of all arable land (more than two million hectares). China is the single largest source of investment in concessions.

At the legal level, **gender equality** is relatively well enshrined. However, implementation of laws protecting and promoting the rights of the women is weak, resulting in widespread inequality.

- › Women are present in (informal) business, but they are underrepresented in political office (e.g. female National Assembly members: Vietnam 24%, Lao PDR 25%, Cambodia 17 %) and in religious functions.
- › Gender-based violence is widespread (e.g. incidence of physical violence in past 12 months: Vietnam 9%, Cambodia 20%).
- › The number of female-headed households is high (Cambodia 29%, Lao PDR 10%, Myanmar 19%, and Vietnam 32%); female-headed households are less likely to reach the Millennium Development Goals (MDGs) than the average population.
- › Women belonging to ethnic minorities are often subject to strict social norms imposed by their own groups and restricting their rights. They are overrepresented among women being trafficked and among migrating sex workers.

All four countries face a shared challenge in being China's small southern neighbors. This historical relationship, marked by Chinese interference, colonization, and cultural influence, is today overlaid with **China's strategic interest** to gain access to resources, markets, and trade routes. China is the biggest investor, developer, and trade partner of the CLMV countries and China's "growth without political pluralism" development model is popular with the ruling governments in the Mekong region, partly because it offers rent seeking opportunities. Formal relations between China and Vietnam have been frosty since the Vietnamese occupation of Cambodia more than 30 years ago. Today, Cambodia is China's closest ally in Southeast Asia, and official relations are also very friendly between Lao PDR and China. China used to be Myanmar's main ally during the country's military rule, and even though many other countries today rival for influence, ties with China remain close. There are important and sometimes long-standing groups of Chinese people living in all four countries. But with the growing Chinese immigration following the economic investments, anti-Chinese xenophobia is growing among the population of the CLMV countries.

The Mekong region is one of the most vulnerable to **climate change and natural disaster risks** worldwide. An overall increase in temperature and higher variability of precipitation lead to more extreme weather patterns and higher incidence of natural hazards in coastal regions (including rise of sea-level) and mountain ecosystems (floods, droughts), both with potentially severe adverse effects on food production. In addition, Mekong countries, and especially Myanmar, are prone to earthquakes.

This Swiss Mekong Strategy 2013–2017 is built on a scenario of assumed medium-term tendencies, derived from the above context analysis. The main assumptions are:

1. The Cambodian and Lao economies will continue to grow at 6% to 8% per year, heavily driven by FDIs. The Vietnamese economy will grow at 4% to 6% per year, affected by structural imbalances. **Economic growth will be sufficient to allow for further poverty reduction and for political stability.**
2. Poverty rates (USD 1.25/day 2005 PPP) will continue to decrease by more than 1 percentage point per year. **Poverty will increasingly concern specific groups only:** ethnic minorities, female-headed households, rural landless, and unqualified rural to urban migrants.
3. The current political systems rely on structures with high economic growth rates and returns from resource extraction and land concessions, which benefit ruling elites and allow them to distribute dividends to the population at large. These structures will allow for **continued stability of the political systems, without significant increase of democracy.**
4. Land tenure security will be the main public grievance in the region. Governments will adapt policies and procedures to calm tensions. But value-added of real estate will continue as one of the main funding avenues of the groups in power. **A sustained heavy-handed response to land advocacy and limited space for civil society are therefore expected to continue.**
5. The trade-off between the governments' need to secure support for their regimes and the need to protect their rent-seeking opportunities will mark developments in governance, public service delivery, and MDG achievements: **Slow improvements in accountability can be expected, but there is a risk that pro-poor allocation of public revenues (to health, education, and agriculture) will remain low.**
6. The ASEAN Community will enter into force at the end of 2015. Informal mechanisms will allow the countries of the region to enjoy grace periods, so impacts will not be felt strongly in the first years. Costly adaptations, for example to radically improve the education systems, will be delayed. **There will be growing awareness that change is needed to cope with the impact of the ASEAN Community.**
7. The Mekong region will increasingly be torn between economic dominance by China, and political adherence to ASEAN. **The impact of possible growing tension between China and ASEAN is highly unpredictable.**

2. Swiss Foreign Policy Objectives in the Mekong Region

Two meanings of „regional program“

The Mekong Strategy defines a “regional program” in which the “region” is understood as the Mekong region, specifically the CLMV-countries in their integration process into the ASEAN community. The regional program comprises the country programs in the 4 CLMV countries plus the supra-national program.

The “regional program” is also the portfolio of projects whose geographic extension covers two or more countries of the Mekong-region and which usually take the regional ASEAN integration strategy as their frame of reference. These projects are referred to as “supra-national” in this Strategy, where there is need for an explicit distinction between the two meanings of “regional program”.

The new Message on International Cooperation 2013–2016 approved by the Swiss Parliament specifies the following areas of development support for the Mekong region: Civic participation at the local level, with a focus on ethnic minorities; adaptation to climate change; transboundary and sustainable water management. The Message lays the basis to expand development cooperation to Cambodia and Myanmar and to “contribute through this commitment to peace and stability in the whole region”. The Message sets the development priority for Myanmar on food security and rural development and for humanitarian aid on access to community infrastructure and protection. In Cambodia, child health is to be pursued, and in Lao PDR, rural development in the uplands, decentralization and local governance are emphasized. Switzerland aims to contribute to equitable and inclusive development in Cambodia, Lao PDR, and Myanmar, as these countries transit towards middle-income country status.

Since Vietnam has reached middle-income status in 2010, SDC focuses on the consolidation of development results and will phase out its program by 2016. SECO, in charge of economic development cooperation, will increase its economic cooperation program to support Vietnam to attain inclusive and sustainable growth that results in higher economic well-being and quality of life by contributing to the economic reform agenda.

The opening of a Swiss Embassy in Myanmar in November 2012 underlines the Swiss commitment to support the unique situation of this country at the threshold of significant transformations, where external support will be crucial to ensure sustainable peace and equitable social, economic, and political development. Myanmar is covered by regional programs in the frame of this Mekong strategy, due to the similar thematic focus of its program and to the potentials for public and private institutions of the four countries to learn from each other’s experience. The Myanmar country program will be guided by a separate strategy (2013–2017), with the following

thematic priority areas:

- › Employment and vocational skills development
- › Health and social inclusion
- › Agriculture and food security
- › Promotion of peace, human rights and protection

Gender equality, conflict-sensitive program management, and Disaster Risk Reduction will be at the heart of the activities in these areas. The total budget of the Myanmar program will be approximately 30 million CHF per year for the activities of SDC (humanitarian aid and development cooperation) and the FDFA’s Human Security Division.

Switzerland pursues a “whole of government” approach in the Mekong region, using the instruments of different development partners in a coordinated and coherent way: SDC’s development programs, its Global Programs, Humanitarian Aid, the Asia and Pacific Division as well as the Human Security Division of the Political Directorate of the FDFA (HSD focusing on Myanmar and Vietnam), SECO, and the Swiss embassies in the region.

With more than 60 million CHF in 2011¹, the programs of Swiss NGOs (including private initiatives) in the four CLMV countries were nearly double the disbursements of the SDC program. Where opportunities arise, the collaboration with Swiss NGOs and the Swiss private sector will be strengthened. Swiss private companies have a strong presence in Vietnam, but are only incipient in the other countries.

The significance of Overseas Development Assistance (ODA) has been decreasing fast in Cambodia, The Lao PDR and Vietnam over the past 10 years, although from very different levels: in Cambodia from 17% of GDP in 2002 to 6% in 2011, in Lao PDR from 24% to below 5%, in Vietnam from 5.5% to 2.5% (see Annex 7 for details). This decline is mirrored by

¹ Including 8.5 mio. CHF SDC contributions to the programs of Swiss NGOs

declining influence in policy dialogue: ODA's window of opportunity to influence government policies seems to be closing. External investors' influence is growing, on the other hand, due to growing volumes of Foreign Direct Investments (FDI): FDI rose in Cambodia from 3% of GDP in 2002 to 7% in 2011, in Lao PDR from practically nil to 4.5%, in Vietnam from 4% to 6% (with a peak of 10% before the 2008 financial crisis started). The biggest donor to the CLV countries is Japan with an average of more than 1.1 billion USD/year over the last 5 years, followed by the World Bank with 0.9 billion, ADB with 400 million, and France with slightly more than 200 million (followed by Germany, Australia, Korea, all with more than 100 million per year). Switzerland is a relatively small donor in all three countries; in the Lao PDR however Switzerland has become the fifth largest bilateral donor as from 2011.

The Mekong Region Strategy has normative value only for SDC's programs in Cambodia, Lao PDR, Vietnam, and for the regional program. The programs of SECO² and HSD are mentioned, but are defined in separate documents and approval processes.



² See Annex 9 and www.seco-cooperation.admin.ch/

3. Results of the Mekong Region Strategy 2007–2012 and Implications for New Strategy

In hindsight, the MRS 2007–12 context analysis was overly optimistic in stating that “there exists now a range of Asia-led institutions and strategies to which SDC can relate in new types of partnerships’ with ‘shared agendas’ between the different countries”. This is only eventually starting to happen six years later. The SDC Mekong program therefore remained, in essence, three separate country programs: Development cooperation programs concentrated on Vietnam and Lao PDR, and a humanitarian aid program focused on the Myanmar context. The

main lessons learnt from this experience are that specificities of the individual countries need to be recognized and accounted for in individual country programs, and that a regional approach, focusing on similar development challenges, makes sense to enhance and complement in-country work, but will develop slowly. This reflection led to the structural setup of the MRS 2013–2017: Individual country programs focused on the same domains, complemented by regional programmatic interventions addressing shared issues in the same domains.



Vietnam

Governance Domain

SDC worked with two complementary instruments: Bilateral support at the local level and joint donor activities at the national level. In partnership with UNDP, Canada, Norway, and Sweden, SDC supported the Ministry of Home Affairs (MoHA) in strategic management of the Public Administration Reform (PAR). This helped MoHA to strengthen the prioritization and focus of the PAR implementation, through improved efficiency and effectiveness of the reform process. MoHA also developed an M&E system, regularly measuring progress of the reforms and communicating progress to the public. This reform process also benefitted from transfers of international experiences to Vietnam.

At the local level, SDC supported the participatory design of socio-economic development plans (SEDP) and commune development funds (CDF) in 266 rural communes, the lowest administrative level. This permitted citizens, especially women and ethnic minorities, to participate in establishing SEDPs that better reflect the need of the people and to implement identified projects of USD 10,000 per commune. The initiative targeted the poor; 40% of the beneficiary households of projects funded through commune development funds were poor or near-poor. In addition, SDC supported a community management project, assisting 93 communities to “self-define” their problems, “self-set” their priorities, “self-develop”, and “self-implement” 1,200 community initiatives. These initiatives improved the living conditions of about 24,500 households, including almost all poor and disadvantaged households in these communities. About 51% of participants were women. Both initiatives contributed to poverty reduction by creating opportunities for the poor to participate in the planning and decision-making processes and in monitoring the implementation of identified projects.

Key lessons learnt are:

- › Partnering with other donors was the only way that would allow SDC, a small actor, to leverage large reforms.
- › In a top-down organized country like Vietnam, capacity-building for and providing resources directly to the local levels is an effective way to support decentralization.
- › Real participation and full transparency are key factors of successful mobilization of people at the grassroots level.

Rural Livelihood and Natural Resource Management Domain

SDC assisted 8,000 poor farmers, 90% of them women, to increase their income by about USD 700/year/household, through small-scale livestock and agricultural production. Through 3,400 small infrastructure and agricultural projects, SDC helped improve the livelihood of 77,000 households, 20,000 of them poor, and, depending on the region, 35% to 90% of them belonging to ethnic minorities. Government-owned technical schools and agricultural extension established participatory training through more than 20 documents on livestock development, farmer field schools, marketing extension, etc.

As a co-funder of a multi-donor trust fund for forest, managed by the government of Vietnam, SDC contributed to sustainable forest protection and development, including:

- › Development of key national policy instruments, such as the Vietnam Forestry Development Strategy (VFDS) 2006–2020, in total more than ten government decrees, decisions and circulars.
- › Piloting of new policy tools on community forestry, collaborative forest management, non-timber forest products production and marketing, and conservation financing or payment for environmental services.
- › Support of the implementation of five programs of the VFDS, increasing forest coverage by more than 50,000 hectares benefitting more than 45,000 households; improving management and protection of special-use forests through standard M&E systems and introducing a benefit sharing mechanism between government and rural households; reducing poverty through the allocation of 41,000 hectares of forest land with land use certificates to 23,000 households.

Key lessons learnt are:

- › Supporting poor households in remote areas has a large impact on their food security and on poverty reduction.
- › Participatory agriculture extension methodologies that are documented and integrated into the education system/curricula of the government produce long term benefits in human resource development.
- › Pooled funding can help to achieve good results at local level and in policy dialogue; however, transaction costs of donor coordination and coaching partners to improve their management and accountability towards fund use are very high.

Implications for both domains in Vietnam

The MRS 2007–2012 relied on a set of assumptions in the political, social, and economic spheres, which remain valid for the timeframe of this strategy. This provides a strong rationale to remain active in the same two domains. Both sectors are also key priorities identified by the Vietnamese government. As SDC will progressively phase out its bilateral operations in Vietnam until 2016, SDC will aim at the sustainability of interventions, the upscaling of successful approaches, and the transfer of experience to the other SDC countries in the Mekong region.

SDC-SECO cooperation: The MRS 2007–2012 emphasized the cooperation among Swiss actors, particularly between SDC and SECO. In Vietnam, both Swiss organizations participated in high-level dialogues and were individually present in sector policy dialogues, keeping each other informed. The complementary portfolios and the available instruments gave Switzerland added value, competence, and visibility towards the Vietnamese authorities in policy dialogue and program implementation. SECO decided in 2008 to select Vietnam³ as one of seven priority countries for economic development cooperation, while SDC decided to discontinue its bilateral country activities in Vietnam by 2016, following Vietnam's successful accession to middle-income status.

³ See Annex 9 for a summary of the SECO Vietnam Country Strategy 2013–2016

Lao PDR

Governance Domain

SDC supported the development of the governance and public administration reform agenda, oriented towards better service delivery to the population. Through the provision of operational block grants, more than 2,300 district officials (24% of them women) in 35 district administrations have developed their capacities for participatory planning and budgeting procedures for the delivery of small-scale infrastructures, applying the principles of participation, transparency, accountability, and efficiency. SDC contributed to the Lao government's increased acceptance of the notions of bottom-up planning, active participation, and elected representation. As a result of the combination of citizen participation in local decision-making with grants for service delivery, more than 500,000 villagers in 21 of the 47 poorest districts in Lao PDR now have better access to health centers, schools, and clean water.

SDC addressed land governance issues using a rights-based approach. More than 20,000 women and men (mostly of ethnic minority origin) in 40 target villages of Saravan province have increased their understanding of their land-related rights and are now better able to deal with land-related conflicts. SDC also facilitated more open access to socio-economic information, and the created spaces triggered informed debate and decision-making, for example on land use and land allocation for concessions. The improvement of the legal framework and capacity development for regulators gradually promotes a more conducive environment for the civil society actors in Lao PDR. By the end of 2012, around 100 Non-Profit Associations (NPAs) were registered throughout the country.

The influence gained from being the main bilateral agency involved in the governance sector and co-chairing the Governance Sub-Sector Working Group on Public Service Improvement enabled SDC to catalyze governance reforms that would otherwise not have taken place.



Rural Livelihood and Natural Resource Management Domain

Gains in production and marketing facilitated by SDC allowed farmers to increase their household consumption and income:

- › 17,000 households, in particular those from ethnic minorities, are using new techniques, which enable them to rely more on farm production and move away from wild harvesting in the forests.
- › Thousands of households in intervention areas have adopted livestock vaccination, leading to improved animal health and to a 50% increase in livestock numbers.
- › Better quality technical advisory services have generated an important evolution in knowledge, attitudes, and skills of government staff of the Ministry of Agriculture and Forestry, leading to improved support to farmers. Two main changes for farmers stand out: They have progressively acquired better skills to control their farming systems and to negotiate more predictable relationships with traders.
- › The introduction of a multi-stakeholder method for land use planning optimizes the use of agrobiodiversity, protects soil fertility, and strengthens farmers' land use rights. These initiatives benefited 3,000 households in 37 villages.
- › The development of agricultural value chains has led to higher household incomes for participating producers. For instance coffee producers tripled their income from USD 0,8/kg to USD 2.4/kg. Chili producers increased their average annual income from USD 312/year to USD 1,875/year, while vegetable producers can earn almost USD 10 per day with good quality products.

At the level of policy and regulatory frameworks, improvements are hampered by persisting adverse conditions for the rural poor, which affect especially ethnic minority groups: restrictions on upland rice cultivation and slash-and-burn agriculture, pressure on land by industrial agriculture, resettlement, and abusive contract farming conditions. SDC has been very active in sector policy dialogue, mainly through the co-chair role of the Sub-Sector Working Group on Agribusiness, fostering the recognition of emerging farmer organizations and raising critical issues such as farmers' choices and bargaining power and women's role in food security. SDC also played a key role in the establishment of a document repository and dialogue platform, called "LaoFab", which is facilitating knowledge management, exchange, and learning on agriculture and rural development in Lao PDR among a group of 3,000 subscribers.

Implications for the Future Strategy

New challenges in the country's context have to be addressed more directly, with new instruments: the side-effects of rapid economic growth, accompanied by rapid depletion of natural resources and by increasing pressure on land and food security, as well as the narrow spaces for democratic development, require interventions targeted toward (i) land governance (to be addressed at national and regional level as a cross-sectoral issue between Agriculture & Food Security and Governance), (ii) toward strengthening checks and balances in the system, promoting more participatory development processes and (iii) creating livelihood opportunities for the majority, who are left out of the economic development process (mostly rural population). In response, SDC has initiated the development of a new thematic domain, Employment and Vocational Education and Training, with a focus on rural areas.



4. Strategic Orientation and Priorities for 2013–2017

4.1. Regional Approach and Frame of Reference

The Swiss Mekong Region Strategy 2013–2017 is built on a base scenario, which includes high economic growth rates, mostly resulting from resource extraction, regional integration into the ASEAN Community, and progressive improvements in governance. In this strategy, we treat the four CLMV countries as one geographic region, embedded within and dependent on the wider GMS and ASEAN frameworks. The ASEAN Community integration is spelled out in the “Roadmap for an ASEAN Community, 2009–2015”⁴, and the specific reference for this strategy is the “Initiative for ASEAN integration”, a work plan, designed to reduce the development gap between the CLMV countries and the rest of ASEAN. The MRS also takes into account the heterogeneous cultural, political, and economic backgrounds of the four countries. The strategy therefore has a double focus:

- › A regional focus on shared development challenges of the CLMV countries, in relation to ASEAN integration planning, and the potential to address these challenges jointly with the support of specialized institutions from the wider region.
- › A country focus on Cambodia, Lao PDR, and Vietnam, on similar development challenges, taking into account each country’s specific situation and development planning framework, as well as the potential to address these challenges through partnership with national and international partners.

Interventions at the regional level will be linked strategically and thematically to those at the country level. Regional initiatives are developed according to the principle of subsidiarity, in the following situations:

- 1) When addressing issues that are transboundary, such as regional public goods, or that cannot be solved by one country alone (e.g. management of water resources; foreign direct investments in land/forests; rights of migrant laborers);
- 2) When promoting cross-country learning and innovation (in all three domains as well as in the cross-cutting issues);
- 3) In general, when interventions are expected to yield better or additional development results compared to national interventions alone (e.g. economic governance along economic corridors).

Overall, SDC plans to allocate 15% of financial resources to regional programs, while the rest will be allocated at a country level (see Annex 3 for planned allocations).

The SECO strategy for Vietnam, the HSD-activities in Vietnam, and the Swiss strategy for Myanmar are conceptually closely linked, but not formally included in the MRS.

⁴ ASEAN Secretariat, 2009; Roadmap for an ASEAN Community 2009–2015; Jakarta

4.2. Overall Goal

Switzerland contributes to reducing poverty, to supporting equitable and sustainable development, and to fostering democratic governance. It strengthens CLMV governments and non-government actors in their aim to become equal and empowered partners in the upcoming ASEAN Community.

4.3. Thematic Focus Areas

The thematic orientation of the existing programs in Vietnam and Lao PDR will be: **local governance and citizen participation** and **agriculture and food security**, constituting only a slight thematic shift compared to the past strategy period, and placing thematic emphasis in accordance with the new Message on International Cooperation 2013–2016 to the Swiss Parliament. Political economy assessments confirmed the relevance of these two thematic domains for Cambodia as well. Improvements in governance are considered the most important factor for equitable, inclusive and sustainable growth in CLMV countries, enabling them also to reap benefits from the ASEAN Community integration. **Agriculture** remains the livelihood base of the majority of the population in the GMS, and poverty is most widespread in rural areas and among people belonging to ethnic minority groups. In order to allow the poor to benefit more from economic development and to improve their chances for economic diversification, **employment and vocational education and training** is introduced as third thematic domain. Better skills will allow the many young people entering the labor force each year to find better-paid jobs, and better skills offer opportunities for those moving out of agriculture. Due to SDC phasing out its program in Vietnam, no third domain program will be developed there.

Considering the political economy analysis and the context assumptions presented in chapter 1, there is limited space for effective development. Targeting the interventions to the main challenges becomes all the more important. Within the mentioned thematic focus areas, SDC will therefore place increased emphasis on the following elements:

- › Further strengthening checks and balances within the political systems, especially supporting the space for civil society organizations in all the domains. The potential to strengthen the voice of the poor is especially important in the agriculture sector, e.g. by strengthening farmers' organizations;
- › Tackling land governance more systematically at national and at regional level;
- › and an even stronger poverty targeting.

Prioritized cross-cutting themes:

- › **Gender equality** is mainstreamed in all domain programs. Given that gender equality is far from achieved in the CLMV countries, many SDC program outcomes are formulated to allow for gender-specific planning and budgeting. Gender specific targets are or will be formulated (affirmative action), and the monitoring data for SDC projects will be disaggregated by gender.
- › **Good governance** is characterized by accountability, participation, non-discrimination, efficiency and effectiveness, and transparency. The mainstreaming of these principles is reflected as outcomes, or in outcome indicators, for all programs. The principles of good governance are formulated in a human-rights-based perspective, with a view to strengthening the capacities of rights holders and of duty bearers. Non-discrimination, in Lao PDR and Vietnam especially, refers to the non-discrimination of ethnic minorities. Affirmative action for ethnic and religious minorities and other vulnerable and marginalized groups is foreseen in most outcome statements of the Swiss program. Given the particularly low levels of education and information of poor women and men in rural areas in all CLMV countries, the promotion of access to meaningful information as a means to support accountability and transparency is included in many domain programs.





- › *Climate change adaptation and mitigation* and *Disaster Risk Reduction* are included especially in agriculture and food security programs, using existing instruments to analyze the risks and integrate preventive or mitigating activities.
- › *Conflict-sensitive program management* is key, particularly in the post-violent conflict context of Cambodia. It shall also be considered in Lao PDR, which presents elements of fragility. CSPM-results will be integrated into the MERV of these countries. Analyses of the political economy and conflict sensitive context assessments that include 'do no harm' analyses are necessary in all CLMV countries. Identifying dividing and connecting forces in these dynamic and heterogeneous contexts will enable SDC to manage the potential for social tension and unrest in sensitive contexts, for example when supporting ethnic minorities or working in the area of land governance. Promoting platforms for dialogue and exchange between different communities, civil society organizations and local authorities will be an important means to support trust- and confidence-building.

4.4. Risk Management and Contingency Planning

The primary risks related to the expected medium-term tendencies in the context as described in chapter 1, define a rather narrow space for development and must be carefully monitored since a deterioration in governance, primarily in social accountability and human rights, cannot be excluded. Preventive and mitigation measures include:

- › Targeting the interventions to the main context challenges, with clear poverty targeting;
- › A more pluralistic mix of partner institutions and implementation modalities, with government, civil society and the private sector, which allows to react flexibly to opportunities or limitations of the context, shifting the emphasis of the program to those partners or activities that promise the best development results for the target population.
- › A closer coordination and information-sharing with other development partners (bilateral, multilateral and civil society);
- › Increased political dialogue (by SDC and embassies);
- › Introduction of new elements in the thematic orientation of the strategy, as mentioned in chapter 4.3.

The instruments for risk monitoring and management are described in chapter 5.6.

Domain 1: Local Governance and Citizen Participation

(Approximately 70 million CHF, 34% of overall budget)

Outcomes:

- › Women and men can voice their needs; they participate in shaping policies and public investment plans and hold public administrations accountable for their actions.
- › Accountable public administrations deliver quality social services to citizens, with a focus on the most vulnerable.
- › Rural women and men have secure and equitable access to and control over agricultural land and forest.

At the regional level, SDC will contribute to improved cross-border economic and environmental governance. The objective is to foster coherence between the national and regional level and to improve the cooperation between public, private, and civil society actors along value chains or in the governance of natural resources.

In Vietnam, SDC's objective is to contribute to responsive, transparent, and accountable public administrations to the benefit of citizens. Citizens will be enabled to plan and implement community service projects themselves and to participate through mechanisms that allow them to provide feedback to public administrations on the quality and accessibility of public services. During this last period of bilateral cooperation, the aim will be to assure the sustainability of those innovative and transformative approaches and to enable Vietnamese partner organizations to integrate them into their programs.

In Lao PDR, The program will continue with a two-pronged focus: (i) Supporting the Lao government to deliver more effective and efficient public services to the poor and vulnerable, and (ii) Promoting citizen participation in the development process. In response to the limited democratic space in the country, partnerships will be diversified and the emphasis will shift towards the second focus area, e.g. directly supporting emerging civil society actors. In addition, supporting the National Assembly will contribute to strengthen checks and balances in the system. If an effective decentralization policy is implemented, SDC will assess possibilities to support this process.

In Cambodia, Strengthening local governance and restoring the social fabric destroyed by years of civil unrest is a pre-requisite for inclusive and equitable development. SDC will contribute to inclusive and equitable development and public service delivery through strengthening local governance. A two-pronged approach will be implemented, strengthening equitable, efficient and responsive public services and promoting citizens' voice, rights and participation in local decision making. This will complement SDC's interventions in agriculture and skills development, which should be developed in the same provinces. Building and supporting platforms for exchange, dialogue, counseling, and trust-building at commune level is needed to cope with the widespread trauma and necessity for reconciliation following the genocide and long-standing civil war.

Domain 2: Agriculture and Food Security

(Approximately 70 million CHF, 34% of overall budget)

Outcomes:

- › Smallholder women and men farmers improve their food security and livelihood resilience through improved capacities for diversification of products and by securing access to production means, agricultural land, and forests.
- › Smallholder women and men farmers earn higher incomes through the use of demand-driven advisory services and better access to markets.

At the regional level, SDC will contribute to improved land and forest governance. SDC will address the potential negative effects of foreign direct investment in land, which in many cases restricts local communities in their access to and use of agricultural land, and which leads to increased pressure on natural resources and on people. The "Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security", approved in 2012 by the Committee on World Food Security, will constitute a frame of reference for this intervention. By addressing politically sensitive issues at an overarching regional level, this intervention complements projects in the individual countries. SDC will also promote the use of agricultural practices that are both climate change- and disaster-resilient as well as market-oriented.

In Vietnam, SDC's objective is to contribute to improved income of poor, mostly ethnic minority women and men farmers in the northern uplands. The focus is to consolidate successful experiences and to have a larger impact on poverty alleviation at the provincial level. Ongoing (regional) value chain initiatives will continue to be supported. The main focus during the last period of bilateral cooperation will be on the handing-over to main stakeholders, ensuring sustainability of achievements, integrating successful approaches and methodologies into the government system, and on capitalizing results.

In Lao PDR, SDC will follow a two-track approach: (i) The orientation on market access will be strengthened, and the partner portfolio diversified, maintaining a close coordination with the Ministry of Agriculture and Forestry, while working increasingly through private sector institutions. Broadening the partners and putting a special focus on strengthened farmers' organizations, will contribute to the diversity of actors who are able to voice their demands and assume an active role in the national development process. Smallholder farmers will be supported to engage in commercial production and to benefit from fair and stable market access. Entry points are gender sensitive⁵ support of value chains, strengthen village entrepreneurs, farmer associations, and private providers of rural advisory services. (ii) The focus on the vulnerable, poor, mostly ethnic minorities will continue. Through improved management of soils and water, land use planning in view of secure rotational cultivation schemes, and the promotion of agro-biodiversity, poor farmers will be better prepared to cope

⁵ This refers both to focusing explicitly on value chains, where women are involved, and on tasks in value chains, which are often performed by women. The objective is to add value for the benefit of female actors in the value chains.

with the ongoing changes in land use, the emerging climate variability, and the negative effects of several new policies.⁶ In addition, SDC will contribute to clearance of unexploded ordnance from agricultural land.

In Cambodia, About 90% of Cambodia's poor people live in rural areas with a high incidence of food insecurity and malnutrition. SDC plans to contribute to inclusive and equitable growth of the agricultural sector as a driver of change for poor rural female and male farmers. The future program will have a two-pronged yet closely interlinked focus: i) To improve the livelihood resilience of smallholder farmers (including female-headed households and ethnic minorities) through enhanced production capacities and improved market access and ii) To support women and men, in particular communities making a living from forest and fisheries, through secured and equitable access to community resources as well as market access for non-timber forest products.

Domain 3: Employment and Vocational Education and Training (VET)

(Approximately 33 million CHF, 16% of overall budget)

Outcomes:

- › Rural women and men are (self-)employed and earn higher incomes due to improved vocational education and life skills.
- › Migrant workers are able to claim their rights; their rights are recognized and respected.

At the regional level, the ASEAN Economic Community will introduce the free cross-border movement of skilled labor in 2015. SDC will enable workers from CLMV countries to find employment in the opening labor markets in the ASEAN region, and contributes to ensuring that migrant workers' rights are known and respected by governments and employers.

In Lao PDR, SDC will contribute to the development of skills and work opportunities for rural women and men, which allow them to benefit from economic development and have higher incomes. Affirmative action principles will be applied to allow students from ethnic minorities, who are currently excluded from skills development due to lack of schooling, to have access to vocational and life skills training. Given the low level of education, the high illiteracy, and ethnic minorities that do not speak the official national language, non-formal short training will be supported as well as longer-term vocational education (apprenticeships). The program is oriented to the demand of the economy (labor market and self-employment) and involves the private sector to ensure relevance and a combination of theory and practical application.

In Cambodia, the employment generated by recent economic growth has been insufficient to catch up with the rising number of youth seeking employment in the country or abroad. People urgently need more vocational education and skills development, if Cambodia is to remain competitive in the context of regional integration and to address the mismatch between market needs and the available skilled labor forces. Lack of protection of labor rights will also be addressed. SDC's program will focus on skills development for men and women in rural areas, enabling them to benefit from upcoming potential employment opportunities, in particular in the booming tourism sector. At the policy level, SDC will support the RGC in i) implementing action plans for the VET-policy, ensuring the match of the VET-offer with private sector needs and the promotion of basic rights; and ii) in including migrant workers rights in national development strategies.



⁶ Especially "Eradication of upland rice and shifting cultivation", which prohibits slashing/burning upland rice fields and affects livelihoods of upland farmers, and "Turning land into capital", which promotes conceding land to investors, undermining villagers' access to agricultural land and forest.

Other Thematic Issues

(Approximately 22 million CHF, 11% of overall budget)

Health: SDC supports the Kantha Bopha Hospitals in Cambodia, which provide free medical treatment to children. Since 1992, the Kantha Bopha Hospitals have treated over one million ill children requiring hospitalization, as well as over 10 million children on

an outpatient basis. SDC will continue its financial contribution to this private Swiss initiative and it will support the Kantha Bopha Foundation to develop a sustainable financing of the services provided by these five hospitals.

Culture: In line with SDC's overall policy to promote the diversity of cultural expressions in its partner countries, the Mekong program will dedicate around 1% of its budget to this purpose.



5. Program Management and Strategic Steering

5.1. Program Management Structure and Strategic Steering Levels and Instruments

The Swiss cooperation office in Vientiane is both country office for the program in Lao PDR and regional office for the Mekong region. SDC has program offices in Hanoi and Phnom Penh. The Myanmar country program is managed by the integrated Embassy in Yangon and is not under the supervision of the Mekong regional office. Myanmar will continue to be included in exchange and learning activities in the Mekong region and the regional office in Vientiane will continue to provide some support services to the Myanmar team where needed.

SDC's regional director in Vientiane has the overall responsibility for management and strategic steering of the entire regional program and is advised by a regional management team (consisting of the directors of cooperation in Vietnam and Cambodia, the deputy director of cooperation Lao PDR, the regional chief of administration and finance (CFA), and the regional advisor on quality assurance). The country programs in Cambodia, Lao PDR, and Vietnam are managed and piloted by the respective

directors of cooperation, advised by national operations committees. The regional director is involved in and approves the development of all new projects and is consulted on phase renewals of projects. The regional management team plus the director of cooperation in Myanmar pilots the regional program. The regional management team and the director of cooperation in Myanmar also act as the regional program's operations committee.

The responsibility for the management of individual regional projects is decided case-by-case, and can be held by any of the three country offices. The responsible office is assisted by a project team of SDC staff from all country offices concerned by the project. In addition to face-to-face meetings of the regional management team and the regional project teams, a "virtual meeting place" will be used. This instrument will contribute to limit additional travel, to free up staff time, and to develop a regional team spirit.



The regional cooperation office will act as shared services center for all programs on the following tasks:

- › Reporting to head office (except ICS and OMR under the responsibility of each country director);
- › Financial planning and consolidated accounting;
- › Advising on administrative, finance, and staff matters through the regional chief of administration and finance;
- › Advising on project cycle and cooperation process management through the regional advisor on quality management (until 2015);
- › Advising on communication and updating of the joint electronic communication instruments.

Advice on DRR mainstreaming and disaster preparedness and response will be provided through an SHA expert based in Bangkok.

Strategic piloting is done on three levels, each with specific instruments:

- › Steering of overall strategy implementation (domain priorities, financial volumes, development of new projects, etc.) is agreed between field level and head office, based on annual reports and on the mid-term review of the strategy. Through the annual reports, implementation modalities and portfolio development for the next 12 months are proposed and agreed. Through the mid-term review, result expectations, implementation modalities, and portfolio development as described in the result frameworks of this strategy are reviewed and may be adapted.
- › Steering of portfolio development is agreed upon between field level and head office and between field level and partners, through phasing-in or phase-renewal processes (documented in project documents and derived instruments, i.e. entry proposals, credit proposals, and agreements).
- › Steering of project implementation is done through partner dialogue, steering committees, and progress reports by each country office.

An adapted strategy monitoring system will ensure that we have the right information on context and on program development available for decision-making at the right time (see chapter 5.5 below). The challenge will be to strategically link the three levels to pilot the program towards effective Swiss contributions to partner country and ASEAN integration development results.

5.2. Managing Structural Change in Mekong Region Programs

In view of SDC phasing out its bilateral program in Vietnam, it was decided not to replace the SDC deputy director after the end of his mission in mid-2013. In mid-2014 SECO will assume the co-lead of the office and in 2015 the full responsibility for the Swiss Cooperation Office will be handed over to SECO. The SDC country director will accompany the conclusion of the SDC-program until 2015, promoting the capitalization of experience and the sustainability of results. A small unit of local staff, including two national program officers with administrative and financial support staff, will continue until all SDC projects will be terminated according to signed contracts. They will be guided by the regional SDC-office in Vientiane.

As part of the new Mekong Region Strategy, SDC is establishing a country program in Cambodia. Context analysis and program identification have been conducted since May 2012, with the presence of one SDC expatriate in the country. The program was officially launched in March 2013. Given that Cambodia is a new program country, the evolution of the program needs to be carefully assessed, with possible adjustments through the annual reports and through the mid-term review of the MRS in 2015. It is likely that this review will lead to an adjustment of the result frameworks included in Annex 2.

The strong increase of regional initiatives requires adapted management instruments, a division of roles and responsibilities between the offices of the region (each office assuming responsibility for the management of regional programs), and staff profiles adapted to regional learning and exchange.

5.3. Managing Resources

Managing Finances (see Annex 3 and Annex 4)

The main source of funding for SDC's Mekong program is Regional Cooperation (planned allocation of 205 million CHF for the period 2013-17; average 41 million CHF per year), which represents an increase of 40% in comparison to the previous five years (2008–2012; 147 million CHF; average 29.5 million CHF per year).

Planned allocation per country and per thematic domain:

| | | | |
|----------|------|--|------|
| Cambodia | 27% | Agriculture & Food Security | 34% |
| Lao PDR | 42% | Local Governance & Citizen Participation | 34% |
| Vietnam | 11% | Employment and Vocational Education | 16% |
| Regional | 15% | Health | 11% |
| COOFs | 5% | COOFs | 5% |
| Total | 100% | Total | 100% |

SECO's tentatively planned allocation for its priority country Vietnam is 100 million CHF (2013–2016). This cannot be considered as a firm commitment and serves merely as a basis for the forward spending plans that are reviewed each year. Moreover, countries of the Mekong region are also potentially eligible for global initiatives, co-financed by SECO and implemented by international financial institutions.

One of the advantages of a regional program is that it allows for flexibility in disbursement, since context trends in different countries vary and not all programs therefore are equally and at the same time affected by context changes. The allocation planning includes financial targets per country per year to guide program development. The regional management team will advise to readjust these targets, depending on country context developments, and will guide reallocation during strategy implementation. Keeping country project pipelines open enough to allow for adjustments in disbursement will be a main management challenge.

Managing Staff

In line with the staff ceiling decreed in the frame credit 2013–16, the number of SDC permanent expatriate staff financed by the "south credit" is planned to decrease from eight in 2013 to seven in 2017 (see Annex 5). In 2017, the SDC office in Hanoi will be closed. The office in Phnom Penh will be staffed with two expatriates (country director and program manager), while the office in Vientiane will have three expatriates concentrating on the three domains of the Lao program and two expatriates with regional functions (regional director

and regional chief of administration and finance). The number of about 10 national program officers and 30 support staff will remain stable, to fit the need of programs phasing-in in Cambodia and programs phasing-out in Vietnam. Through the "gender equality and ethnic diversity affirmative action scheme" introduced in the beginning of 2013, SDC plans to engage staff belonging to ethnic minorities. Numeric gender equity has been already achieved and will be maintained.

Managing Knowledge

Implementing the strategy requires technical competence in the three thematic domains of the program, plus in the transversal themes (gender equality, good governance, climate change adaptation and DRR, conflict sensitive program management), plus in project cycle and cooperation process management. Due to the ceiling in expatriate staff imposed by the 2013–16 frame credit, not every cooperation office will have expatriate experts in every knowledge field. The level of responsibility of national program officers will rise, since they will increasingly have to take over functions that used to be assumed by Swiss staff. This will require a special effort for capacity building and training. In order to ensure thematic competence to develop adapted approaches, to maintain the quality of monitoring, and to gain first-hand field experience for influencing policies, the cooperation offices will rely more on thematic backstopping mandates.

In addition, Swiss and national program staff will participate in one of SDC's global knowledge networks using at least 10% of their working time. Regional thematic teams, linked through their members to thematic advisers in SDC head office East Asia division and SDC's global knowledge networks,⁷ will foster regional exchange, learning, and mutual advice. Where feasible, the regional thematic teams will exchange with partners and beyond the Mekong region (e.g. through LOGIN for the local governance and citizen participation team; through the regional land governance project on all land tenure aspects; with the Embassy in Beijing regarding the influence of China, etc.). Until 2015, the regional advisor on quality assurance will train and coach program officers on project cycle and cooperation process management. A main challenge in managing knowledge is to balance staff time invested in office work, and staff time invested to get first-hand knowledge and experience through partner dialogue and field visits.

⁷ Networks, such as food security, water, climate change adaptation, DRR.

5.4. Managing Partnerships and Aid Modalities

The partnership structure of the current SDC Mekong program is a portfolio of more than 36 projects, with an average budget of roughly 0.9 million CHF/year. Most projects are implemented through, or in close partnership with, government agencies. This program structure will be adapted in the coming strategy period:

- › Given the restrictions on expatriate SDC staff, combined with a significant increase of financial volume of the program, SDC will develop projects with higher average budgets and lighter monitoring needs. We will actively seek opportunities for co-financing multilateral programs or delegated cooperation with other bilateral agencies. We will keep the number of projects with a budget of less than one million CHF per year minimal. We envision a 40 million CHF portfolio with less than 35 projects by 2017.
- › SDC will seek a more pluralistic mix of partner institutions and of implementation modalities, in the spirit of the development effectiveness principles agreed in Busan. Close coordination and good cooperation with the partner governments will continue. While SDC's program is aligned with the national development plans, the potential for on-budget financing is however low. Full delegation of project funds and administration to government institutions is considered risky with regard to effectiveness and respect of cross-cutting principles like good governance, social inclusion, and gender equality. A good mix of implementation modalities (mandated "self-developed" projects, co-financing with bilateral agencies, contributions to programs of government, multilateral agencies, NGOs, etc.) allows to react flexibly to opportunities or limitations of a given political context and to shift the emphasis of the program to those partners and activities that promise the best development results for the defined target populations.

SDC will strengthen its collaboration with multilateral organizations, contributing to programs that require lighter operational involvement and benefiting from their leverage potential. SDC Mekong will stay engaged at country level policy and partner dialogue with the main multilateral actors.⁸ As shareholder and stakeholder, SDC Mekong will monitor their performance and provide inputs to head office for governance fora and policy dialogue.

SDC's global programs are increasingly active in the Mekong region (see Annex 8). Many of these projects allow for productive upward and downward

linkages with regional and country projects (e.g. land governance, social forestry and climate change, cross-border integrated water management). We will foster effective channels of communication and further strengthen complementarities with SDC global cooperation.

SECO is implementing a Country Strategy 2013–2016 for its priority country Vietnam. A summary is included in this Mekong region strategy (see Annex 9). In addition, SECO is funding a complementary program via the UN-Cluster for Trade and Productive Capacities in the frame of the Enhanced Integrated Framework in Lao PDR, and several global initiatives funded by SECO are active in the Mekong region. Cooperation between SECO and SDC is based on the complementarity of mandates. In Lao PDR, SDC is representing SECO interests in policy dialogue on trade and private sector development.

SDC will monitor the results achieved by Swiss NGOs with projects funded through SDC program contributions, and we will strengthen exchanges with Swiss NGOs active in the region.



⁸ For example close cooperation with IFAD and UNDP in Lao PDR regarding policy advice to the government.

5.5. Managing Information for Strategic Steering (Strategy Monitoring and Reporting)

For effective program steering towards contributions to development results, observation of three fields is needed:

- 1. Monitoring of program context developments and trends.** In addition to the changes that were planned and are influenced by policies and programs, we also need to observe changes driven by other, external forces. The primary instrument to capture this information and make it available for strategic steering is the MERV. MERVs are done annually in August, to feed the annual reports. They are established in cooperation with the embassies. Unfortunately, national data sources are often not credible enough to serve as primary source for context change monitoring. MERVs include indicators fed by a broad variety of data sources, with international organizations' assessments currently being the most reliable data source in the Mekong region. In the coming years, SDC will further refine MERV sector indicators to better capture sector trends relevant to the program. SDC will hire a backstopper to help establish a regional MERV and the baseline for the regional program (tendencies in CLMV-region, ASEAN integration, Chinese influence, bilateral relations among CLMV- and neighboring countries, trade flows, etc.). Considering the elements of fragility in the contexts of Cambodia and Lao PDR, one result of conflict-sensitive program management will be integrated into the results frameworks of these programs within the first year of this strategy. In the Mid-term Review of the MRS context scenarios will be developed for Lao PDR and Cambodia and hypothesis of change formulated. This will lead to update and complement relevant fields of observation in the MERV.
- 2. Monitoring of SDC program results.** The primary instruments to capture results are progress reports by partners, partner dialogue, field visits, and end-of-phase project reviews. Program partner days are held in each domain in September to help digest and prioritize information. Much of the aggregation work in this field of observation is done in September/October in view of strategic steering through the annual reports.
- 3. Monitoring of SDC's contributions to development results.** This relies mostly on end-of-phase reviews and informal feedback loops. In the coming years, the regional director will commission formal impact studies and/or beneficiary assessments in each domain and country. Where not available yet, baseline and target values for Swiss program outcome indicators

will be developed in 2013. We will then assess the contribution of each domain program to the related country or ASEAN integration development results once during the five-year strategy period, e.g. one domain program per year per country, normally by September. We will also carry out two impact studies per year to assess project contributions to gender equality, ethnic minority inclusion, and good governance.

Whenever appropriate, SDC will commission end-of-phase reviews nine months ahead of project phase renewals. Planning of new project phases will be based on the data in the resulting reviews and draft end-of-phase reports. We will conduct a mid-term review of the implementation of the MRS 2013–2017 in the middle of 2015 (see Annex 6 for an overview of instruments and schedules of MRS monitoring and steering).

Reporting on performance and results achieved will follow standard SDC procedures: annual Internal Control System (ICS) compliance report, office management report, and annual report.

5.6. Managing Risks

The operational and partner risks of the program are being monitored and managed through existing instruments on the project level. For the entire strategy, the major risks of each domain program are included in the result frameworks. The risks related to context assumptions will be monitored through the MERV-instrument; risks related to the impact hypothesis of projects will be monitored through impact studies. Mitigation measures will be adopted through the annual reports, in case of context risks, and through management responses to project reviews when the risks are related to the contribution logic of specific projects. In Cambodia, conflict-sensitive program management is applied to manage risk emanating from social tensions of the post-violent conflict context.

Annexes:

1. MRS 2013–2017 Synopsis
2. Result Frameworks
3. Allocation Planning by Country and by thematic Domain
4. Financial Development of the Mekong program 2000–2017
5. Development of Human Resources in the Mekong Region
6. Monitoring and Strategic Steering of MRS
7. Major Donors and Significance of ODA in Cambodia, Lao PDR and Vietnam
8. Overview of SDC Global Programs Active in Mekong Region in 2012
9. Summary of SECO Vietnam Country Strategy 2013–2016



Annex 1: MRS 2013–2017 Synopsis

| | | | |
|---|--|--|--|
| Program Goal Switzerland contributes to reducing poverty, to supporting equitable and sustainable development, and to fostering democratic governance. It strengthens CLMV governments and non-government actors in their aim to become equal and empowered partners in the upcoming ASEAN Community. | | | |
| Cross cutting themes -Gender equality -Good governance (accountability, participation, non-discrimination, efficiency and effectiveness, transparency) -Climate change adaptation and mitigation, and Disaster Risk Reduction -Conflict-sensitive program management | | | |
| Mekong region program outcomes | Local Governance and Citizen Participation | Agriculture and Food security | Employment and Vocational Education and Training |
| Supra-national program outcomes | 1.1 Development actors of the Mekong countries take advantage of enhanced economic opportunities through improved cross-border connectivity and thereby contribute to inclusive and equitable local economic development. 1.2 Mekong River Commission member countries jointly better govern the natural resources in the Mekong River Basin to achieve sustainable management of Mekong water resources. | 2.1 Smallholder women and men farmers in CLMV countries, especially those belonging to ethnic minorities, have secure and equitable access to and control over agricultural land and forest. 2.2 Smallholder women and men farmers in CLMV countries use agricultural practices that are both, resilient ⁹ to climate change and natural hazards as well as market oriented. | 3.1 Mekong region countries recognize and respect the rights of migrant workers, and workers are able to claim their rights. |
| Cambodia outcomes | 1.3 Poor and vulnerable women and men use equitable and responsive public services (health, education, water and sanitation). 1.4 Citizens, in particular women and vulnerable groups, can voice their needs, exercise their rights, and participate in local decision-making. | 2.3 Women and men smallholder farmers (including female-headed households and ethnic minorities) improve their livelihood resilience. 2.4 Women and men, in particular those belonging to ethnic minority communities, have enhanced production and secure and equitable access to and control over community resources (forests and fisheries). | 3.2 Women and men who participated in TVET programs earn increased incomes in decent employment. 3.3 Strengthened national TVET system, regulatory frameworks, and delivery systems oriented towards ASEAN integration. |
| Lao PDR outcomes | 1.5 Lao women and men in poorest districts use quality services in MDG areas, thanks to equitable, efficient, and responsive public service delivery. 1.6 Lao women and men citizens participate in public debate in an informed manner, to shape more inclusive and responsive policies and to hold government accountable for its actions. | 2.5 Women and men smallholder farmers, including ethnic minority groups, improve their resilience and food security. 2.6 Women and men smallholder farmers, including ethnic minority groups, enjoy better production and sale conditions and increase their income. | 3.4 The regulatory framework and delivery mechanism of the TVET system in Lao PDR are oriented toward the ASEAN integration process, satisfy the quantitative and qualitative requirements of the labor market and integrate disadvantaged groups. 3.5 Women and men in rural areas, especially those belonging to ethnic minorities, earn higher incomes, due to improved skills, through employment and from selling improved goods and services. |
| | 1.7 and 2.7 Rural women and men, including ethnic minorities, have secure and equitable access to and control over agricultural land and forest. | | |
| Vietnam outcomes | 1.8 Women and men citizens in four provinces (Hoa Binh, Cao Bang, Thai Nguyen, Quang Binh) plan, budget, implement, and monitor their commune's socio-economic development. 1.9 Women and men citizens benefit from more efficient, effective, transparent, and accountable public administration performance. | 2.8 Women and men farmers in selected provinces have increased incomes through more effective access to markets. 2.9 Women and men farmers in selected provinces use improved, demand-driven services for agriculture and rural development. | No start of TVET program due to phasing out. |

9 Resilience is the ability of an individual, a household, a community, a country or a region to withstand, to adapt, and to quickly recover from stress and shocks.

Annex 2: Result Frameworks

Mekong Region: Supra-national Program

Supra-national Local Governance and Citizen Participation Program Goal
Improved cross-border economic and environmental governance in CLMV countries.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Regional outcomes ¹⁰ |
|--|---|---|
| <p>Outcome statement regional program 1.1</p> <p>Development actors of the Mekong countries take advantage of enhanced economic opportunities through improved cross-border connectivity and thereby contribute to inclusive and equitable local economic development.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The enabling regulatory and business environment for local economic development in targeted provinces is improving¹¹. - Local economic development in targeted provinces becomes more equitable and inclusive¹². | <p>CLMV countries risk becoming reservoirs of cheap labor and resources in the future ASEAN Community. In order to create pro-poor local development opportunities through regional integration, development actors need to take advantage of local comparative advantage niches in cross-border trade. This is above all a challenge of better economic governance, of more enabling framework conditions for, and of improved capacities of and better cooperation among value chain actors.</p> <p>The impact hypothesis stipulates that capacity development of the key development actors involved in agricultural value chains (see below) will enable pro-poor local economic development. The capacities needed by the main local actor groups are:</p> <ul style="list-style-type: none"> - Women and men producers organize in groups, employ market-oriented production methods, and integrate into regional and global value chains. - Regulators facilitate inclusive local economic development and cross-border trade and investment flows. - SME intermediaries organize in clusters/networks and penetrate regional/global value chains. - Business service providers deliver demand-oriented market intelligence, business development, and linkage services. <p>Switzerland's contribution will focus on developing the capacities of those four actor groups. The program will build on SDC's CLMV country A&FS and E&VET contributions to local economic development, and will develop upwards and downwards links with those programs. Impact of the program is expected in selected poor provinces with large shares of ethnic minorities in Vietnam, Lao PDR, and Myanmar.</p> <p>The most critical risk that could impact on the Swiss program's contribution is that value chain actors will not find solutions attractive enough for regulators to create enabling conditions for pro-poor local economic development, and that the regulators continue to favor the current resource extraction/importing manufactured goods model with its known rent-seeking opportunities.</p> | <p>ASEAN Community roadmap strategic objective</p> <p>Promote dialogue and partnership among governments, private sectors, and other relevant organizations to foster and enable new ideas, concepts, and methods with a view to enhance transparency, accountability, participatory and effective governance. (Roadmap for an ASEAN Community, p. 8; action point iv under "Promotion of Good Governance" in the "ASEAN Political-Security Community Blueprint").</p> <p><i>The "roadmap" does not include indicators to measure progress towards result achievement.</i></p> |

¹⁰ The "Roadmap for an ASEAN community, 2009-2015" (<http://www.aseansec.org/publications/RoadmapASEANCommunity.pdf>) is the ASEAN document that most closely resembles a country-level, multi-year development plan. The "roadmap" includes the "Initiative for ASEAN integration", a strategy document and work plan to reduce the development gap between the CLMV countries and the rest of ASEAN. The "roadmap" will be used as frame of reference for the entire regional, supra-national part of the MRS. It should be noted, however, that the "roadmap" has limits as frame of reference for SDC's program: while it does spell out quite in detail what should be done, it does not say whether it will be done, who should do it, how it should be done, and how progress towards envisioned results will be measured.

¹¹ Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

¹² Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

| | | |
|--|---|--|
| <p>Outcome statement regional program 1.2</p> <p>Mekong River Commission member countries jointly better govern the natural resources in the Mekong River Basin to achieve sustainable management of Mekong water resources.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Policy and practice coherence between regional and national levels regarding Mekong basin integrated water resources management is improving.¹³ - Supported regional organizations have their advice increasingly taken up by national development actors¹⁴. | <p>The natural trend in the governance of the Mekong basin's natural resources is for each riparian country to exploit available natural resources for its own development and to externalize costs to downstream countries. Regional organizations try to influence this trend toward better governance, through rule-based processes, provision of data and evidence, and capacity development services.</p> <p>The impact hypothesis the program is built on stipulates that rule-based cooperation, better data and evidence, and enhanced capacity will allow development actors in riparian countries to find win-win solutions for more sustainable use of resources in the Mekong river basin. Approaches, data and evidence, as well as capacities needed are:</p> <ul style="list-style-type: none"> - Regulators plan the use of Mekong basin's resources on supra-national level with an integrated water resources management approach and use socio-economic data for basin development modeling and planning. - Riparian countries use appropriate institutional arrangements for basin development and for monitoring, assessing, steering, and reporting environmental changes. - Regulators and operators use hydrological data and modeling to predict, prevent, and manage floods and droughts in the river basin. <p>Switzerland's contribution will be to help develop those approaches, provide data and evidence, as well as to build capacities. De facto, policy incoherence is substantial and practice hardly follows policy declarations (disconnect between regional initiatives and national development policies). The contribution logic in reality therefore has a strong "steering reform" element, contributing to reduce scalar disconnects. Financial contributions to regional organizations will be backed by policy dialogue with national governments. A specialized backstopping mandate for integrated water resources management will technically support this policy dialogue. Impact of the program is expected in Cambodia, Lao PDR, and Vietnam.</p> <p>The most critical risk that could impact on the Swiss program's contribution is that actors from different countries will not find cooperation modalities and packages attractive enough for their respective home country constituencies to sacrifice development options favoring individual countries, and they will therefore continue using scalar disconnects to live with and bridge differences in regional and national development agendas.</p> | <p>ASEAN Community roadmap strategic objective</p> <p>Promote sustainability of water resources to ensure equitable accessibility and sufficient water quantity of acceptable quality to meet the needs of the people of ASEAN (Roadmap for an ASEAN Community, p. 85; Strategic objective No. 37 of "ASEAN Socio-Cultural Community Blueprint").</p> <p><i>The "roadmap" does not include indicators to measure progress towards result achievement.</i></p> |
| <p>(4) Lines of intervention (Swiss Program)</p> | | |
| <p>Outcome 1.1: Program contribution to the Mekong Institute, plus possibly other projects to be developed. Outcome 1.2: Three program contributions to MRC (in 2013: Basin development program, environmental program, flood management program). The effectiveness of the MRC program contributions and the feasibility to continue funding and possibly move towards a core contribution will be assessed in 2013. Plus possibly other projects to be developed.</p> | | |
| <p>(5) Resources, partnerships (Swiss Program)</p> | | |
| <p>Outcome 1.1: About 1 million CHF/year. MI total budget: Growing from three million USD/year (2012) to five million USD/year (2015) Outcome 1.2: About 1.5 million CHF/year. MRC total budget: About 27.5 million USD/year.</p> | | |

13 and 14 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

Supra-national Agriculture & Food Security Program Goal
Responsible land and forest governance and climate change resilient agriculture in CLMV countries.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Regional outcomes |
|---|---|---|
| <p>Outcome statement regional program 2.1</p> <p>Smallholder women and men farmers in CLMV countries, especially those belonging to ethnic minorities, have secure and equitable access to and control over agricultural land and forest¹⁵.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Comprehensiveness and use of publicly available information on land tenure in CLMV countries are improving¹⁶. - Smallholder tenure security is improving¹⁷. | <p>The natural trend for land and forest governance in the CLMV countries is for smallholder tenure security to become weaker, and for forests to be turned into agro-industrial plantations. Governments do not treat land and forests primarily as the livelihood base for the great majority of their population, but as natural resources to be exploited for economic development. Weak tenure security and limited access to non-timber forest resources is becoming a major driver of rural poverty in the Mekong region.</p> <p>The CLMV governments' way of conceptualizing land and forest governance is reflected in the "Roadmap for an ASEAN Community", which does not include an objective on land governance or tenure security, and which treats forest governance only under the aspect of illegal logging. The contribution logic of the Swiss program is "mitigation of negative effects and steering of reforms". The impact hypothesis the program is built on stipulates that:</p> <ul style="list-style-type: none"> - There are development actors in all CLMV countries mitigating the negative effects of current land and forest governance policies and striving to change policies and to improve smallholder tenure security, and; - The effectiveness of those actors can be improved through regional alliance building, cross-border learning from success, provision of better and more regionally comprehensive evidence, and development of credible policy alternatives. <p>Switzerland's contribution will focus on improving the effectiveness of smallholder tenure security actor alliances in the CLMV countries. The program will build on SDC's country land governance programs and will develop upwards and downwards links with SDC's global land governance program. Alliance building is a main component of the program. The program will explore opportunities for land governance policy debate venues on ASEAN level, and the financing part of the program will be complemented with policy dialogue on the national, regional, and global level. The program will also foster dialogue with Chinese and Thai actors and contribute to change in their behavior. The program is expected to have an impact in all CLMV countries, as well as in China, Thailand, and at the ASEAN level.</p> <p>The most critical risk that could impact on the Swiss program contribution is that the political economy forces driving the current trend do not allow to be checked peacefully and democratically by bottom-up and civil society forces, and that land conflicts become increasingly violent.</p> | <p>ASEAN Community roadmap strategic objective</p> <p>To promote the implementation of sustainable management of forest resources in the ASEAN region and eradicate unsustainable practices, including combating illegal logging and its associated trade, etc; capacity-building, technology transfer, enhancing public awareness, and strengthening law enforcement and governance. (Roadmap for an ASEAN Community, p. 86; Strategic objective No. 41 of "ASEAN Socio-Cultural Community Blueprint").</p> <p><i>The "roadmap" does not include indicators to measure progress towards result achievement.</i></p> |

15 Context of National Food Security (Committee on World Food Security, 2012)

16 and 17 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

| | | |
|---|--|--|
| <p>Outcome statement regional program 2.2</p> <p>Smallholder women and men farmers in CLMV countries use agricultural practices that are both resilient to climate change and natural hazards as well as market-oriented.</p> <p>Indicator: - The number of households using climate change resilient and market-oriented production practices is increasing (baseline and target values to be developed when project is defined).</p> | <p>The Mekong region is one of the most vulnerable regions worldwide regarding climate change, not only in coastal areas but also in mountain ecosystems. All CLMV countries have conflicting agricultural policy orientations, geared at different natural trends and different development agendas: There are policies favoring increased rice production, policies to promote industrial agriculture, and policies for environmentally and socially responsible agriculture. The ASEAN integration policy goal envisages win-win solutions for economic development and climate change.</p> <p>SDC's program contribution has a steering orientation for this policy incoherence, favoring climate change resilient smallholder production. The impact hypothesis the program is built on stipulates that:</p> <ul style="list-style-type: none"> - Smallholders, under pressure from market forces and increasing climate variability, will seek to adapt to those pressures in order to be able to maintain their agriculture livelihoods. - Rural advisory services, including research, will respond to this demand for proven climate change resilient and market-oriented smallholder production practices. <p>The Swiss contribution will help to make such adapted agricultural practices available to smallholder farmers. The regional climate change resilient agriculture program will build on SDC's respective CLMV country projects and will develop upwards and downwards links with SDC's global programs on food security and climate change. Impact of the program is expected in all four CLMV countries.</p> <p>The most critical risk that could impact on the Swiss program contribution is that extension mechanisms, which reach smallholders and not fully integrated into markets yet, are further weakened, and smallholders' access to adapted practices thereby is further reduced.</p> | <p>ASEAN Community roadmap strategic objective</p> <p>Promote strategies to ensure that climate change initiatives lead to economically vibrant and environment friendly ASEAN Community taking into account win-win synergy between climate change and the economic development. (Roadmap for an ASEAN Community, p. 86; Strategic Objective No 40, action xi, of "ASEAN Socio-Cultural Community Blueprint").</p> <p><i>The "roadmap" does not include indicators to measure progress towards result achievement.</i></p> |
| <p>(4) Lines of intervention (Swiss Program)</p> | | |
| <p>Outcome 2.1 will be achieved through a project on land governance appraised in mid-2012, implementation will start in second half of 2013. Outcome 2.2 will be achieved through a project to be developed.</p> | | |
| <p>(5) Resources, partnerships (Swiss Program)</p> | | |
| <p>Outcome 2.1: About two million CHF per year. Outcome 2.2: About one million CHF per year</p> | | |

Supra-national E&VET Program Goal

Access to employment for CLMV migrant workers in the context of the of the upcoming ASEAN Community.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Regional outcomes |
|---|---|--|
| <p>Outcome statement regional program 3.1</p> <p>Mekong region countries recognize and respect the rights of migrant workers, and workers are able to claim their rights.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - An increasing number of countries incorporate women migrant workers in their development policies in compliance with Convention on the Eradication of all Forms of Violence against Women (CEDAW). - Professional qualifications from third countries are increasingly recognized. (2012 baseline and 2017 target to be elaborated in 2013). | <p>With growing regional integration across ASEAN countries, in particular with the ASEAN Community 2015, migration is likely to contribute to significant gains through remittances, with positive impacts on additional incomes. Yet, labor migration in a context where there is a lack of rule of law, poses high risks, in particular to female migrant workers. Vulnerabilities of migrant workers result in multiple forms of abuse, exploitation, and violence. Growing awareness on the importance of migrant workers rights protection for ensuring decent employment provides an important opportunity. The ASEAN “Declaration on the Protection and Promotion of the Rights of Migrant Workers” (ACMW) is an important umbrella for pushing reform of migrant workers rights protection.</p> <p>The contribution logic of the Swiss program is “full support for reforms” as declared by the CLMV governments and as envisioned in the ASEAN Community roadmap. The impact hypothesis the program is built on stipulates that:</p> <ul style="list-style-type: none"> - Governments have agreed to adapt their labor migration legislation, but political will to do so is limited due to domestic pressure for protection of their own labor force, and rhythm of change therefore is slow, but; - There is room for improvement, when enabling forces like peer pressure, capacity development, new instruments, and pressure from migrant workers/advocacy organizations can speed up the reform process and link with national commitments. <p>Switzerland’s contribution will be to support the empowerment of migrant workers, so that they know and are able to claim their rights. Switzerland will also support sending and hosting country governments to promote and protect those rights for the benefit of all. The program will build on SDC’s TVET country programs in Cambodia, Lao PDR, and Myanmar and will develop upwards and downwards links with SDC’s global program, Migration & Development. The financial contribution will be backed by policy dialogue on national, regional, and global level. Impact of the program is expected in all CLMV countries, plus in Thailand.</p> <p>The most critical risk that could impact on the Swiss contribution is that protection measures for skilled migrant workers cannot gradually be extended to unskilled workers, and that therefore the majority of migrant workers from CLMV countries will remain non-regular und unprotected.</p> | <p>ASEAN Community roadmap strategic objective</p> <p>Ensure fair and comprehensive migration policies and adequate protection for all migrant workers in accordance with the laws, regulations, and policies of respective ASEAN member states as well as implement the “ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers”. (Roadmap for an ASEAN Community, p. 79, Strategic Objective No. 28 of Socio-Cultural Community Blueprint).</p> <p><i>The “roadmap” does not include indicators to measure progress towards result achievement.</i></p> |
| <p>(4) Lines of intervention (Swiss Program)</p> | | |
| <p>Contribution to the program of UN Women on “Empowering Women Migrant Workers in Asia”. Further projects, for example on recognition of certificates, labor market transparency, etc., are under assessment.</p> | | |
| <p>(5) Resources, partnerships (Swiss Program)</p> | | |
| <p>About one million CHF/year</p> | | |

Cambodia

Cambodia Local Governance and Citizens Participation Program Goal

Enhanced local governance mechanisms contribute to improved public service delivery and inclusive & equitable development.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes ¹⁸ |
|--|--|--|
| <p>Outcome statement 1.3</p> <p>Poor and vulnerable women and men use equitable and responsive public services (health, education, water and sanitation).</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Percentage of the national budget reallocated (and transferred) to SNAs as a result of the functional reassignment. - Percentage of local citizens (disaggregated by sex, ethnic minority, and disability) satisfied with quality of service delivery (health, primary education and W&S). <p>Baselines and 2017 target values to be defined in 2013.</p> | <p>Trends and drivers of change:</p> <p>The sub-national democratic development (SNDD) reform is a government-wide reform, aiming at building up and strengthening accountable state institutions and improving public services at decentralized levels. Decentralized administration and councils established at <i>commune, district, and province</i> levels provide an important opportunity for better quality service delivery reaching out to local levels. Major challenges ahead include the clarification of functional assignments, increasing the available resources, fiscal decentralization and, most importantly, capacity-building at all levels. The ten-year SNDD reform program (2010-2019) is the key strategic framework for driving the country toward ensuring stability, better service delivery, and democratic accountability. Political commitment to move forward is given, and thousands of involved staff all over the country are contributing to SNDD 2010-2019 reforms.</p> <p>Impact hypothesis:</p> <p>With clearly defined institutional mandates along with adequate resources, capable staff, and accountability mechanisms at sub-national level (province, district, and commune level), SNDD reform will contribute to poverty reduction and the delivery of equitable, efficient, and responsive services (health, education, water, and sanitation).</p> <p>At the policy level, SDC will contribute to the SNDD reform through policy dialogue and support the capacity-building of sub-national government, advocating for strengthening of local service delivery mechanisms, functional mandates, resource mobilization, capacity and accountable service provision by sub-national administrations and councils.</p> <p>At the operational level, SDC will focus on (1) fostering bottom-up policy-making, participatory planning and monitoring; (2) making available meaningful information and communications on public policy and local services; and (3) empowering women and men as well as local communities to be actors of change for improved livelihoods.</p> <p>Risks and obstacles:</p> <ul style="list-style-type: none"> - Lack of cooperation and coordination amongst key ministries (Ministry of Finance and Ministry of Civil Service Reform), resulting in delayed budget allocation. - Deteriorating respect for civil and political rights in a context of polarization between ruling and opposition parties. - Lack of donor funding hampers pace of the reform, lack of coordination and harmonization results in fragmentation of approaches. | <p>Outcome statement 1</p> <p><i>National Program on Sub-National Democratization and Decentralization (SNDD) 2010–2019:</i></p> <p>Sub-national management systems based on the principles of democratic participation, transparency, and accountability are established to promote local development and delivery of public services.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Regulatory instruments required by the Organic Law are developed on time. (IP3, sub-program 1.1). - Functional reassignments for D/M and C/S are analyzed and tested. (IP3, sub-1.3). - SNAs have capacity to manage HR and administration functions and tools needed are in place. (IP3, sub-2.3). - Policy framework for SNA financing mechanisms is developed. (IP3, sub-4). |

¹⁸ Note: The National Strategic Development Plan (NSDP 2014-2018) will be finalized end of 2013. The results framework will be updated. SDC will contribute to updated development outcomes.

Outcome statement 1.4

Citizens, in particular women and vulnerable groups, can voice their needs, exercise their rights, and participate in local decision-making.

Indicators:

- The number of women and men, including disadvantaged groups, that actively contribute to council meetings and local planning.
- The number of local administrations that are applying gender responsive budgeting is increasing.

Baselines and 2017 target values to be defined in 2013.

Trends and drivers of change:

The foundation for a democratic culture was laid in Cambodia with the first communal elections in 2002. In the past decade, local councils have been institutionalized, and first steps towards participatory planning and decision-making were accomplished. The SNDD reform, with its holistic approach, provides the foundation for change toward strengthened accountability. At local level, democratic space for increased citizen participation and accountability systems is evolving, yet in a volatile and easily reversible way. Knowledge and awareness of people about local governance and citizens' rights is very limited, and the legacy of civil war and genocide (lack of social cohesion and trust, loss of tradition, trauma and fear) inhibit free interaction and meaningful participation in the reform processes. Yet, local councils and administrations appear to be eventually more vocal, demanding clearer definition of lines of accountability, calling for resources and capacity to address local problems and needs.

Impact hypothesis:

Democratic space, strengthened systems of sub-national accountability, and increased knowledge and awareness of rights and responsibilities will lead to increased people's participation in local governance, and eventually, their rights and needs will be better addressed. Strengthening systems of local accountability and fostering local participation require mutual top-down and bottom-up approaches.

At the **policy level**, SDC will support local partners/stakeholders (including NGOs) and local government (particularly commune and district level councils) to advocate for gender-responsive policies and for creating institutional space for communities, whereby CSOs & local councilors have the capacity to interact constructively.

At the **operational level**, SDC will focus on (1) strengthening local people's rights, especially women, children, and other vulnerable groups, for better access to legal assistance and active participation in political activities and decision-making processes; and (2) contributing to building a culture of trust and dialogue among citizens, CSOs, and local governments as an essential element for re-building social networks and restoring the social fabric destroyed during the Khmer Rouge-period and years of civil war.

Risks and obstacles:

- Gender inequality, attitudes deeply rooted in culture, and perceptions towards women continue to hold back women's full participation in local governance.
- SNA's are more accountable to central government than to the local people/constituencies.

Outcome statement 2

SNDD 2010-2019:

Pilot programs that promote citizen participation are developed and implemented on citizens' rights and involvement of citizens: Guidelines and procedures for SNA on citizens' participation are developed and piloted; guidelines are promulgated.

Indicators:

- Policy and program management capacity is in place, monitored & administered efficiently (sub 1.2).
- SNAs have capacity to plan and the tools & systems designed for planning are used as expected and are effective (sub-5.2).
- SNAs have improved access to financial resources & these are used effectively (sub 4.1).

Lines of intervention:

- Contribute to the implementation of the SNDD reform through policy dialogue, funding, and expertise, with a particular focus on capacity-building, participatory mechanisms, fiscal decentralization, and functional reassignment;
- Contribute to building the capacity of female and district councilors to ensure their voice in council meetings; and support to activities that are strengthening the capacity of commune committees for women and children (CCWC) and the district/provincial women and children consultative committees (WCCC);
- Promote platforms for constructive dialogue between SNAs, CSOs, and women and men, which contribute to trust building, social cohesion, and healing the trauma of the past;
- Promote civic engagement, e.g. through support to CSOs providing civic education and social mobilization on rights (with an emphasis on access to justice, women's participation in electoral processes, and GBV).

Resources, strategic partnerships envisaged:

Financial envelope: About 13 million CHF for five years.

Government and Development Partners (DPs): Ministry of Interior, Secretariat of National Committee for Democratic Development, SIDA, UNICEF, EU, GIZ; INGOs and NGOs: Private Agency for Collaborating Together (PACT), Vitriasthan Bondosbondal Neak Krubkrong (VBNK), Cambodian Organization for Research and Development (CORD), The Asia Foundation (TAF), Secretariat of Committee to Promote Women in Politics (SILAKA).

Cambodia Agriculture and Food Security Program Goal
Improved rural livelihoods and food security, especially of female-headed households.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes ¹⁹ |
|---|--|--|
| <p>Outcome statement 2.3</p> <p>Women and men smallholder farmers (including female-headed households and ethnic minorities) improve their livelihood resilience.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The percentage of households with year round food self-sufficiency increases (disaggregation for female-headed households). - Average household income increases <p>Baselines and 2017 target values to be established, aligning as closely as possible with national monitoring mechanisms.</p> | <p>Trends and drivers of change:</p> <p>Despite the fast macro-economic growth, about 80% of Cambodia's population still lives in rural areas, and 70% are dependent on agriculture and natural resources (fisheries, forests) for their livelihoods. About 90% of Cambodia's poor live in rural areas, and many living in poverty are suffering food insecurity, health problems, and a vulnerability to all kinds of external shocks, including natural disasters as a consequence of climate change. Women-headed households are most at risk of decline with more than 65% of Cambodian women being farmers, who are particularly vulnerable. Smallholder farmers who depend only on paddy rice production are most vulnerable to shocks. National policies support 'intensification' (mainly of paddy production, aimed at making Cambodia a rice exporter) and 'diversification' of agriculture production. They also support a more active role for the private sector to provide improved inputs and market-led technical assistance. But the focus of government and donor support remains mainly on increasing rice production.</p> <p>Impact hypothesis:</p> <p>Diversifying production and ensuring that poor farmer households are food secure all year and able to increase household income is the key to equitable and sustained economic development.</p> <p>At policy level, SDC will support the national policy dialogue with line ministries and development partners on inclusive and equitable growth strategies with a focus on diversification of production and skills development; and advocate for enhanced donor harmonization.</p> <p>At operational level, SDC will have a specific focus on women headed households in provinces that have received little donor support. SDC will support diversification of crops and associated skills development; enhance smallholder capacity to adapt and respond to seasonal variability and to produce a marketable surplus (combined with access to markets). SDC will link skills development with VET interventions that support enhanced access to markets for higher value products and ensure farmers have better market information and improved skills and inputs for decision-making.</p> <p>Risks and obstacles:</p> <ul style="list-style-type: none"> - The government's focus remains on promotion of rice, with insufficient resources devoted to higher value non-rice crop opportunities. - Insufficient interest from input suppliers to supply smallholder demand for improved inputs. - Markets flooded by products from Thailand and Vietnam. - Local consumers continue to consider imported produce is of higher quality than local produce/local produce cannot compete with imported produce on local markets. | <p>Outcome statement 1</p> <p><i>MAFF Agriculture Sector Strategic Development Plan, ASSDP, 2009-2013:</i></p> <p>Increased agricultural productivity and diversification through:</p> <ul style="list-style-type: none"> - Enhanced and decentralized capacities of agricultural extension service. - Use of integrated FFS-cum-FMS methodologies. <p>Increased market access for agricultural produce and products of smallholder and women-headed households (through increased understanding of local market demands and conditions as well as world trade regime).</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Food poverty indicator (i.e. population living in food insecurity as monitored annually in the "Cambodian Economic Survey"). <p>Baseline: 2010 food poverty = 15%</p> |

¹⁹ Note: The National Strategic Development Plan (NSDP 2014-2018) will be finalized end of 2013. The results framework will be updated. SDC will contribute to updated development outcomes.

Outcome statement 2.4

Women and men, in particular those belonging to ethnic minority communities, have enhanced production and secure and equitable access to and control over community resources (forests and fisheries).

Indicators:

- Increase in household income and food intake (livelihood security) of ethnic minority men and women.²⁰
- Number of fisheries and forestry communities (CFis) strengthened and registered. (Baseline 2008: 221)

Trends and drivers of change:

Community resources (non-timber forest products/ fisheries) are diminished/depleted due to unsustainable exploitation. Large-scale land concessions to multi-national and local companies (economic land concessions) negatively impact on secure access to land for target groups. Potential drivers of change include i) the national "Forestry and Fisheries Program", depicting a sound strategy for enhanced livelihoods and sustainable natural resource management as a key framework for inducing positive change, and ii) staff members within MAFF and INGOs who are committed to working towards implementing the strategy, and iii) NGO support to advocacy for indigenous people combined with sound – yet small scale and scattered – model initiatives. These factors provide a promising potential for change.

Impact hypothesis:

Strengthening the capacity of multiple stakeholders, government, private sector, CSOs, and community members to tackle competing interests is key to developing sustainable solutions for managing natural resources in ways that are conducive for livelihoods and biodiversity. Improving post-harvest handling and access to markets is prerequisite to generating income and enhancing food security for communities living from forest and fisheries. At **policy level**, SDC will support the implementation of the national strategic forestry program and strategic fisheries framework. SDC will also support the translation of lessons learnt into policies related to access to community resources, conflict resolution, and economic land concessions.

At **operational level**, SDC will link biodiversity protection/conservation with promotion of marginal group's livelihoods to ensure enhanced access to their protected forest/fishery areas. SDC will also support community empowerment strategies, so communities can take responsibility for sustainable management of their natural resources.

Risks and obstacles:

- Economic land concessions continue to impinge on protected areas, and legal system fails to enforce protection regulations.
- The royal government of Cambodia does not support empowering local communities to manage local resources.
- Negative impact on fish stocks from hydropower dams (the Sesan, Srepok, and Sekong dams in Cambodia and planned dams in Lao PDR).

Outcome statement 2

Cambodia's National Forest Program 2010-2030: Common property resources sustainably exploited in ways that improve local community livelihoods. MAFF's "Strategic Planning Framework for Fisheries 2010-19: Livelihoods of people in the (fisheries) sector are at least at the national average and improving.

Indicators:

- Opportunities and constraints to IGAs identified and interventions leading to improved employment opportunities piloted in at least 20 (2012), 60 (2016) and 150 communities (2019).
- 468 community fisheries formed, 173 registered (2008, baseline); 300 community fisheries registered and operating effectively (2015); 470 (2019).

Fisheries and associated resources are healthy, resilient and sustainably managed (Goal 3)

Indicator:

Community fisheries are strengthened and conduct effective natural resource management (221 CFis registered and strengthened (2008 baseline); 75% registered CFis strengthened (2015); 90% (2019).

Lines of intervention:

- Support to diversification of production, enhanced market access, and better nutrition with a value chain project on non-rice crops for enhanced food security;
- Scaling up/replication of good practice in supporting livelihood activities and aligning with commune council development plans;
- Support to livelihood resilience, including use of NTFP for enhanced food security and potential income generation, while also supporting biodiversity for marginalized groups, mainly ethnic minorities living in North-eastern provinces;
- Support to secured access to land tenure, integrated where possible in future programs, including support to mine clearance for development;

Strategic Partnerships: EU (forestry and fishery), MAFF

Financial envelope: About 12 million CHF for five years.

Potential Partners: CARE International, IDE Cambodia, Agronomes et Veterinaires Sans Frontieres (AVSF), Professionnels du développement solidaire (GRET), Non-Timber Forest Product – Exchange Program (NTFP-EP), World Wide Fund For Nature (WWF), The Center for People and Forest (RECOFT), FAO, Oxfam; Local NGO/CBO: Hurredo, Agricultural Development Denmark Asia (ADDA), Agrisud, Centre d'Etude et de Développement Agricole Cambodgien (CEDAC), Partnership for Development in Kampuchea (PADEK), Netherlands Development Organization (SNV), Neary Khmer, Handicap International.

20 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

Cambodia Employment & Vocational Education and Training Program Goal
Young rural women and men acquire vocational and life skills allowing them to increase their income and improve their incomes.

(1) Swiss portfolio outcomes

Outcome statement 3.2

Women and men who participated in TVET programs earn increased incomes in decent employment.

Indicators:

- The percentage of TVET completers who have decent employment six months after finishing their training.
- Percentage increased income of gainfully self-employed TVET 'completers'.

Baselines and 2017 target values to be developed in 2013.

(2) Contribution of Swiss program

Trends and drivers of change:

Each year, about 300,000 young and un-skilled men and women enter the labor force, and employment generated by recent economic growth cannot catch up with the number of youth seeking work. Cambodia suffers from low productivity in its main economic sectors in comparison with other ASEAN countries, which will hamper Cambodia's ability to benefit from regional integration. Underlying structural problems in education and skills development, along with training institutions that are not sufficiently responsive to upcoming market demands, hamper inclusive growth. These bottlenecks put gains from economic growth at risk, contribute to continued low wage labor, contribute to high levels of exploitation, abuse, overall to a lack of protection of labor rights, and intensify migration (rural-urban and abroad), resulting in raised frustration and social tension. Drivers of change include i) young people keen to get better skills development; ii) NGO initiatives providing model initiatives for scaling up; iii) demands by private sector (tourism, industry) and local markets (for local agricultural products); iv) a new comprehensive reform plan coordinated between responsible ministries and responsive to private sector needs.

Impact hypothesis:

Skills development results in better employment opportunities, higher incomes, and contributes to better working conditions. Improved skills are key to match the needs of the labor market and are conducive for growth. In Cambodia, enhanced VET will directly tackle the risks of out-of-work young people and hence reduce risk potential for violent unrest and growing criminality. At the **policy level**, SDC will support the responsible line ministries to improve the overall TVET system, so as to increase TVET outreach and accessibility, in particular for poor women and men in rural areas. At the **operational level**, SDC will (1) contribute to expanding TVET to include more relevant occupations; (2) promote quality standards through certification under the emerging national qualifications framework (vocational track); (3) link TVET to economic growth drivers (e.g. tourism and agriculture); (4) contribute to vocational and life skills development and apprenticeships for young rural women and men and returning migrants and (5) foster access for youth completing skills training and/or for returning migrants to job orientation and placement services.

Risks and obstacles:

- Lack of coordination between responsible ministries.
- Fragmentation of donor approaches.

(3) Country development outcomes

NSDP Update 2009-2013:

Human resource development, through continued provision of trainings in different skills and enhancing the awareness of gender issues in development process for officials and general citizens including indigenous people.

Note: a draft National Employment Strategy with thrust and quantitative targets expected by mid-2013 (by MoLVT/ADB).

Interim proxies based on the thrust of the government's TVET policy that aims at:

- Expansion of overall supply capacities and throughput;
- Inclusion of disadvantaged groups;
- Increase in relevance (demand-led courses, market-driven);
- National qualifications framework for improved inclusion, integration, permeability, and employability;
- Use of enterprise-based training and apprenticeship;
- Linking and matching through job centers;
- Improving emigrating workers' potential;
- Substitution of foreign workers by local workforce.

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| <p>Outcome statement 3.3</p> <p>Strengthened national TVET system, regulatory frameworks, and delivery systems oriented towards ASEAN integration.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The TVET system reform deepens²¹. - The number of TVET trainees increases (disaggregated by sex and province). <p>Baselines and 2017 target values for second indicator to be developed in 2013.</p> | <p>Impact hypothesis:</p> <p>TVET is urgently needed, if Cambodia is to remain competitive in the context of regional integration and to address the mismatch that exists between market needs and available skilled labor force. At policy level, SDC will support the MoLVET in formulating new policies with a specific focus on providing TVET for poor and marginalized young women and men, including potential migrant workers, ensuring and promoting their rights to decent work and implemented labor standards. SDC will also support the development of national quality standards. SDC will also contribute to ensuring that migrant workers rights are included in national strategies. At the operational level, SDC will contribute (1) to strengthening and adding value to national employment agency job centers; (2) to supporting the government's effort to introduce career guidance; (3) to supporting implementation of National Qualifications Framework (NQF) standards through a bottom-up approach (with an emphasis on lower levels of competencies and occupations suitable for rural populations); and (4) to achievement of labor law milestones (technical, coping skills, and language; apprenticeship support tools and monitoring tools/processes).</p> <p>Risks:</p> <ul style="list-style-type: none"> - NQF not started or delayed; - Job centers 'flooded' by paying middle class clients and not accessible for the poor. | <p><i>NSDP Update 2009 – 2013, paragraph 497: The royal government of Cambodia will ensure a healthy linkage between trade and working conditions by: Effective implementation of labor standards, norms, the labor law, and international conventions; continuation of the "better factory" project; facilitating workers finding jobs abroad; capacity-building through vocational training in response to market demands by mainly focusing on young drop-outs, disabled people, women, marginalized groups and minorities; development of a labor market statistical system and national qualification standards; conducting wide public awareness campaigns on labor market demands in order to assist labor mobility; and, strengthening existing mechanisms of labor dispute resolution, such as the arbitration council and demonstration and strike resolution committees at all levels.</i></p> <p>Note: The National Strategic Development Plan (NSDP 2014-2018) will be finalized end of 2013, a results framework for the sector will be elaborated. SDC will contribute to updated development outcomes.</p> |
| <p>Lines of intervention:</p> <ul style="list-style-type: none"> - Support of national TVET reform policy dialogue, in particular to the elaboration of the next work plan; - Skills development in-harvest techniques and food processing in poor rural households and linking them with local markets, especially with booming tourism sector, by means of recognized TVET and through a marketing and sales link; - Strengthen the emerging national employment agency job centers by extending outreach (to poor), expanding TVET services (pre-employment and pre-departure training, competency assessment) and placement services, connecting with emerging training enterprises; - Initialize and support apprenticeships, combining theory education with practice in enterprises, coherent with the labour law and the emerging national qualifications framework, with instruments ensuring the access of small enterprises and poor applicants. Support emigrating workers (with coping skills) as well as returning migrant workers to capitalize on work experience and savings brought back by them from abroad. <p>Strategic Partnerships: Ministry of Education, Youth, and Sport (MoEYS), Ministry of Labour and Vocational Training (MoLVET), National Employment Agency (NEA), International Labour Organization (ILO), UNDP, ADB, SIDA. Financial envelope: About seven million CHF for five years.</p> <p>Potential Partners: Shift 360, HR INC, others to be defined.</p> | | |

21 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

Lao PDR

Lao PDR Local Governance and Citizen Participation Program Goal

Equitable growth and poverty reduction through more effective and efficient public services to the poor and vulnerable and enhanced citizen participation in the development process.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes |
|---|--|---|
| <p>Outcome Statement 1.5</p> <p>Lao women and men in the poorest districts use quality services in MDG areas, thanks to equitable, efficient, and responsive public service delivery.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The number of district administrations that have the mandate and the capacities to implement investments for public services increases (baseline 2012: 35 districts; target for 2017: 54 districts). - The number of poor women and men with access to schools, health centers and markets increases (baseline 2012: 670,000 people, 50% women, in 1,880 villages; targets 2017: 900,000 people, > 50% women, in 1,950 villages). | <p>Trends and drivers of change:</p> <p>The delivery of primary health care, primary education, water and sanitation, as well as road access services to the population requires organizations mandated to deliver those services, resources for investments and recurrent costs, organizations and staff with the capabilities to manage services, and a mechanism to ensure that services respond to peoples' needs. In 2012, the government of Lao PDR reinforced the process to strengthen the role of district administrations for better public service delivery.</p> <p>Impact hypothesis:</p> <p>When mandates, resources, and capacities are appropriate and when planning, monitoring, and accountability mechanisms linking service providers to the population are effective, the utilization of services will increase.</p> <p>At the operational level, SDC will contribute to the two major programs of the Lao government, aiming at service improvement (governance and public administration reform, and the poverty reduction fund) to address: (1) The inadequacy of policies and mandates to drive service improvement initiatives by district administrations; (2) the scarcity of local resources and capacities for improving service delivery, and (3) the lack of inclusive community and local development planning and implementation mechanisms at sub-district level. At the policy level, SDC will focus on: (1) Advocating for implementation of the Lao government's decentralization agenda; (2) fostering convergence of participatory planning with decentralization approach; and (3) promoting the implementation of the gender action plan on governance at the district level.</p> <p>Risks:</p> <p>Political will to decentralize responsibilities and resources and to increase staffing at district level could be reversed (to be monitored in MERV).</p> | <p>Outcome Statement</p> <p>The Lao multi-ethnic people benefit from improved services at the local level through an effective, transparent, and accountable local administration (derived from 7th NSEDP, pp. 80, 174 & 193 and Strategic Plan on Governance 2011-2020, p. 10).</p> <p>Target 1: Policies on administrative and fiscal decentralization/de-concentration are elaborated and implemented. (PM Order 16, Pilot 'Sam Sang/3 Builds').</p> <p>Target 2: Progress towards MDGs in the areas of health, education, and water access (derived from 7th NSEDP, pp. 83 & 189).</p> |
| <p>Outcome Statement 1.6</p> <p>Lao women and men citizens participate in public debate in an informed manner, to shape more inclusive and responsive policies and to hold government accountable for its actions.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Lao women and men citizens increasingly engage in public debate and have means to channel their concerns and demands to the government²². - Lao development stakeholders increasingly use evidence to engage in an informed manner on critical development issues²³. | <p>Trends and drivers of change:</p> <p>SDC builds on the intentions of the Lao government to "ensure broad-based participation of the people in the process for the development of government policies and strategies" (NSEDP) and on the Decree of 2008 laying the basis for legally recognized activities of civil society organizations (NPAs).</p> <p>Impact hypothesis:</p> <p>Improving formal democratic participation, nurturing an enabling environment for CSOs, and increasing access to information and knowledge will lead to more informed debate on policy issues as well as increased accountability between government and citizens. Ultimately, this will contribute to more inclusive and responsive policies.</p> <p>At the operational level, while supporting the Lao government's timid reforms to promote citizens' representation, accountability mechanisms, and access to open information, SDC will gradually engage more directly with institutions of civil society to build their capacity, broaden space for engagement, and increase the knowledge base in relation to key development issues, so as to enable more informed and inclusive decision-making. Increased interaction and dialogue between the National Assembly and the population will also increase the citizens' possibilities to voice their demands.</p> <p>At the policy level, SDC will focus on: (1) Fostering inter-sectoral information and knowledge exchange/use by planners and decision-makers; (2) building confidence among Lao government and other stakeholders in the positive role that can be played by CS in development process; and (3) reinforcing micro-macro linkages to bring local voices into policy debate.</p> <p>Risks:</p> <p>Gradual opening towards more citizen participation could be stopped, if the Lao government perceives development as going out of hand. Activities of NPAs could be restrained and controlled, despite their formal registration (to be monitored in MERV).</p> | <p>Outcome Statement</p> <p>Lao citizens participate more in implementation, decision-making, and monitoring of socio-economic development at the national and local levels (derived from 7th NSEDP, pp. 173-174 and Strategic Plan on Governance 2011-2020, pp. 8-9).</p> <p>Target 1: Rules and mechanisms for creating and administrating civil society organizations and associations are established and applied. (Strategic Plan on Governance 2011-2020, p.9).</p> <p>Target 2: National Assembly discussions and debates better reflect the points of view of citizens. (NSEDP, p.173, Strategic Plan on Governance 2011-2020, pp. 8-9).</p> |

22 and 23 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

(4) Lines of intervention (Swiss Program)

Outcome 1:

- Support to the GoL decentralization process, aiming at building up capacities of districts to plan, implement, and manage services related to MDGs areas (health, education, water and sanitation, road access), through a contribution to the National Governance and Public Administration Reform Program (N-GPAR).

- Provision of small-scale infrastructure and services (incl. access to water, schools, roads, irrigation), through inclusive community-driven development processes, through a contribution to the Poverty Reduction Fund (PRF).

Outcome 2:

- Support to civil society development by directly supporting emerging CSOs and by working with the government to develop an enabling and conducive environment.

- Support to evidence-based decision-making by promoting the availability and accessibility of socio-economic information and knowledge.

- Support to citizens' representation and participation through the national assembly constituency offices, with special attention to women's active participation, in order to reinforce accountability mechanisms at provincial level (new project, to be assessed).

Outcome 3:

- Support to improve all stakeholders' (from village to policy level) capacity, knowledge, and participation in decision-making and conflict resolution on land-related issues.

(5) Resources, partnerships (Swiss program)

Financial envelope for the local governance and citizen participation domain in Lao PDR: aprox. 6 million CHF annually; 31 million for five years.

Implementing agencies/counterparts of SDC: Ministry of Home Affairs, Poverty Reduction Fund c/o government office, Ministry of Planning and Investment, Ministry of Natural Resources and Environment, Ministry of Agriculture and Forestry, Center for Development and Environment (CDE), University of Bern, Village Focus International (VFI), CORD, Helvetas Swiss Intercooperation. Coordination with other international donors: UNDP, UNCDF, World Bank, and AusAID.

Human resources to manage the LG&CP domain: One expatriate (head of governance program) and one NPO.

Lao PDR Joint Outcome of LGCP & AFS on Land Governance

| (1) Swiss portfolio outcome | (2) Contribution of Swiss program | (3) Country development outcomes |
|--|--|--|
| <p>Outcome Statement 1.7 / 2.7</p> <p>Rural women and men, including ethnic minorities, have secure and equitable access to and control over agricultural land and forest.</p> <p>Indicators LGCP (1.7):</p> <ul style="list-style-type: none"> - Smallholder tenure security improves²⁴. <p>Indicators A+FS (2.7):</p> <ul style="list-style-type: none"> - The number of households managing their lands in government-approved land-use plans and with formal tenure documents increases (target values 2017: 12,000 households, 700,000 hectares, 50% covered by formal tenure documents). - The number of hectares of agricultural land cleared from UXOs increases (baseline and 2017 target values to be established in 2013). | <p>Trends and drivers of change:</p> <p>Despite social inclusion objectives in the 7th NSEDP, the Lao government is applying the policy “turning land into capital”. Therefore land access and use is increasingly critical for the rural poor.</p> <p>Impact hypothesis:</p> <p>Improving stakeholders’ (government, civil society, private sector, local communities, particularly women and ethnic groups) capacity, knowledge, and participation in decision-making on land-related issues will empower rural communities to claim a secured land access and the right to use their land for their livelihoods.</p> <p>At operational level, the focus will be on: (1) Strengthening local decision-making capacities and the consultation process about land-related investments and specific issues; (2) participatory land use planning; (3) the development and use of tools for issuing community land titles; and (4) government-recognized sustainable upland cultivation strategies, including rotational rice cultivation.</p> <p>At policy level, the focus will be on: (1) Promoting open information dissemination and exchange on land issues, based on more consolidated knowledge produced by concerned stakeholders; (2) building partnership between government, international and local NGOs, research institutions, and development partners to promote more open dialogue on land issues; (3) contributing to the revision process of the land law and the elaboration of a national land policy.</p> <p>Risks:</p> <p>Land rights and tenure are not only politically sensitive in the context of Lao PDR, but also strongly connected to vested interests. Access to information, awareness-raising, and confidence-building are necessary to influence political will and strengthen partnerships and alliances.</p> | <p>Outcome Statement 3</p> <p>“Promote use and maintenance of the land and natural resources in a way that ensures sustainability, effective use of land surface and underground, and minimizes the effect on environment and society” (from 7th NSEDP, Land Management and Development, p. 144).</p> <p>Targets:</p> <ul style="list-style-type: none"> - Make land classification plans (at the macro level), master plans for land use planning (at the national level), and land use planning (at provincial and district level). - Make land classification at micro levels, especially land use planning at the village and kumban levels. - Issue one million land certificates. - Revise the land law <p>(from 7th NSEDP, Land Management and Development, p. 144).</p> |
| <p>(4) Lines of intervention (Swiss program) See lines of intervention in respective LG&CP and A+FS domains.</p> | | |
| <p>(5) Resources, partnerships (Swiss program) See resources, partnerships in respective LG&CP and A+FS domains.</p> | | |

24 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

Lao PDR Agriculture & Food Security Program Goal
Poverty reduction, equitable development and food security in uplands.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes |
|--|---|---|
| <p>Outcome statement 2.5</p> <p>Women and men smallholder farmers, including ethnic minority groups, improve their resilience and food security.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The number of households in target areas that use advisory services according to their requirements (baseline to be established in 2013; 2017 target: XX households) - The number of upland farmer households in target areas who have adopted appropriate technologies, including labor-saving and environmentally-friendly water and soil management practices to enhance production of nutritious and diverse foods (baseline to be established; 2017 target: 25,000 households). | <p>Trends and drivers of change:</p> <p>Although the government of Lao PDR keeps putting food security at the first rank of its priority, contradictory policies regarding the use of natural resources seem to directly lead the country to lose its current capacity in food production, maintain a high level of malnutrition, continue to experience high dependence on food import, and establish a long-term vulnerable food security, while reducing the capacity to cope with the effects of climate change.</p> <p>Impact hypothesis:</p> <p>Increased upland farmers' knowledge and capacities to adapt the food and non-food production patterns to new constraints (climate variability, increased scarcity of land and water, increasing constraints on shifting cultivation, remoteness, reduced availability of family and paid/traded labor, etc.) will improve the nutritional status and income of many poor families.</p> <p>At operational level, the focus will be on addressing the needs and concerns of upland farmers, through: i) Demand-driven and gender inclusive rural advisory services, delivered by state and non-state providers; ii) the promotion of better nutrition-oriented production systems, with a specific focus on women' role and requirements regarding family food security; iii) increased capacities of government and non-state service providers to address climate variability and new policies effects (like the policy on eradication of slash and burn agriculture) on vulnerable communities and farmers little involved in commercial practices in poorest areas.</p> <p>At policy level, i) the focus will be on stabilizing upland rotational cultivation; ii) reducing incidence of resettlement, especially involuntary and/or resettlement where livelihoods are negatively affected, as verified through government monitoring.</p> <p>Risks:</p> <p>Despite the presence of many projects to support poor uplands farmers, and in particular remote ethnic villages, authorities may continue with resettlements, thereby weakening food security and jeopardizing the efforts of development supporters.</p> | <p>Outcome statement 1</p> <p>The improvement of livelihoods (through agriculture and livestock production activities); Stabilization of shifting cultivation and upland agriculture development with social and environmental focus. (from MAF Strategy 2011–2020)</p> <p>Targets:</p> <p>Smallholder farmers will have food security based on increased productivity of rice and diversified farming system that are resilient to climate change; Eco-agricultural adaptation measures to climate change will contribute to the significant reduction of shifting cultivation in upland areas.</p> |

| | | |
|---|---|--|
| <p>Outcome statement 2.6</p> <p>Women and men smallholder farmers, including ethnic minority groups, enjoy better production and sale conditions and increase their income.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The number of farmers organizations which are providing demand oriented and market related services to their members. - The number of women and men farmers who increase their income through better technical and managerial skills. - The number women and men farmers who increase their incomes due to transparent commercial arrangements. <p>Baseline and 2017 target values to be developed in 2013.</p> | <p>Trends and drivers of change:</p> <p>Despite a repeated intention to foster commercial agriculture also to the benefit of rural poor, the Lao government is not active in addressing local practices (monopsonies, private arrangement, corruption, numerous taxes on same product), which undermine the efforts of producers and private sector, as well as development projects, to establish pro-poor dynamic value chains.</p> <p>Impact hypothesis:</p> <p>The building of gender inclusive, agro-biodiversity-based, profitable value chains as well as self-determined, voluntary, and independent farmer organizations will improve farmers' opportunities, their sustainable management of natural resources, and their engagement in the market economy.</p> <p>At operational level, the focus will be on:</p> <ul style="list-style-type: none"> - Supporting self-determined and independent farmer organizations; - Farmer skills development, including for improvement of product quality, market understanding and bargaining power; - Fostering fair and transparent contracting and commercial exchange rules and practices; - Promotion of niche-market and agro-biodiversity-based value chains; - Supporting village entrepreneurs investing in agriculture value chains (investors, traders, local processors, etc.) and/or providing agriculture services; - Fostering demand-driven and gender inclusive advisory services delivered by state and non-state actors (including farmers' organizations, offering accountable services and observing good practices); - Supporting farmer access to financial and other commercial-farming inputs under equitable and affordable terms; - Education efforts for farmers, regarding sustainable agriculture practices. <p>At policy level, focus will be on: i) Removing local practices which hinder the development potential of value chains (commercial monopolies); ii) enforcement of regulations to ensure that farming under contract with private sector companies is appropriate for smallholder farmers; iii) promotion of upland agro-biodiversity.</p> <p>Risks:</p> <p>Authorities prefer international commercial operators and welcome them to supply markets, thereby creating difficult competition for Lao smallholders and traders. Robust farmer associations will allow Lao farmers to cope with this competition.</p> | <p>Outcome statement 2</p> <p>Commodity production "pro-poor and green value chains" (from MAF Strategy 2011–2020)</p> <p>Targets:</p> <p>Significant increases in production, productivity, and domestic value added for agricultural commodities.</p> |
|---|---|--|

(4) Lines of intervention (Swiss Program)

Outcome 1 & 2 will be achieved through 3 projects dealing with agrobiodiversity and green agriculture promotion (TABI), extension service provision and support to farmer organizations (LEAP), agriculture education (SURAFCO), two projects focusing on food security and farming systems (PARUA, NURIFAR) and one shared program with EU, France and Germany (PBA NUDP). In 2014, a new project with focus on pluralistic advisory service provision and farmer organizations will be launched.

Outcome 3 will be reached through the continuation of work in forest and land use planning (TABI) and improvement of decentralized decision making processes about agriculture land allocation (UNDP-UNEP PEI).

Improvement of policy environment is supported by most of the projects directly (specific outcomes, provincial thematic and policy dialogue) and through COOF's involvement in the sector policy and institutional dialogue (SDC co-chairing sub-sector working group Agribusiness and SSWG Agrobiodiversity under the Sector Working Group Agriculture & Rural Development).

(5) Resources, partnerships (Swiss Program)

6–7 million CHF per year; 33 million for 5 years; COOF human resources: one Swiss senior specialist and two national program officers

Six projects are implemented with the Ministry of Agriculture and Forestry with the technical assistance of a Swiss or international organisation. One project is implemented by Ministry of Planning and Investment. The National Unexploded Ordnance Program (UXO Lao) and the National Regulatory Authority for the UXO Sector (NRA) are the partners for UXO program. In three projects, SDC contributes to programs together with other development partners: the PBA NUDP (EU, F, GIZ), PEI (UNDP, UNEP), NRLLSDP (ADB, IFAD).

Lao PDR E&VET Program Goal

Rural women and men, mostly those belonging to ethnic minorities, acquire skills and find work which allow them to benefit from economic development and earn higher incomes.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes |
|--|---|--|
| <p>Outcome statement 3.4</p> <p>The regulatory framework and delivery mechanism of the TVET system in Lao PDR are oriented toward the ASEAN integration process, satisfy the quantitative and qualitative requirements of the labor market and integrate disadvantaged groups.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The VET system reform is deepening²⁵. - The throughput in supported TVET schools is improving (total formal + short courses, % women, % ethnic minorities, % disadvantaged groups²⁶; baselines: < 2000 + 0; < 35%; < 5%; < 40%. 2017 targets: > 2000 + 6000; > 45%; 30%; 70%) <p>Outcome statement 3.5</p> <p>Women and men in rural areas, especially those belonging to ethnic minorities, earn higher incomes, due to improved skills, through employment and from selling improved goods and services.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The number of rural families with improved incomes of at least + 300 US\$/year support increases due to SDC E&VET program (baseline 2013: 0; target 2017: 6'000). | <p>The natural trend in E&VET in Lao PDR is to train mostly urban youth in mostly mid-level administration skills, without a link between employers and VET providers, while the labor market mostly needs blue-collar skills. The result is a rural, unskilled and urban, mostly wrongly skilled labor force; under-employment, unemployment, labor migration, and import of skilled foreign workers.</p> <p>The Swiss program contribution logic is "full support for second phase of Lao education reform", focused on VET, and for diversification/development of high value-adding sectors (tourism). The contribution also aims at slightly steering the reform, reflecting SDC experience with VET development: Linking VET providers with employers (cooperation platforms for curricula development and assessments, dual cooperative training) and linking VET with employment opportunities (placement services, starter kits for SMEs, value chain development).</p> <p>The impact hypothesis the Swiss program is built on assumes that change will come through three main mechanisms: Building the capacities of regulators, trainers, and brokers in VET (human resource development and equipment). Changing the incentive structures within which those main actors in the VET system work (normative incentives: Legal frameworks, functional assignment (roles), procedures, certification. Financial incentives: Market linkages, subsidies, and scholarships). Improving critical links along the skills to income chain (private sector/regulators; employers/schools; students/schools; producers/markets).</p> <p>The main contributions of the Swiss program are capacity development services, financial incentives, and convening services. The financial contributions of the program are complemented by a strong SDC position in policy dialogue, supported by technical back-stopping mandates (macro-economics, VET, local economic development). The program will develop links to the regional E&VET program, and to the regional program to improve governance of cross-border local economic development.</p> <p>The most critical risk that might impact on the contribution of the program is that the financial incentives of the program (subsidies for dual cooperative training, in order to have training facilities for blue-collar skills) will not lead to a structural integration of employers into the VET system, and that dual cooperative training therefore will not become a sustainable feature of the system.</p> | <p><i>"Continue with reforms in the national education system, uplifting its quality, and widening access to opportunities for the people at large, in particular ethnic groups, women, and those deprived of opportunities, by developing curricula, providing teaching and learning materials, and providing training to teachers and other staff to increase children's access to schools and to promote gender equity in education". (NSED P 7, 110).</i></p> <p>Target: <i>"By 2015, increase technical students to at least 50,000, of which 50% are women and 20% are from remote areas and/or poor families". (NSED P 7, p. 111).</i></p> |
| (4) Lines of intervention of the Swiss program | | |
| <p>Joint GIZ/SDC project to support VET reform (normative framework, inclusion of employers, affirmative action for disadvantaged groups); envisioned start in May 2013. Project "Goods and Services for Tourism" (partner not known yet); envisioned start in mid-2013.</p> | | |
| (5) Resources & partnerships of the Swiss Program | | |
| <p>Up to 5 million CHF/year; 22.5 million CHF for 5 years; 50% expatriate and 100% national program officer to manage program.</p> | | |

25 Measured via rubrics scale (progressive scale that measures qualitative improvements in systems), to be elaborated in 2013

26 All social groups except able bodied males from Lao majority group

Vietnam

Vietnam Local Governance & Citizen Participation Program Goal

Efficient, responsive, transparent, and accountable public management to the benefits of women and men citizens.

(1) Swiss portfolio outcomes

Outcome statement 1.8

Women and men citizens in four provinces (Hoa Binh, Cao Bang, Thai Nguyen, Quang Binh) plan, budget, implement, and monitor their commune's socio-economic development.

Indicators:

- The share of provincial government financial contributions to commune development funds in Hoa Binh (HB) and Cao Bang (CB) provinces increases.
Baseline: 29% (HB) and 5% (CB) in 2011.
Target: 40% (HB) and 19% (CB) in 2015.
- Citizens' satisfaction with community organized services in the communities supported by SDC (disaggregated by gender) in Thai Nguyen and Quang Binh provinces increases.
Baseline: 80% in 2011.
Target: 90% (both men and women) in 2016.

Outcome statement 1.9

Women and men citizens benefit from more efficient, effective, transparent, and accountable public administration performance.

Indicators:

- The number of provinces that improve their absolute performance, based on citizens' satisfaction with the public services, increases.
Baseline: PAPI 2011 performance.
Target: seven provinces increase their absolute performance every year.

A results-based M&E system for five years and annual plans are improved and institutionalized by a decision of Ministry of Agriculture and Rural Development and applied at the central level.
Baseline and target:

| | 2010 | 2015 |
|--------------------------|------|-----------|
| M&E of MARD | Good | Very good |
| M&E of 4/11 Dept (MARD) | Fair | Very good |
| M&E of 2/63 DARDs | Fair | Very good |
| Plan of MARD | Good | Very good |
| Plan – 11/11 Dept (MARD) | Fair | Good |
| Plan – of 2/63 DARDs | Poor | Very good |

(2) Contribution of Swiss program

Trends and drivers of trend:

- Budgetary pressure for improving effectiveness and efficiency of public resources use is increasing in Vietnam. In a still very centralized and top-down country like Vietnam, further decentralization is one key solution.

Impact logic of Swiss program:

- Participatory planning, budgeting, implementing, and monitoring of commune development plans ensure that they meet the demands of people;
- Community management allows people to organize themselves in dialogues with the commune government to foster mutual accountability and to improve the allocation of resources;
- Demand-driven implementation of commune development plans leads to demonstration of higher effectiveness and efficiency in using scarce public resources.

Risks:

All the provinces supported by SDC are poor and in mountainous areas. As a consequence their budgets are very limited, and the provincial governments might be reluctant to partly decentralize their tight budgets to the communes. Continuous policy dialogue with the local authority is needed to maintain momentum.

Trends and drivers of trend:

There is a link between public security and the quality and quantity of public services delivered to citizens. Government agencies at all levels are under pressure to improve their effectiveness and efficiency. Results-based planning and evidence-based policy-making are important elements to the solution.

Impact logic of Swiss program:

- A mechanism allowing citizens to provide their feedback on and assessment of performance of provincial government and public administration based on their experience allows provincial governments to better understand how well they meet (or not) the people's expectations;
- Transparency of performance of all provinces and open debates on their performance by central and provincial governments, civil society and private sector create incentives for provincial governments to improve their performance. Best practices will be identified and disseminated among provinces;
- Results-based M&E developed and institutionalized in the planning process of the ministry of agriculture and rural development and all provincial departments for agriculture and rural development allows the ministry and departments to be more effective and efficient.

Risks:

Results-based planning and evidence-based policy-making require quality data, which might not always be available in Vietnam.

(3) Country development outcomes

Outcome statement 1

"Perfect the mechanism of decentralization, ensure uniform management, strengthen monitoring and inspection; concurrently emphasize pro-activeness, the spirit of responsibility taking, and strengthen capacity for each level of government" (PAR MP 2011–2020).

Targets:

By 2020 more than 80% of individuals and organizations are satisfied with the services delivered by public administration agencies.

Outcome statement 2

"Strengthen openness, transparency, and accountability in civil service" (PAR MP 2011–2020).

Indicators:

All public agencies set clear annual targets.

(4) Lines of intervention (Swiss program)

Outcome 1.8

Public Service Provision Improvement Program in Agriculture and Rural Development (PSARD): To contribute to building up efficient and effective decentralized public services delivery systems and processes in agriculture and rural development and to strengthen capacity of the commune government in participatory planning, budgeting, implementing, and monitoring its socio-economic development plan.

Community Management: to ensure i) **self-management:** Communities should have the right and the capacity to identify the issues or problems of their development, to develop solutions, and to implement them, and ii) the **voice of the community must be heard:** Communities should have the right and the capacity to influence decisions initiated by other actors (government, private sector), which affect their life and to monitor the implementation of those decisions in order to protect their interests.

Outcome 1.9

The Vietnam Provincial Governance and Public Administration Performance Index (PAPI): To strengthen transparency, accountability, and responsiveness of the provincial governments to their citizens by measuring all provinces' performance on governance and public administration, based on feedback from a representative sample of citizens.

Result-based M&E for Agriculture and Rural Development: to enhance the result-based planning, monitoring, evaluation, and evidence-based policy-making system for agricultural and rural development.

(5) Resources, partnerships (Swiss program)

Budget: Estimated about CHF 12 million from 2013 to 2016.

The main implementing partners of SDC are UNDP, Ministry of Agriculture and Rural Development, local authorities (provincial, district, and commune), and communities in the SDC project areas. Centre for Development of Women and Children, Centre for Community Development (Vietnamese NGOs), and Helvetas. SDC will also coordinate its efforts with other like-minded donors, such as AusAID, CIDA, Belgium, DFID, IrishAID, and NORAD.

Vietnam Agriculture & Food Security Program Goal
Improved rural livelihoods and incomes of poor women and men, especially ethnic minorities.

| (1) Swiss portfolio outcomes | (2) Contribution of Swiss program | (3) Country development outcomes |
|---|---|--|
| <p>Outcome statement 2.8</p> <p>Women and men farmers in selected provinces have increased incomes through more effective access to markets.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - The income of beneficiaries in targeted areas (disaggregated by product and gender) increases. Baseline: Will be defined 2013. Target: Will be established for 2016. - Poverty in targeted areas is reduced by one percentage point/year.²⁷ Baseline: 2009: HB 16%, CB 29%. Target: 2015 HB 10%, CB 23%. | <p>Trends and drivers of trend:</p> <p>In the current context of rapid economic development in Vietnam, poor rural and mountainous households are left behind. They need to move away from subsistence agriculture and link and participate more actively in the market economy to improve their income, through both their agriculture activity and off-farm employment.</p> <p>Impact logic of Swiss program:</p> <p>Improving agricultural practices and strengthening linkages along agriculture value chains will help poor rural households have better access to market and hence bring higher income and employment opportunities.</p> <p>The SDC program will support farmer groups and other actors along the value chains to improve:</p> <ul style="list-style-type: none"> (i) Agriculture practices and product quality; (ii) Product development, higher added value, and sustainable business development; (iii) Cooperation among producers (horizontal) and between producers and other actors (in the vertical chain) and; (iv) Business development services. <p>Technical support will be complemented by policy dialogue with government to increase the impact of the program through (i) government adoption and replication of the successful models using the government system and budget and (ii) improved business enabling environment that benefit poor households in selected value chains. Opportunities for regional replication will also be explored through networking and knowledge dissemination.</p> <p>Risks:</p> <p>There might be epidemic outbreaks and/or price fluctuations of agriculture products adversely affecting farmer households.</p> | <p>Outcome statement 1</p> <p>“Gradually improve and enhance living conditions for the poor, especially in mountainous, ethnic minority areas” (SEDP 2011–2015).</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Average poverty rate decreases 2% annually, and in 62 poor districts decrease 4% annually. - Average per capita income of poor households increased by 1.6 times by 2015 (base: 2011). - By 2015, 20% of communes become new rural communes (government defined criteria) |

²⁷ Government target of 2% is centrally planned for all provinces. The target setup for SDC’s support is based on assessment of the reality in the provinces, as SDC targets difficult, poor, and rural areas in Vietnam.

Outcome statement 2.9

Women and men farmers in selected provinces use improved, demand-driven services for agriculture and rural development.

Indicators:

- The beneficiary satisfaction in target communes/districts with public services in agriculture and rural development improves.
2012 baseline: In HB 80%, in CB 55%
2016 target: to be defined

The number of women and men in targeted areas with access to improved small scale public infrastructure increases (baseline and 2016 target value to be defined in 2013)

Trends and drivers of trend:

Obstacles to improving rural livelihoods of poor farming households are mainly due to limited access to public services in agriculture and rural development. Furthermore, where services are available, they are essentially "top-down" and do not meet the needs of farming households. Therefore, improving quality of public services provisions and moving towards a demand-driven approach are two key elements for improving the livelihood of poor rural households.

Impact logic of Swiss program:

A mechanism allowing poor rural households to voice their needs and priorities to the local government in terms of needed public services will help the local authorities to become more responsive and demand-driven.

Supporting the creation of such a mechanism, through participatory planning, budgeting, implementing, and monitoring of commune development plans, coupled with direct funding to partially implement these plans through the commune development fund, are the main contributions of the Swiss program. In addition, public service providers are supported to improve their capacity to provide adequate services to farming households.

Risk:

Turnover of partner staff at local level could cause a gap in capability to provide quality trainings and spreading of appropriate methodologies, as well as capacity gaps in financial management, which might lead to ineffective use of the fund.

Outcome statement 2

Socio-economic infrastructures built in most disadvantaged district and communes as per the criteria of new rural areas, priority on roads, electricity, and clean water.

Indicators:

- 60% of villages with concrete roads as per standards of the Ministry of Transport.
- 90% poor communes with car accessible roads to commune centers.
- Small-scale irrigation works built to meet 90% of the production and everyday life usage requirements.

(4) Lines of intervention (Swiss program)

Outcome 2.8

Poverty Alleviation through Livestock Development in Northern Upland of Vietnam: Support to farmer groups as well as public and private service providers in livestock development to improve farmers' groups' knowledge and skills in sustainable production, to increase product quality that meets market demand.

Market Access for the Rural Poor – through value chain support: Technical assistance to actors along value chains to improve linkages and to contribute to an improved business enabling environment.

Public Service Provision Improvement Program in Agriculture and Rural Development: Provision of quality, demand-driven extension services, through direct funding to commune development fund and support to the local agricultural and rural development departments.

Outcome 2.9

Public Service Provision Improvement Program in Agriculture and Rural Development: Technical assistance to local government and public service providers in agriculture and rural development to improve their capacity in planning and financial management as well as technical expertise. Provision of small-scale infrastructure, through direct funding to commune development funds.

Community Management: Direct financial support to selected communities through commune development funds to implement participatory local plans, with co-funding mechanisms (by the community) for small-scale public infrastructure.

(5) Resources, partnerships (Swiss Program)

Budget: Estimated about 11 million CHF from 2013 to 2016

The main implementing partners of SDC are provincial and district governments, and non-government organizations: Provincial People's Committee, Department of Agriculture and Rural Development, Office of Agriculture and Rural Development, agriculture extension station, veterinary station, Agronomes & Vétérinaires Sans Frontières, and Helvetas. A new set of partner NGOs will be selected through the implementation of the new program on Market Access for Rural Poor (MARF).

National counterparts are the Ministry of Agriculture and Rural Development and the National Institute of Animal Husbandry.

Coordination with other donors: DFID, WB, and IFAD.

Annex 3: Allocation Planning by Country and by Thematic Domain

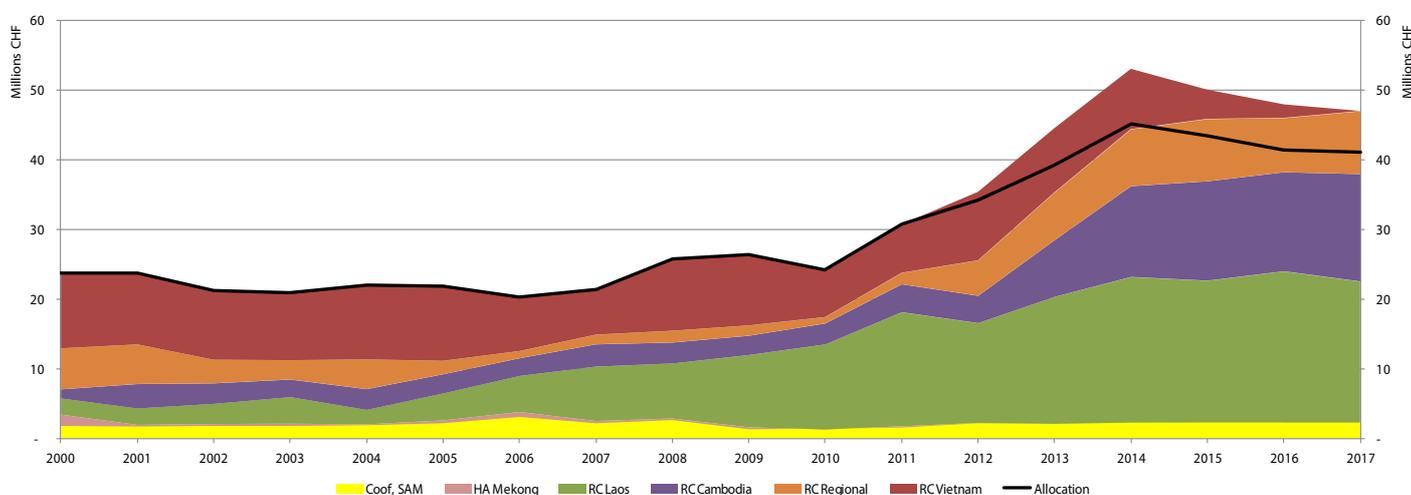
Planned allocations by country (in million CHF)

| | 2013 | 2014 | 2015 | 2016 | 2017 | % in 2017 | % total | total |
|-------------|------|------|------|------|------|-----------|---------|-------|
| Cambodia | 8 | 8.5 | 11.5 | 13 | 14 | 32.5% | 27% | 55 |
| Lao PDR | 15.5 | 17 | 18 | 18 | 18 | 42% | 42% | 86.5 |
| Vietnam | 8.5 | 8 | 4 | 2 | 0 | - | 11% | 22.5 |
| Regional | 4 | 5.5 | 6.5 | 7 | 9 | 21% | 15% | 32 |
| COOFs & SAM | 2 | 2 | 2 | 2 | 2 | 4.5% | 5% | 10 |
| Total | 38 | 41 | 42 | 42 | 43 | 100% | 100% | 205 |

Planned allocations by domain

| Domains | 2013-17 in CHF | 2013-17 in % |
|---|----------------|--------------|
| Agriculture and Food Security, incl. climate change | 70 | 34% |
| Local Governance & Citizen Participation | 70 | 34% |
| Employment & Vocational Education and Training | 33 | 16% |
| Other Domains (mainly health) | 22 | 11% |
| COOFs & SAM | 10 | 5% |
| Total | 205 | 100% |

Annex 4: Financial Development of the Mekong Program 2000–2017²⁸



²⁸ The indicated HA Mekong resources refer only to HA activities in Vietnam, Lao PDR, and Cambodia, while the major HA program in the region for this time period has been implemented in Myanmar.

Annex 5: Development of Staff Resources in the Mekong Region

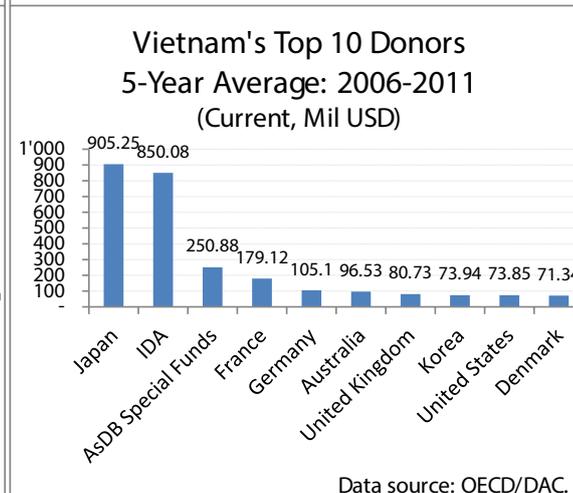
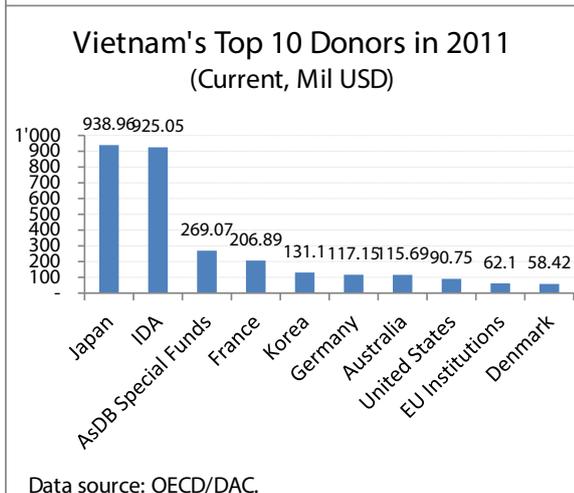
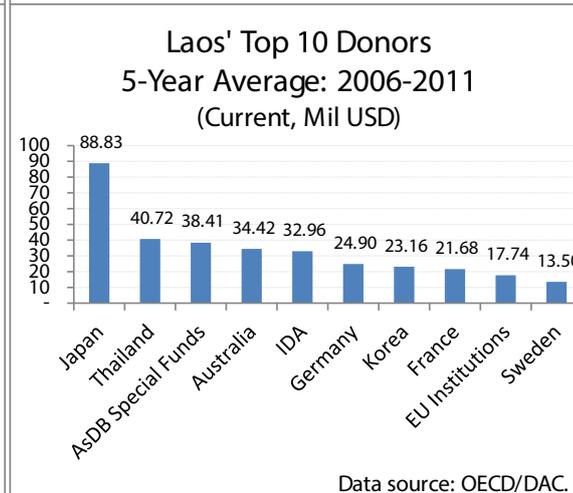
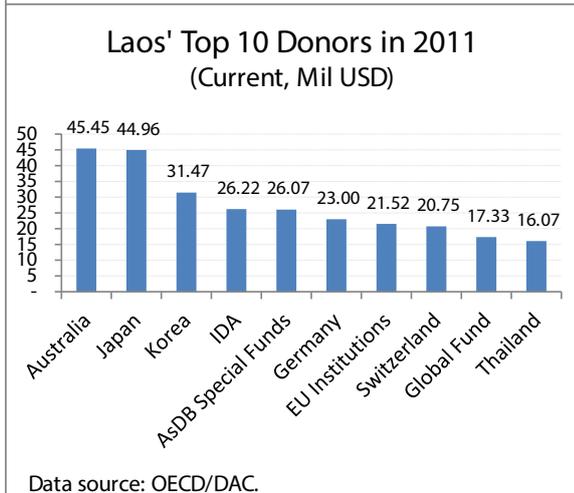
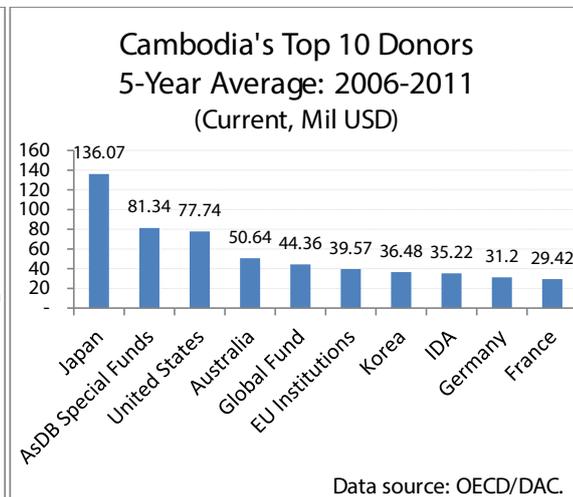
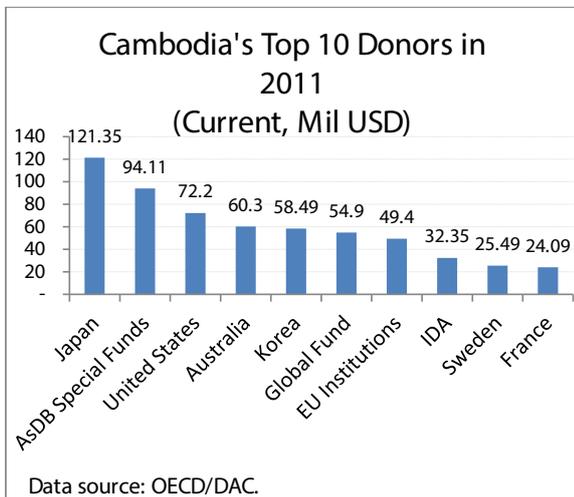
(only Regional Cooperation budget)

| | 2013 | | | 2014 | | | 2015 | | | 2016 | | | 2017 | | |
|--------------------------------|------|---|-----|------|---|-----|------|-----|---|------|---|---|------|---|---|
| | C | L | V | C | L | V | C | L | V | C | L | V | C | L | V |
| Regional Director | | | | | | | | | | | | | | | |
| Director of Cooperation | | | | | | | | | | | | | | | |
| Deputy Director of Cooperation | | | | | | | | | | | | | | | |
| Expatriate Program Manager | | | | | | | | 1.5 | | | 2 | | | 2 | |
| Regional Advisor Quality | | | | | | | | | | | | | | | |
| Regional CFA | | | | | | | | | | | | | | | |
| Total per Country | 1.5 | 5 | 1.5 | 2 | 5 | 1.5 | 2 | 5 | 2 | 2 | 5 | 1 | 2 | 5 | 0 |
| Total | 8 | | | 8.5 | | | 9 | | | 8 | | | 7 | | |

Annex 6: Monitoring and Strategic Steering of MRS – Instruments and Schedules

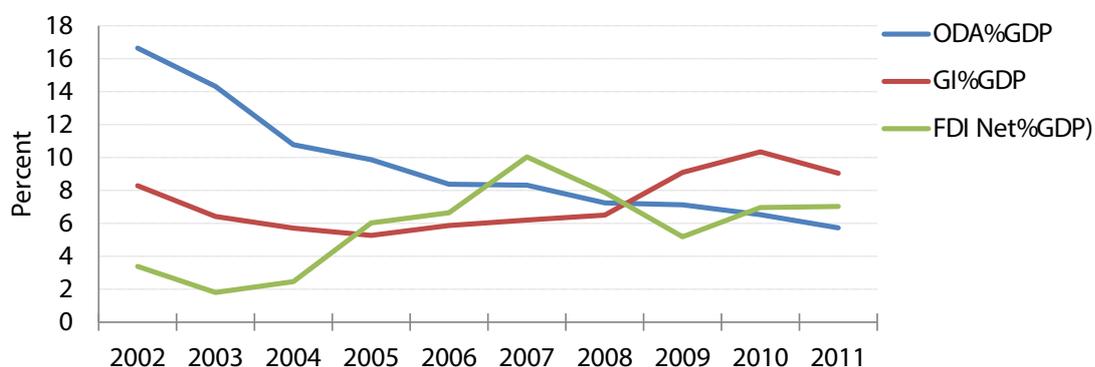
| Instruments | Cambodia | Lao PDR | Vietnam | Regional |
|--|--|--|--|--|
| Project result monitoring and steering through progress reports, steering committees, field visits, and partner and policy dialogue. | Continuously; at least one field visit per project per year. | Continuously; at least one field visit per project per year. | Continuously; at least one field visit per project per year. | Continuously; at least one field visit per project per year. |
| Project end-of-phase reviews. Nine months ahead of phase renewals. | 2013: - 2014: - 2015: tbd 2016: tbd 2017: tbd | 2013: LaoDecide, UXO 2014: PEI, GPAR, Civil Society 2015: TABI, PARUA, PRF, Rights Link 2016: VELA, tourism south 2017: Culture, new AFS project | None | 2013: MRC 2014: UNWOMEN 2015: MI 2016: tbd 2017: Land Governance |
| Context trends monitoring through MERV. | Annually in August | Annually in August | Annually in August | Annually in August |
| Partner days to aggregate domain portfolio results. | Annually in September per domain | Annually in September per domain | Annually in September per domain | |
| Domain impact studies (in August/September). | 2013: - 2014: - 2015: LGCP 2016: AFS 2017: E&VET | 2013: - 2014: - 2015: LGCP 2016: AFS 2017: E&VET | 2013: - 2014: LGCP, AFS 2015: - 2016: - 2017: - | 2013: - 2014: - 2015: LGCP 2016: AFS 2017: E&VET |
| Impact studies transversal themes. | 2013: - 2014: - 2015: Good Governance 2016: Gender 2017: Ethnic Minority Inclusion | 2013: Gender 2014: Ethnic Minority Inclusion 2015: Good Governance 2016: - 2017: - | 2013: Gender 2014: Ethnic Minority Inclusion 2015: - 2016: - 2017: - | 2013: - 2014: - 2015: - 2016: Gender 2017: Ethnic Minority Inclusion |
| Annual reporting to head office | Annually in October | | | |
| MRS mid-term review | May/June 2015 | | | |

Annex 7: Major Donors and Significance of ODA in Cambodia, Lao PDR and Vietnam ²⁹



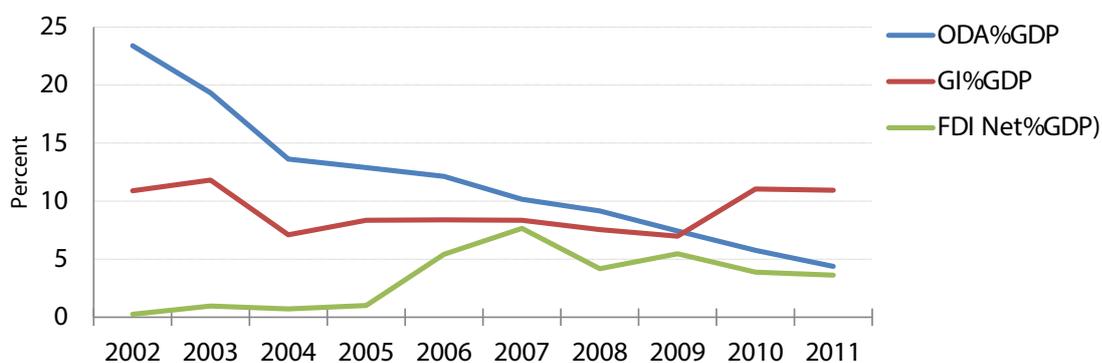
²⁹ ODA: no figures available for ODA from China; FDI: figures in these tables represent "net FDI" understood as only the FDI flowing through the official channels, i.e. the Central Banks; real inflow might be substantially higher. Government investment includes borrowing. To be noted that no figures are available for borrowing from China.

Cambodia's ODA, Government Investment and FDI as Percent of GDP: 2002 - 2011



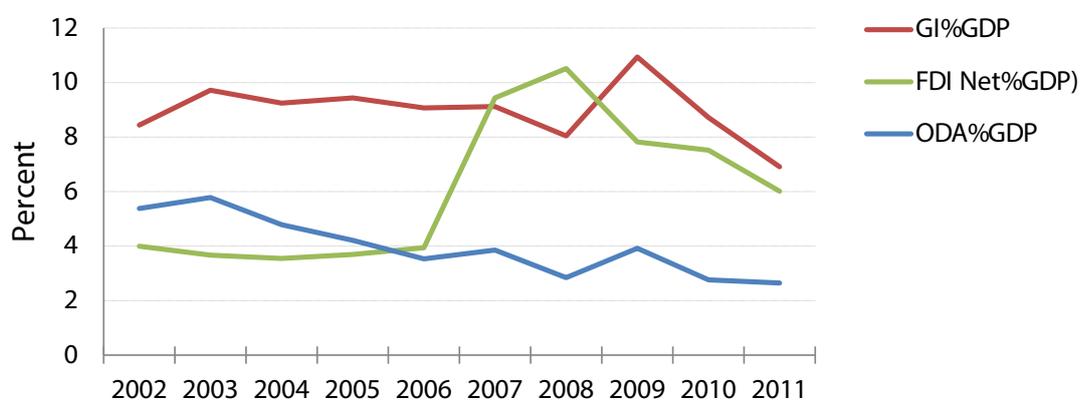
Data sources: ODA - Net ODA disbursement, OECD/DAC; GI - government investment (capital expenditure), ADB's Key Indicators; GDP and FDI, WB.

Lao PDR's ODA, Government Investment and FDI as Percent of GDP: 2002 - 2011



Data sources: ODA - Net ODA disbursement, OECD/DAC; GI - government investment (capital expenditure), ADB's Key Indicators; GDP and FDI, WB.

Vietnam's ODA, Government Investment and FDI as Percent of GDP: 2002 - 2011



Data sources: ODA - Net ODA disbursement, OECD/DAC; GI - government investment (capital expenditure), ADB's Key Indicators; GDP and FDI, WB.

Annex 8: SDC Global Programs Active in Mekong Region (situation 2012)

| | Cambodia | Lao PDR | Myanmar | Vietnam |
|---|---|---|---|---|
| Global Program Food Security | <ul style="list-style-type: none"> - Remote sensing-based Information and Insurance for Crops in Emerging economies (RIICE) - Land Observatory (with ILC, CDE) - International Rice Research Consortium (IRRC) | <ul style="list-style-type: none"> - Land Observatory (with ILC, CDE) - International Rice Research Consortium (IRRC) | <ul style="list-style-type: none"> - International Rice Research Consortium (IRRC) (tbc) | <ul style="list-style-type: none"> - Remote sensing-based Information and Insurance for Crops in Emerging economies (RIICE) |
| Global Program Water | <ul style="list-style-type: none"> - Water Diplomacy: trans-boundary water management in the "3S-basin" | <ul style="list-style-type: none"> - Water Diplomacy: trans-boundary water management in the "3S-basin" | | <ul style="list-style-type: none"> - Water Diplomacy: trans-boundary water management in the "3S-basin" |
| Global Program Climate Change | <ul style="list-style-type: none"> - ASEAN Social Forestry network (ASFN) | <ul style="list-style-type: none"> - ASEAN Social Forestry network (ASFN) | | <ul style="list-style-type: none"> - ASEAN Social Forestry network (ASFN) - Capacity Building and Twinning for Climate Observing Systems (CATCOS) |
| Global Program Migration and Development | | | | |
| Global Program Health | | | | |

Annex 9: Summary of SECO Vietnam Country Strategy 2013–2016

Vietnam became a **priority country of Swiss economic development cooperation** in 2008, as a result of Vietnam's successful reform process and Switzerland's commitment to the Millennium Development Goals. Since then, SECO has substantially increased its support with the main objective of contributing to sustainable economic growth in line with Vietnam's development and reform priorities.

The **overall objective** of SECO's program is to support **Vietnam to attain inclusive and sustainable growth** that results in higher economic well-being and quality of life by contributing to the economic reform agenda. The Swiss economic cooperation program with Vietnam responds to Vietnam's development challenges with three main objectives.

Objective 1: Support sound framework conditions for inclusive and sustainable growth

Challenges: Maintaining a stable macroeconomic environment, building up strong institutions and promoting sound economic framework conditions for private sector development are paramount. Any further delay in second-generation reforms will be at the expense of international competitiveness. Vietnam must strengthen its capacities to administer and implement such a reform agenda. Efforts are particularly needed to strengthen the public administration by introducing the principles of efficiency, accountability and transparency and by reforming the state-owned sector

Focus: SECO has a tradition of cooperation with Vietnam aimed at strengthening macroeconomic framework conditions. SECO supports Vietnam in its **Public Financial Management** reform, aiming at improved transparency of public finances and strengthened accountability of the authorities. SECO's activities in the **financial sector** will support the government's restructuring agenda with a focus on strengthening financial supervision and regulation and the financial infrastructure for the banking sector. Objective 1 also encompasses measures to strengthen Vietnam's private sector through **trade policy support** as well as by supporting the development of regulations targeted at **promoting an enabling business environment** for small and medium-sized enterprises (SME) and financial inclusion.

Objective 2: Enhance productivity and increase competitiveness of SMEs

Challenges: Vietnam is starting to show signs of falling productivity. The high growth rate of the past, driven by cheap input factors (i.e. low wages), has reached its limit. Symptoms of low competitiveness are poor public service delivery and high costs of doing business. It is essential for the country to channel its resource allocation towards more productive and innovative industries and enhance the efficiency of the state sector. Continued structural reforms to remove constraints to private sector growth, raise productivity and innovation, address international competitiveness issues are required.

Focus: SECO's instruments are still particularly suited to contributing to enhanced competitiveness of the Vietnamese economy because they promote a level playing field for the private sector and sustainable trade and investment. With a **special focus on SME development**, SECO provides financial and technical assistance to increase the international competitiveness of the private sector. Key activities are **value-chain development, promotion of international business practices, quality and labor standards and improved access to capital and financial services**. Capacity building for administrative agencies and private sector agents is important to lower business costs as well as to strengthen their skills. Objective 2 also encompasses the development of sustainable infrastructure with the potential to support economic activities and business attractiveness in **regional growth hubs** (at city level) and to improve the quality of life of their residents and workers.

Objective 3: Promote environmentally friendly policies

Challenges: The price to pay for Vietnam's rapid economic expansion is environmental degradation caused by, for instance, pollution, unsustainable exploitation of natural resources, or inefficient energy use. High exposure to climate change adds to the challenge for Vietnam to cope with environmental issues and natural catastrophes. In order to secure sustainable long-term growth, the government needs to continue its efforts to introduce measures to mitigate climate change and promote green growth policies.

Focus: SECO intends to help Vietnam to deal with environmental challenges through a **multi-stakeholder dialogue** focusing on measures to address climate change and environmentally sustainable growth policies. In order for the private sector to support environmental issues, SECO will target its assistance towards the **promotion of sustainable production and consumption patterns**. Through infrastructure financing, SECO contributes to improving urban infrastructure with a focus on **energy efficiency and the promotion of renewable energy** as well as on environmentally friendly technologies in **wastewater and solid waste treatment**.

Cross cutting issues for SECO are **economic governance and gender**. Economic governance comprises all institutions, regulations, judiciary systems and norms that promote the effectiveness, non-discrimination, legitimacy and accountability of economic activity and therefore contribute to combating corruption. SECO sees gender as an important element of poverty reduction and improving the economic prospects of partner countries. The gender dimension is integrated into project design and implementation, where it can contribute to the greater effectiveness of SECO's projects.

SECO will use an **appropriate mix of modalities** for development cooperation consisting of general budget support, project support to provide technical and financial assistance, capacity building at individual, organizational and institutional level as well as infrastructure financing. SECO will engage through **bilateral projects or in collaboration with multilateral organizations**, particularly in projects where sharing Swiss expertise or leveraging the comparative advantage of multilateral agencies with grant money is central. SECO will use **pooled-funding mechanisms and programmatic support facilities**, such as multi-donor trust funds, in areas of cooperation where a high degree of donor harmonization is desirable and which call for increased financial and technical assistance.





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