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# Evaluation Study of Long-Term Development Co-operation between Vietnam and Sweden





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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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# Foreword

In 1969, at the height of the Second Indochinese War (alternatively known as the Vietnam War or American War), Sweden formed diplomatic relations with Vietnam and soon thereafter started a large program of official development co-operation. This was a politically controversial move internationally, but also nationally it did not go unquestioned. Sweden had already been providing humanitarian assistance to Vietnam since 1967. In 2007, Vietnam was chosen as one of the countries Sweden would phase out development co-operation with. By this time Vietnam had joined the WTO, had impressive economic growth along with an impressive record of reducing poverty. It is foreseen that the country will reach most of the Millennium Development Goals by 2015.

This report is one of three reports commissioned by Sida to an independent team to review the development co-operation to countries in Asia, (also Sri Lanka and Laos), where Sweden is, or has, phased out. It summarises experiences and lessons of this co-operation. This report was predated by an earlier, preparatory phase in 2009 that was to comprehensively document and describe this co-operation. It is also complemented by a synthesis report, which not only compiles the lessons and summarises the three country reports, but also comparatively analyses the conclusions and lessons.

The relationship between Sweden and Vietnam, which has evolved over more than 40 years, has very much been based on development co-operation. This evaluation provides an overview of the years between 1969 and 2011. Sweden has been involved in many areas during this time, from the early years in health, humanitarian support and forestry to research, human rights and democracy and anti-corruption in the later years.

The evaluators conclude that Swedish development co-operation contributed to lifting millions of Vietnamese out of poverty. This is a bold statement, but important here are the lessons that allow the consultant to make such a statement. This includes co-operation with the government, which also trusted Sweden to lead the work in anti-corruption, but also initiate other politically sensitive democracy programs. The evaluators highlight Sweden's "special" relationship with Vietnam as decisive in forging what they consider to be a

successful development co-operation program, that was responsive to the development needs of the country, effective and efficient delivery of aid, and that assisted in providing the conditions for sustained poverty reduction, as demonstrated especially by Sweden's support to Vietnam's extensive economic reforms. The report clearly shows that Sweden has been appreciated for this.

For many Vietnamese, Sweden is known as the first Western nation friendly to an independent and struggling Vietnam. Olof Palme (the Swedish politician and prime minister), the National Paediatric hospital Uong Bi hospital and the Bai Bang paper mill are most often mentioned. Another thing that comes out very clearly from the report is the need for long-term objectives. The best example of this is Bai Bang, which was more costly than calculated, had a number of short-comings, but is now not only a successful private company, but also one of the biggest in Vietnam producing and also exporting high-quality paper.

Since 2009, Sweden has changed the modality of development co-operation from traditional development aid to partner-driven co-operation. This modality has worked very well, and perhaps one reason is that it is based on this unique friendship the evaluators focus on and the infinite number of relationships that have been forged between institutions and individuals over 40 years.

The lessons from this evaluation study may seem obvious and not very novel but in retrospect they took years to achieve. It is now time to test their viability and value in informing not only Swedish development co-operation in other countries but perhaps even that by other donors.

The views in the report are those of the independent evaluators and not the views of Sida.



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# Acronyms

AC	Absorptive Capacity
ADB	Asian Development Bank
AQEF	Aid Quality Evaluation Framework
CIDA	Canadian International Development Agency
CIEM	Central Institute for Economic Management
CPIA	Country Policy and Institution Performance
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DDG	Deputy Director General
DfID	Department for International Development (UK development agency)
DoHA	Department of Home Affairs
DRV	Democratic Republic of Vietnam
FAO	Food and Agriculture Organization
FCP	Forestry Co-operation Programme
FOJO	Further Education of Journalists
FTP	Forest, Trees, and People
GDP	Gross Domestic Product
GoV	Government of Vietnam
GTZ	Gesellschaft für Technische Zusammenarbeit
HDI	Human Development Index
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development
ISPONRE	Institute of Strategy and Policy on Natural Resources and Environment
JICA	Japan International Cooperation Agency
LDF	Local Development Fund
LMDG	Like-Minded Donors Group

LPMD	Local Planning and Management for Development
LTCs	Land Tenure Certificates
LUR	Land Use Rights
MARD	Ministry of Agriculture and Rural Development
MCD	Marine Life Conservation and Community Development
MFA	Ministry of Foreign Affairs
MIC	Middle Income Country
MoCI	Ministry of Culture and Information
MoCST	Ministry of Culture, Sports and Tourism
MoFA	Ministry of Foreign Affairs
MOIT	Ministry of Industry and Trade
MoH	Ministry of Health
MoJ	Ministry of Justice
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
MPs	Members of Parliament
MRDP	Mountain Rural Development Program
NEU	National Economics University
ODA	official development assistance
OECD	Organisation of Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
OOF	other official financing
OPC	Office of People's Committee
PAR	public administration reform
PDC	Partner-Driven Co-operation
PEFA	Public Expenditure and Financial Accountability
PFM	public sector financial management
PGD	Policy for Global Development
PMU	Program Management Unit
POs	Program Officer's
PPP	purchasing power parity
PRA	Participatory Rural Appraisal

PSCP	Plantation and Soil Conservation Program
SEMLA	Strengthening Environmental Management and Land Administration
Sida	Swedish International Development Co-operation Agency
SIDA	Swedish International Development Authority
SOEs	State Owned Enterprises
SR	Swedish Radio
TFAP	Tropical Action Forestry Action Plan
TOR	Terms of Reference
UNDP	United Nations Development Program
VCP	Vietnamese Communist Party
VoV	Voice of Vietnam
VTV	Vietnam Television
WTO	World Trade Organisation

# Preface

The overall goal of the Swedish International Development Cooperation Agency (Sida) is to contribute to making it possible for poor people to improve their living conditions.

In 2007 the Swedish Government decided to reduce the number of countries with which Sweden carried out development co-operation. This included cessation of development co-operation with Laos, Sri Lanka, and Vietnam, and in accordance with Swedish development co-operation strategies, Sida and the embassies/country teams of those three countries initiated an evaluation study to document these long periods of development co-operation and assess results and experiences. Part One of this exercise was documentation to provide an historical account of the development co-operation with Laos, Sri Lanka and Vietnam. This was undertaken in 2009 – 2010.

In 2010, via an international competitive bidding process, Sida awarded a contract to GHD Pty Ltd from Australia to undertake Part Two: an evaluation study of long-term development co-operation between Sweden and the three countries. This report covers the evaluation results for Vietnam, with separate reports being provided for Laos and Sri Lanka.

The Evaluation Team included the following key members:

- Prof Mark McGillivray, Team Leader: Prof McGillivray is a well-recognised international development economist with experience as Chief Economist for the Australian International Development Assistance Agency (AusAID) as well as Deputy Director for the United Nations World Institute for Development Economics Research (WIDER).
- Dr David Carpenter, Deputy Team Leader: Dr Carpenter has evaluation and research experience across several countries while working with AusAID. He was manager of AusAID's Australian Research Development Program and the ASEAN-Australian Development Cooperation Program.
- Mr Andrew Laing, Senior Evaluation Specialist: Mr Laing is an international development economist recognised for his work in public financial management analysis and reporting for agencies such as the World Bank, DfID, AusAID and the UN.

- Mr Stewart Norup, M&E Advisor: Mr Norup has experience as a M&E Advisor on international projects for Hassall & Associates International and then GHD for the last 10 years.
- Dr Sango Mahanty, Senior Research Specialist/Gender Adviser: Dr Mahanty has over 15 years of experience in development co-operation working as an academic, a consultant and an NGO coordinator. Dr Mahanty has extensive experience in social research and multidisciplinary research methodologies.

# Acknowledgements

An evaluation report such as this one depends on inputs from a large number of people.

The Evaluation Team would like to acknowledge with thanks the input each of the key informants listed in Appendix B. Without them the report, in particular the case studies, could not have been written. The Evaluation Team would in particular like to thank the following key informants: Dr Börje Ljunggren, Gösta Edgren, Dr Le Dang Doanh, Marie Ottosson, Madam Pham Chi Lan, Lan-Huong Nguyen and Mr Thong.

The Evaluation Team would also like to thank Torbjorn Ockerman for invaluable support during the field work in Vietnam.

Very special thanks are due to Brigitte Junker and Katarina Kotoglou. Brigitte and Katarina managed this evaluation project within Sida, and did so with outstanding professionalism.

# Executive Summary

This report assesses the contribution Sweden has made to development and poverty reduction in Vietnam over 45 years of development co-operation, from the inception of the program in 1967 to its end in 2011.

The overall purpose of this evaluation is to provide:

1. An historical account of the development co-operation between Sweden and Vietnam by documenting and recording what has taken place and been achieved over the years; and
2. A summary of the experiences and lessons-learned from the co-operation in order to guide the Government of Vietnam as well as other donors and international partners that may step in after Sida, regarding the possible continuation of the different projects or programs, but also future development co-operation per se.

The primary aim of this evaluation is to provide Sida with an understanding of how its development activities have supported poverty reduction in Vietnam over time. Specific objectives include analysing the background and development context for interventions, analysing the reported results and impacts, and formulating conclusions and general lessons learned.

Evaluating 45 years of development co-operation is a complex task. An informative and rigorous methodological approach is required. This evaluation employs qualitative and quantitative methods in a complementary way to interrogate different types of evidence about the context, evolution and outcomes of Swedish development co-operation with Vietnam. This approach is grounded in the understanding that adopting different but complementary lines of enquiry invariably leads to more robust and credible research studies. In the spirit of complementarity this evaluation does not emphasise one line of enquiry over another but uses the insights arising from quantitative analysis to inform qualitative investigation and vice versa.

In accordance with contemporary international development thinking this evaluation adopts a multidimensional



conceptualisation of poverty. This conceptualisation is based on the recognition that quality of life or well-being depends not only on income, but on levels of health, education, participation, personal security, political participation and many other factors. It is also based on the recognition that high levels of income do not necessarily always closely correlate with high levels of health, education and other dimensions of well-being.

Such an evaluation also requires a comprehensive and rigorous evaluation framework. This evaluation relies heavily on an Aid Quality Evaluation Framework (AQEF). The AQEF is a conceptual tool that can be applied to almost any development aid activity. This framework is based on cutting edge knowledge of drivers of aid effectiveness. Under this framework aid effectiveness is defined in terms of the impact of aid on multidimensional poverty reduction. The AQEF consists of five components, against which the quality of aid is assessed. They are: (1) absorptive capacity; (2) quality of public sector financial management; (3) consistency with Paris Declaration principles; (4) consistency of aid delivery with partner country sectoral priorities; and (5) consistency of aid delivery with donor country program strategies.

Consistent with the evaluation's objective, the primary question addressed is as follows.

How, and to what extent, did Swedish development co-operation contribute to poverty reduction in Vietnam?

The reference to 'contribution' in the primary evaluation question highlights the focus on exploring the plausible associations between Sida's aid and changes in poverty, rather than supplying definitive proof of any causal relationship between the two. This report does not attempt to go further than speculate whether certain associations might be causal.

The evaluation also addresses four other (sub-) questions:

- (1) To what extent did Sida's aid respond to pressing multidimensional development needs in Vietnam?
- (2) To what extent has Sida's development co-operation program in Vietnam been effectively and efficiently delivered?
- (3) How and to what extent did Sida's development co-operation nurture an enabling environment for poverty reduction in Vietnam?
- (4) What lessons can be learned from Sweden's development co-operation with Vietnam to improve development effectiveness in the future? Answering the fourth sub-question draws together the

analysis in sub-questions one to three to identify the most salient lessons for development co-operation programs.

The report notes that Sweden provided \$US3.46 billion dollars, in constant 2008 prices, in official development assistance (ODA) to Vietnam during the period 1967 to 2008. Sweden was the second largest ODA donor to Vietnam in the 1970s, the largest in the 1980s and the fourth largest in the 1990s. Indeed Sweden dominated Vietnamese ODA receipts in the 1980s, providing 64 percent of total bilateral ODA to Vietnam during this decade. This represents 36 percent of total (bilateral and multilateral) ODA flowing to Vietnam during this decade. These numbers do not include aid from the Soviet Union and other former Eastern Bloc countries owing to a lack of comparable data.

The report's quantitative analysis found that:

- After suffering extensive damage during the Second Indo-Chinese War, Vietnam has achieved extremely impressive multidimensional development and poverty reduction outcomes since the early 1990s;
- Vietnam has achieved very high levels of economic growth since the early 1980s;
- Doi Moi appears to have been extremely successful and is associated with these levels of economic growth;
- Vietnam has received reasonably high levels of aid relative to population and GDP, and also relative to other foreign inflows;
- Year-on-year increases in Vietnamese aid receipts have not been as stable as could have possibly otherwise been the case;
- There has been significant proliferation and fragmentation of aid financed activities in Vietnam;
- The level of aid to Vietnam has been such that it would be reasonable to look for attribution between these inflows and national development outcomes in this country;
- The total aid to Vietnam has not been at a level that was too high for its economy to efficiently absorb; and
- Public financial management quality has trended upward in Vietnam since the 1970s.

With the exception of the finding regarding proliferation and fragmentation, these characteristics are pleasing from a development effectiveness perspective. While alone they clearly do not provide

sufficient evidence that aid to Vietnam has been effective, they do paint an optimistic view of development effectiveness in the country. The picture was enhanced by analysis presented in the report, which showed a very high correlation between the overall donor country effort in Vietnam and the levels of human development in Vietnam. Specifically, this analysis found that the total annual levels of ODA to Vietnam, relative to its population, predicted 91 percent of the yearly variation in Vietnam's human development index during 1980 to 2008. Such a high level of prediction is most uncommon, based on similar statistical investigation for other aid receiving countries.

What might these findings imply for Swedish development co-operation in Vietnam? Sweden has been a major donor of ODA to Vietnam. While this does not ensure that Swedish aid has had national level impacts in Vietnam, it does provide grounds for investigating whether such impacts have occurred, especially if it can be shown that Sweden supported highly strategic, pivotal activities that were efficiently delivered.

This question, among others, was addressed in the case studies discussed in the report. The case studies were selected in consultation with Sida. The principal case selection criterion was the expected value of the case study in fulfilling the overall aim of the evaluation and, in so doing, responding to the above questions. Also taken into account was the likely richness of information in to key time periods, people, and events. Judgement calls are unavoidable in selecting from a large number of potential case studies.

The case studies were examined in the context of key phases of the history of development co-operation between Sweden and Vietnam. These phases and the case studies are as follows:

**Phase I: Rebuilding Infrastructure and Supporting Economic Development: 1969 to 1986**

- Case Study 1 – Sweden's Early Support to the Health Sector
- Case Study 2 - Bai Bang and the side-projects

**Phase II: Supporting Reform and Building Institutions: 1986 to 1999**

- Case Study 3 – Sweden's Support to Economic Reform
- Case Study 4 – 'From FCP to MRDP': Towards Participatory Rural Development

### Phase III: Tackling Poverty, Supporting Democracy and Human Rights: 1999 – 2011

Case Study 5: Chia Se Poverty Alleviation Program

Case Study 6: Swedish Support to Public Administration Reform in Quang Tri Province

Case Study 7: Swedish Support to the Media

Case Study 8: Access to Justice Project

Case Study 9: Partner-Driven Co-operation

More than 200 key informants were interviewed for these case studies, both in Vietnam and Sweden.

Three overall, self-reinforcing, characteristics of Swedish aid were identified in these case studies. The first is the ‘special relationship’ between Sweden and Vietnam. The latter show the former as an especially close and trusted friend. This label has been frequently applied to development co-operation between Vietnam and Sweden. Nevertheless, it resonates throughout the case studies. The significance of the relationship is that it places Sweden in a position where it can potentially influence pivotal development outcomes, achieving more than what might be expected given the amount of aid it provides. The second characteristic is a long-term approach. Sweden’s tendency to apply a long-term perspective has both contributed to, and arises from, the special relationship that grew between the two countries. Sweden’s development assistance to Vietnam during Phase I, the Bai Bang Project in particular, should be seen in this context. While this assistance does not score well against components of the AQEF, the long-term approach it embodied helped build a special relationship between Sweden and Vietnam, providing a platform for future achievements. The third characteristic is flexibility and openness to new ideas. This characteristic is supportive of a long-term approach since they enable existing projects to evolve and adapt to emerging realities in Vietnam.

With respect to the first evaluation sub-question, there is clear evidence that, on balance, Sida responded to important multidimensional development needs in Vietnam.

Vietnam faced many significant development challenges in 1975, with one of the most pressing being the need to rebuild infrastructure following the damage done during the Indo-Chinese War. Addressing health was also a pressing need. Both the Bai Bang Project and support for constructing the Children’s Hospital in Hanoi and the General Hospital in Uong Bi were, broadly speaking, consistent with

these needs. However, closer examination of the development situation in Vietnam at the time would suggest that other economic infrastructure and health initiatives would have been more appropriate.

It was clear in the early to mid-1980s that Vietnam's economy was running into trouble and that reform was required. Growth and productivity was low, various economic targets had not been met and income poverty was extremely high. Sweden's support for Doi Moi from 1986 onwards was fully consistent with these pressing needs. This includes the need to reduce poverty, given links between poverty reduction and economic growth. Vietnam's post-1986 economic reforms undoubtedly helped lift many millions of Vietnamese out of poverty. The number of people benefitted in this way is difficult to quantify precisely, but it is certainly in the millions, given that the number of Vietnamese living in extreme income poverty fell by 42 percentage points between 1993 and 2006.

Throughout the mid- to late-1990s it was increasingly recognised in international development circles that in all countries economic growth alone is insufficient to eradicate poverty. It was also increasingly recognised that what was also needed were improvements in human rights, democracy and government accountability. The shifts in emphasis of the Swedish development co-operation with Vietnam in the third phase, from 1999 to 2011, were fully consistent with this thinking. They were consistent with pressing development needs in Vietnam. This is clearest in the case of poverty. Despite the reductions in the number of people living in extreme income poverty, some 78 percent of the Vietnamese people still lived on less than two dollars per day in 1998. A more direct approach to poverty was required, and this is precisely what Sweden's Chia Se poverty alleviation program provided.

With respect to the second evaluation question, the evidence of effective and efficient delivery of Swedish development co-operation in Vietnam is mixed.

Evidence of effective and efficient delivery is scarcest during the first phase of development co-operation. While it seems that Sida's priorities were aligned with those of the Vietnamese government, there is evidence of significant aid tying. There is also evidence of a lack of capacity in the health sector, which adversely impacted on the effectiveness of Swedish support to that sector.

The second and third phases clearly saw much more effective and efficient Swedish aid delivery in Vietnam. There was strong Vietnamese government ownership of the activities supported by Sida. Also these

activities were very closely aligned to Vietnamese government priorities.

With respect to the third evaluation question, there is clear evidence that Sida's development co-operation nurtured such an environment in Vietnam, or put differently, that it provided the pre-conditions for sustained poverty reduction. Nothing demonstrates this more clearly than Swedish support for Doi Moi. Dr Le Dang Doanh, Former Senior Economic Adviser to Prime Minister Pham Van Dong, was a key informant for this evaluation. In response to a question on this issue, his response was as follows:

*'You ask about the role of Sweden in the Doi Moi reform process. We would have done it ourselves of course, we would not have collapsed, their help was not that vital, but it would have been at a higher cost for us. It would have been difficult for us and would have been slower'.* (Dr Le Dang Doanh, Former Senior Economic Adviser to Prime Minister Pham Van Dong, Hanoi, March 23, 2011)

With respect to respect to the fourth evaluation question, there are three lessons learned, which if acted upon can improve future development effectiveness. These are:

1. To recognise the importance of relationships;
2. To adopt a long term approach - pursue an effective balance between principles and pragmatism; and
3. Be flexible and open to new ideas.

If there is a single observation that stands above all others not only from this evaluation, it is of the importance of relationships. Swedish achievements in Vietnam are disproportionate to the financial volume of its development activities in this partner country. To use a somewhat crude term, Sweden has achieved enormous "bang for its buck" in Vietnam.

Madam Pham Chi Lan, Former Director General, Vietnam Chamber of Commerce, who was also quoted in Chapter 4, made the following observation:

*'Money is important, but what is more important is the support across our entire history with Sweden, this has nothing to do with money, other countries give us more money but we don't have the same relationship with them'.* (Madam Pham Chi Lan, Former Director General, Vietnam Chamber of Commerce, Hanoi, March 23, 2011)

Madam Lam refers to the 'entire history' between Sweden and Vietnam. On this point it is appropriate to make one final comment

on the Bai Bang Project. Less than positive comments were made about this project, on specific technical criteria, above. The true significance of this project, along with support for building hospitals early in the first phase of development co-operation between Sweden and Vietnam, is that they provided a basis for building an extremely productive relationship between the two countries, providing a basis for much more effective interventions that followed.

The clear message to the international donor community from this evaluation is that the nature of the relationship is an important prerequisite for effective development co-operation. The relationship needs to be supportive, understanding and honest, in which potentially difficult issues can be discussed and acted upon in a pro-development manner. This is what has characterised Swedish co-operation with Vietnam.

The primary evaluation question - how, and to what extent, did Sida's development assistance contribute to poverty reduction in Vietnam? – is rarely easy to answer for any development co-operation program. Yet the evidence examined in this report points to Swedish development co-operation with Vietnam having strong poverty reducing impacts.

While the exact extent to which Swedish development assistance has reduced poverty is a matter for speculation, it would appear to be beyond doubt that Sweden has worked with the Government of Vietnam to lift many millions of Vietnamese out of income poverty. The benefits of this assistance are almost certainly not limited to income dimension poverty alone, but to gains in other dimensions. It is a general rule, based on the findings of international research, that higher growth facilitates gains in health and education. There is no reason to believe that this rule does not apply in Vietnam. It can reasonably be concluded, therefore, the Swedish development co-operation has improved the health, education and overall human development levels of millions of Vietnamese citizens.

# Part One – Swedish Development Co-operation With Vietnam: Setting The Context

## 1. PURPOSE, SCOPE AND METHOD OF EVALUATION

### 1.1 Introduction

Swedish development co-operation with Vietnam commenced in 1967. The period from the late-1960s to mid-1970s was a very difficult time for Vietnam. During this time the country was still divided into South Vietnam and North Vietnam. The Second Indo-Chinese war was at its height, ending with the fall of Saigon (now Ho Chi Minh City) to the North Vietnamese forces in 1975. Both North and South Vietnam had suffered tremendous economic and human losses during the war. Intense aerial bombardment had extensively damaged economic infrastructure and, in Vietnam as a whole, it is estimated that there were up to 1.5 million civilian and military deaths, 360,000 people made invalids, and one million people widowed. It is difficult to imagine how difficult and complex the operating environment for any aid donor must have been during these years.

With the end of the War in 1975 came political re-unification and the spread of communism throughout the country. As a result of these economic policies many donors either suspended or substantially scaled back their aid. It was at this time that Sweden became the largest OECD DAC donor in terms of volume of funds. Sweden retained this status for every year until 1991, providing 64 per cent of Vietnam's total OECD DAC bilateral aid during the 1980s. It was one of only three OECD DAC donors not to substantially scale back its aid to Vietnam, following the latter's invasion of Kampuchea (now Cambodia) in 1978. Swedish aid to Vietnam reached its highest annual level of \$US309 million in 2008. Sweden is the second largest provider of aid to Vietnam, in dollar terms, since the end of the Indo-Chinese War, following Japan.

Swedish development co-operation with Vietnam has been characterised by long-term partnerships around key activities. The nature of these activities has changed over time, in part due to changes in international thinking on development assistance but also due to changing needs in Vietnam owing to its economic and social transition over



time. In the early years Swedish development co-operation focused on supporting health, on strengthening physical infrastructure and on humanitarian support. In the 1980s Sweden shifted to capacity building and supporting economic reform. Swedish aid was instrumental in supporting Doi Moi - the sweeping reforms intended to facilitate the transition from a socialist command economy to a more market-oriented economy. Doi Moi had a significant impact on economic growth and lifted millions of Vietnamese people out of income poverty.

From the late 1990s Sweden became increasingly involved in democracy, human rights, and anti-corruption – all highly sensitive areas in which few other donors were able to work. Sweden was able to move into these areas given its long-term relationship as a trusted friend of Vietnam.

This report assesses the contribution Sweden has made to development and poverty reduction in Vietnam over the 45 years of development co-operation, from the inception of the program in 1967 to 2011. It is one of three evaluation reports commissioned by Sida in countries where it is, or has, phased out official development co-operation. The other two reports focus on Sri Lanka and Laos. This chapter outlines the purpose and scope of this evaluation and introduces the evaluation questions, as well as briefly discussing the methodological approach used in this report.

## 1.2 Purpose and Scope

The overall purpose of this evaluation is to provide:

1. An historical account of the development co-operation between Sweden and Vietnam by documenting and recording what has taken place and been achieved over the years; and
2. A summary of the experiences and lessons-learned from the co-operation in order to guide the Government of Vietnam as well as other donors and international partners that may step in after Sida, regarding the possible continuation of the different projects or programs, but also future development co-operation *per se*.

The primary aim of this evaluation is to provide Sida with an understanding of how its development activities have supported poverty reduction in Vietnam over time. Specific objectives include analysing the background and development context for interventions, analysing the reported results and impacts, and formulating conclusions and general lessons-learned.

Efforts and achievements were assessed against the context prevailing at the time when decisions were made, and the overall development objective of poverty reduction as formulated in national development plans, poverty reduction strategies and Swedish development plans, policies and strategies.

This evaluation does not seek to attribute in any quantitative way a causal link between Swedish development co-operation and poverty reduction, or other high level development outcomes in Vietnam. Such an exercise requires precise knowledge of development outcomes that would have arisen in the absence of Swedish development co-operation. This is an extremely complex and highly speculative task, and one that is beyond the scope of this evaluation. This evaluation does, however, point to various stylised facts or statistical associations between development co-operation and development outcomes in Vietnam. The report speculates about whether these associations might be causal, but goes no further than that. The evaluation uses a multidisciplinary, mixed method approach to assess the impact of Swedish aid, as discussed below.

Further, this report does not exhaustively document the full suite of development interventions funded by Sweden over the 45-year history of engagement as this task was undertaken as part of Phase 1 of this broader project (see Nordic Consulting Group, 2010). Instead this report uses a case study approach to discuss particular themes underlying Swedish aid in critical periods of Vietnam's history, and situates that within the broader political and economic context existing at the time, with reference to key policy shifts in development co-operation between Vietnam and Sweden.

### **1.3 Evaluation Methods and Conceptual Framework**

#### **1.3.1 Methods**

This evaluation employs qualitative and quantitative methods in a complementary way to interrogate different types of evidence about the context, evolution and outcomes of Swedish development co-operation with Vietnam. This approach is grounded in the understanding that adopting different but complementary lines of enquiry invariably leads to more robust and credible research. In the spirit of complementarity this evaluation does not emphasise one line of enquiry over another but uses the insights arising from quantitative analysis to inform qualitative investigation and vice versa.

Much of the quantitative analysis in this report is used to set the broader context of development achievement in Vietnam and ODA allocation by Sweden over time. These data are used to track changes in quality of life - poverty in particular. Information is presented on indicators such as per capita income, annual rates of growth, life expectancy, adult literacy, child and infant mortality, maternal mortality and the percentage and absolute number of people living below the income poverty line. Changes over time in variables are examined and inferences about aid effectiveness are made. A challenge for the analysis was data availability, especially in the early years of Swedish development co-operation. Further details are provided in Appendix A.

The qualitative component of this evaluation focused on the flexible exploration of the evaluation questions through the use of semi-structured interviews, focus groups and the analysis of existing documentation. Over 200 key informants were interviewed in Vietnam and Sweden (see Appendix B for more details), and hundreds of documents collected during Phase 1 of the research were also utilised. This qualitative information is used extensively when discussing the performance of particular interventions, relations between Sweden and the Government of Vietnam, changes in Swedish policy, and the impact of these changes.

A large proportion of the qualitative data is presented in case studies. These case studies focus on specific interventions over the 45-year period and were agreed in co-operation with Sida at the inception stage. These case studies were chosen to reflect particular approaches to aid delivery and important thematic issues underpinning Swedish aid delivery over time.

The historical nature of this evaluation, which must evaluate the cumulative impact of many activities over several decades, distinguishes it from a typical project or program evaluation. For this reason, the selection of case studies involved a combination of a 'longitudinal' perspective – a selection of a chain of chronologically connected projects and programs – with a 'thematic' perspective – projects and programs that shed light on thematic issues pertaining to a particular time period.

All cases were selected in consultation with Sida at the inception stage of this evaluation from a large set of potential cases. In an ideal evaluation world all aid activities in the country program under consideration would be evaluated, be they projects, discrete components of projects or programs. Yet this is beyond the resources of

practically all long term evaluations, including this evaluation. Choices and judgments must therefore be made. Recognising that it is rarely self-evident as to which cases are the most appropriate, clear and transparent general selection criteria need to be employed. These criteria are outlined in Appendix A.

### 1.3.2 The Aid Quality Evaluation Framework

This evaluation is influenced by the Aid Quality Evaluation Framework (AQEF) which was developed by the authors in response to the complexity of this large scale, historical evaluation<sup>1</sup>. The AQEF is a conceptual tool that can be applied to almost any development aid activity. This framework is based on cutting edge knowledge of those generic factors that drive aid effectiveness. Under this framework aid effectiveness is defined in terms of the impact of aid on multidimensional poverty reduction, either directly or via impacts on the drivers of poverty reduction.

By looking at the agreed drivers of aid effectiveness the AQEF caters specifically for the many situations where it is not possible to directly observe or quantify the impact of aid on poverty reduction, as is the case with Sweden's aid to Vietnam over a 45 year period. As suggested above it is very difficult to disentangle Swedish aid from other aid and endogenous factors in Vietnam's development; however, this framework can be used to assess Swedish aid against well accepted aid effectiveness criteria. As such, the AQEF is both input-based, in that it takes into account those activities that are thought to contribute *ex ante* to effective aid, and outcome-based, in that it looks *ex post* at observed aid impacts from a development effectiveness perspective.

The AQEF is comprised of five components. Assessments of aid quality can be made against each of these components using a mix of quantitative and qualitative data. The five components of the AQEF are: 1. absorptive capacity; 2. quality of public sector financial management; 3. consistency with Paris Declaration principles; 4. consistency with partner country sectoral priorities; and 5. consistency with donor country program strategies (or equivalents). The importance of the first two components is discussed further in Chapter 2 and all components are be discussed in Chapters 6 and 7, with reference to the data presented in Chapters 2 through 5. Further details of the AQEF can be found in Appendix C.

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<sup>1</sup> For a detailed outline of the AQEF see Carpenter *et al.* (2010)

#### 1.4 Evaluation Questions

The primary question this evaluation addresses is:

*How, and to what extent, did Sida's development assistance contribute to poverty reduction in Vietnam?*

This question is directly drawn from the terms of reference and addresses the OECD DAC impact criterion. Poverty reduction (in various guises) has long been the overarching objective of Swedish aid, from that outlined in Proposition 1962:100 (the 'bible of Swedish development co-operation') through to the present day (Danielson and Wohlgemuth, 2003, p.3). As such, poverty reduction constitutes an appropriate yardstick for assessing the impact of Sida's aid to Vietnam over the considerable time period covered by this evaluation. The reference to 'contribution' in the primary evaluation question highlights the focus on exploring the *plausible associations* between Sida's aid and changes in poverty, rather than supplying definitive proof of any causal relationship between the two.

To the extent that poverty reduction has been the principal aim of Sweden's country program in Vietnam, addressing this question involves the application of component 5 of the AQEF.

Consideration of the broad enabling environment is a key to addressing this question. This includes examining the absorptive capacity of the recipient country (component 1 of the AQEF) and the quality of public fiscal management (component 2 of the AQEF). These are widely acknowledged to be important for the effective and efficient use of aid funds for development purposes.

In accordance with contemporary international development thinking this evaluation adopts a multidimensional conception of poverty. It is widely accepted in policy and research circles that poverty is multidimensional in nature. This is based on the recognition that quality of life or well-being depends not only on income, but on levels of health, education, participation, personal security, political participation and many other factors. It is also based on the recognition that high levels of income do not necessarily always closely correlate with high levels of health, education and other dimensions of well-being. This means that an individual might have an income level which is high enough for them not to live in poverty with respect to income, but might well be living in poverty with respect to these other dimensions. The World Bank, the United Nations

Development Program and other thought leading development agencies have long embraced this concept<sup>2</sup>.

Sub-question 1: *To what extent did Sida's aid respond to pressing multi-dimensional development needs in Vietnam?*

Sub-question 1 is directed at the appropriateness and relevance of the sectoral and geographic allocation of Sida's development co-operation over time as well as the consistency of this with country strategies in Vietnam. This recognises that to be effective, aid must be targeted at the most pressing development needs of each recipient country at a particular point in time. Addressing this sub-question involves an analysis of components 4 and 5 of the AQEF.

Sub-question 2: *To what extent has Sida's development co-operation program in Vietnam been effectively and efficiently delivered?*

Aid may be allocated according to pressing needs, but it must be well delivered if it is to contribute to poverty reduction. This area of the evaluation explores the extent to which Sida's development co-operation exemplified internationally agreed principles of good aid delivery practice, most recently articulated in the Paris Declaration (component 3 of the AQEF). This analysis demands the careful and nuanced application of these principles - see Appendix C for an explanation of why it is valid to apply the Paris Principles retrospectively.

Woven into this analysis is an exploration of the different ways of working that Sida adopted throughout the period of development co-operation and how these may have evolved in response to multi-dimensional needs. This includes an assessment of the choice of modalities, channels, partner organisations and the relative efficiency of these arrangements as aid delivery mechanisms. The analysis under this sub-question directly addresses the OECD DAC criteria of efficiency and effectiveness.

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<sup>2</sup> It is recognised that obtaining quantitative information on some of these poverty dimensions is extremely difficult. For these reasons the quantitative analysis focuses primarily on poverty with respect to income, health and education given that the availability of quantitative data on these variables permits more incisive assessments. This is consistent with the approaches of many leading development agencies and the recognition that these are among the most important poverty dimensions. The UNDP's Human Poverty Index, for example, is based on assessments with respect to income, health, education and access to water. This evaluation addresses the other well-being dimensions appropriate to a multidimensional concept of poverty through our qualitative analysis.

In-depth case studies illustrate how these choices and strategies have worked in particular contexts and at particular points in time.

Sub question 3: *How and to what extent did Sida's development co-operation nurture an enabling environment for poverty reduction in Vietnam?*

The third sub-question acknowledges that although aid may be well targeted and well delivered, it must also be undertaken in, and actively contribute to, a supportive enabling environment if it is to have a sustainable impact on poverty reduction. This analysis considers Sida's approaches to influencing policy and building the capacity of the government, civil society and the capacity of individuals to improve their lives. The relative effectiveness of these more indirect forms of development co-operation has been assessed to help understand which particular approaches worked well in influencing the enabling environment and the reasons why. This assists judgements about the sustainability of Sida's long-term co-operation program.

Detailed case studies explore how these challenges were approached in particular instances and the degree to which they were able to influence aspects of the enabling environment. This question directly addresses the OECD DAC criteria of sustainability.

Sub question 4: *What lessons can be learned from Sweden's development co-operation with Vietnam to improve development effectiveness in the future?*

The fourth sub-question draws together the analysis in sub-questions 1–3 to identify the most salient lessons for development co-operation programs. Lessons are identified at the country, sector, and intervention levels.

## 1.5 Proceeding Chapters

This report consists of six additional chapters. Chapter 2 looks at the 'big picture'. That is, it provides the broader development context within which development co-operation between Sweden and Vietnam can be understood and evaluated. This includes looking at the broad operating environment faced by donors in Vietnam, the development achievements of Vietnam over the 45 year period of co-operation, and Sweden's actual aid allocation. In accordance with the application of the AQEF, this chapter also introduces data on consistency with the Paris Declaration principle of aid predictability, the quality of public sector fiscal management, and the capacity of Vietnam to effectively absorb aid. The chapter ends with some stylised facts regarding ODA and development achievements in Vietnam that are considered later in this evaluation report.

Chapter 2 is a quantitative chapter. Chapters 3, 4, and 5 are more qualitative in nature and discuss Sweden's aid to Vietnam during three important historical periods. Chapter 3 covers the conception of Swedish aid in 1969 to 1986. Chapter 4 covers the period from 1986 to 1999, while Chapter 5 focuses on the period from 1999 up to 2011, see Appendix A for a more in-depth discussion of case study selection and methodology.

Chapters 6 and 7 contain a synthesis of the key issues. Chapter 6 discusses the main thematic issues that have been introduced over the previous four chapters and how they have shaped and constrained the effectiveness of Swedish aid over time (including reference to the AQEF components). Chapter 7 answers the primary evaluation question and sub-questions and introduces a number of lessons learned for Sida and other donors when delivering aid to other states facing similar development challenges to Vietnam.



## 2. VIETNAM NATIONAL DEVELOPMENT PROFILE

### 2.1 Economic Change in Vietnam – A Concise History

At the end of the French colonial period in 1954 Vietnam found itself with two distinct economies delineated geographically. The economy of the North was reasonably heterogeneous, relying on a number of sectors. Wealthy in natural resources, dominant activities in the North included: extractive industries, shipbuilding, plantation agriculture, railroads, roads and hydraulics works. The economy of the South was dominated by the agricultural sector, which focussed mainly on rice and rubber cultivation. There was some industrial activity in the South, mainly in the form of food processing plants and the production of light consumer goods. The political division of Vietnam in 1964, into North Vietnam and South, heightened this distinction, with the former giving priority to industrial development in its first five year plan of 1961 to 1965.

The Second Indo-China War, from 1954 to 1975, had an enormous economic and human impact on both economies. Estimates vary, but as a result of aerial bombing from 1965 onwards all six industrial cities, 28 out of 30 provincial towns, all power stations, 1,600 hydraulic works, six railway lines, all roads and sea and inland ports in the North were seriously damaged or destroyed. In addition, in the North approximately 400,000 cattle were killed and hundreds of thousands of square kilometres of farm land were damaged. In the South, it is estimated that up 100,000 and 50,000 square kilometres of farm and forestland, respectively, were damaged and 1.5 million cattle were killed. In Vietnam as a whole, it is estimated that there were up to 1.5 million civilian and military deaths, 360,000 people made invalids, one million people widowed and 800,000 children orphaned as a result of the war. It is also estimated that by the early 1980s approximately one million people, among them tens of thousands of professional, technical and skilled workers, had migrated out of Vietnam following the end of the war in 1975.

In 1976, the newly unified Vietnam embarked on its second five-year plan with the overall objective of putting the post-reunion economy on a path towards socialism with an emphasis on industrial development. Specific objectives were to economically integrate the North and South, to shift the economy of the South from a private

enterprise to social command system (through efforts including the collectivisation of agriculture), to reconstruct following the ravages of the war, and to link growth in the agricultural and industrial sectors. The results of the second five year plan were mixed. The economy remained dominated by small-scale production and low productivity, and the ambitious growth rates sought under the plan (16 percent for industry and 8 to 10 percent for agriculture) were not achieved.

The third five year plan was introduced in 1981. Its highest priority was to develop the agricultural sector by integrating collectives and individual enterprises into an overall system that emphasised intensive cultivation and crop specialisation. The plan was pragmatic in that it was based on the recognition that private enterprise had to be temporarily retained as it was essential to maintain high rates of economic growth. Some forms of private activity were allowed (such as peasants being allowed to sell surplus production from land not being used by collectives) and the nationalisation of small enterprises in the South was temporarily halted. Notwithstanding these moves, the rate of collectivisation of agriculture was accelerated.

The year 1986 was pivotal in Vietnam's economic (and political) history. It saw the launch of *Doi Moi*, the sweeping reforms intended to facilitate the transition from a socialist command economy to what was described as a “socialist-oriented market economy”. Combining government planning with free market incentives, *Doi Moi* involved abolition of agricultural collectives, the removal of price controls on agricultural goods and permissions for farmers to sell their goods in the marketplace. It encouraged the establishment of private businesses and foreign investment, including foreign-owned enterprises.

Periods of profound economic reform are often associated with significant decreases in economic growth. This was not the case with *Doi Moi*, as shown in Figure 2.1, with growth increasing in 1987 and over the subsequent five years averaging more than five per cent per annum. Growth actually trended sharply upwards from 1986 to 1997, reaching as high as 9.5 per cent in 1995, and as documented later in this chapter, substantial inroads were made into reducing income poverty. *Doi Moi* is widely regarded as one of the most successful economic reforms ever implemented in a developing country. Chapter 4 discusses *Doi Moi* further and Sweden's special role in supporting this critical reform.

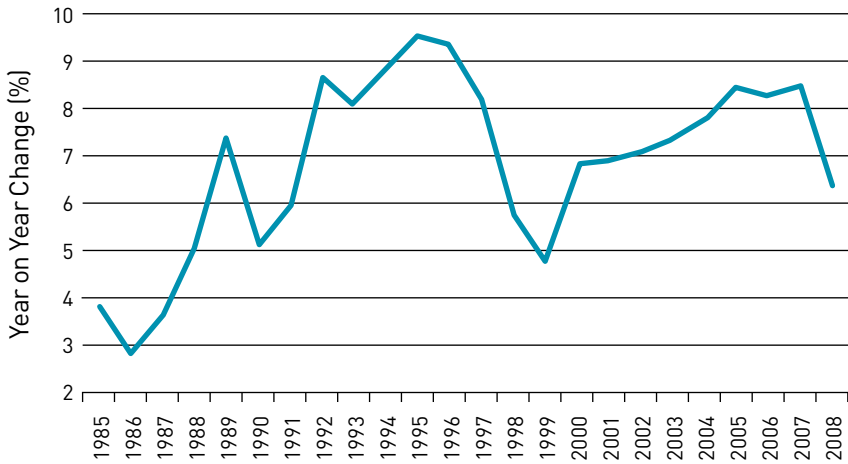


Figure 2.1 Real GDP Growth, Vietnam, 1985 to 2008

Vietnam was adversely affected by the East Asian financial crisis in 1997, with growth falling in 1998 and 1999, although still remaining strong by international standards. Vietnam tended to adopt a more cautious economic policy orientation following the crisis, emphasizing macroeconomic stability rather than high growth. At the same time the Vietnamese government still continued to hold a tight rein over major sectors of the economy, such as the banking system, and state-owned enterprises, which remained an important feature of the economy.

The United States lifted its embargo of Vietnam in 1994 and in 2000 the United States-Vietnam Bilateral Trade Agreement was signed. The access to the United States that this agreement provided allowed Vietnam to hasten its transformation into a manufacturing-based, export-oriented economy. The agreement also concomitantly attracted foreign investment to Vietnam, not only from the United States but also Europe and other countries in Asia. In the early- to mid-2000s the private sector accounted for more than one-quarter of all industrial output, the private sector's contribution was expanding more rapidly than the public sector, and as shown in Figure 2.1, the economy continued to maintain strong economic growth. In 2007 Vietnam became the 150th member of the World Trade Organisation.

Vietnam's membership of the WTO should provide yet another important boost to its economy by supporting the continuation of liberalizing reforms and creating options for trade expansion. While growth fell a little due to the 2008 Global Financial Crisis it remained very high by international standards, at 6.3 percent. In 2009 Vietnam achieved

World Bank middle income country status. While it faces many ongoing economic challenges, including the reform of what are seen as often relatively inefficient state owned enterprises, Vietnam is widely considered one of the top performing developing countries and is likely to maintain high rates of economic growth into the foreseeable future.

## 2.2 Multidimensional Development Achievements in Vietnam<sup>3</sup>

Vietnam's economic achievements are largely mirrored by its multidimensional development achievements. Its achievements in human development, based on its Human Development Index (HDI) scores, have without exception improved from one year to the next from 1970 through to 2008. This is evident from Figure 2.2.<sup>4</sup> Vietnam's HDI scores during this period have increased by an annual average growth rate of 1.4 percent over the 39 years in question, from 0.38 to 0.65.

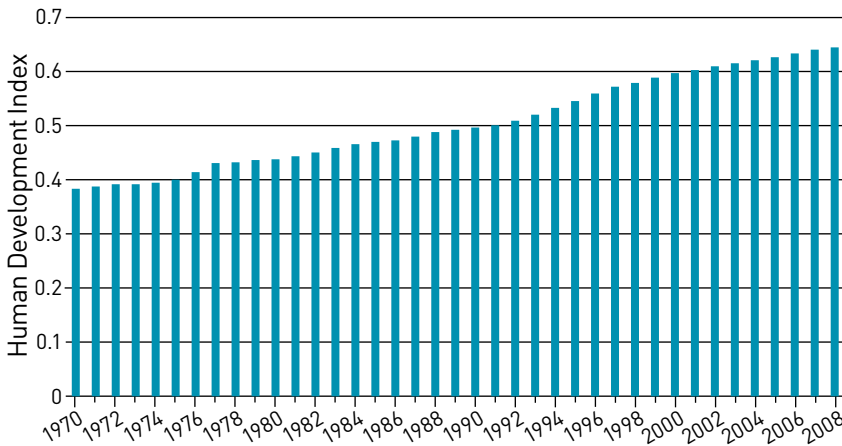


Figure 2.2 Human Development, Vietnam, 1970 to 2008

Vietnamese achievements in health, education and income are shown in Appendix D, in Figures D.1 to D.4. Life expectancy and adult literacy have increased continually over the periods for which data are shown. Life expectancy has increased from 44 years in 1960 to 74

<sup>3</sup> Data presented in this section unless otherwise indicated are taken from UNDP (1990–2009 and 2010) and from World Bank (2010). Gaps in yearly coverage and the first year of coverage reflect data availability. Some data have been estimated using standard techniques. Further details are available from the authors of this report.

<sup>4</sup> The HDI combines life expectancy, adult literacy, gross school enrolment and purchasing power parity GDP per capita into a single number or score.

years in 2008. The percentage of literate adults increased from 80.1 in 1970 to 91.8 in 2008. Income per capita in 2008 was more than three times its 1984 level, increasing sharply from the early 1990s. School enrolment at all levels of education follows a considerably different path. While it is higher in 2008 than in 1970 (64 versus 54 percent, respectively), school enrolment declined in each of the years 1981 to 1986 and 1989 to 1992 as well as in a number of single years.

It is informative to compare Vietnamese multidimensional development achievements to those of all developing countries. Figure 2.4 provides comparisons based on the HDI, life expectancy, adult literacy, school enrolment and purchasing power parity (PPP) GDP per capita for the period 1970 to 2008. It should be recalled that the second, third, and fourth of these variables are components of the HDI. These comparisons are obtained by dividing Vietnamese achievements in these variables by the average achievements of all low and middle income countries for which requisite data are available. If the resulting ratio is greater than one, Vietnam has higher achievement than these countries, while the reverse is true if the ratio is less than one. Four points emerge from Figure 2.3. The first is the overall improvement in level of achievement over time relative to all developing countries, as indicated by its relative HDI score. This has been due to relative improvements in life expectancy and GDP per capita, as is shown in Figure 2.3. Vietnam's achievements in human development are such that it exceeded the average achievement of all low and middle income countries in all years from 1996 after lagging well behind these countries in 1970. The second point is the relative declines in the knowledge indicators, adult literacy and school enrolment. For adult literacy, Vietnam's achievement in 1970 was 44 percent higher than the average for low and middle income countries. In 2008 it was 14 percent higher. For school enrolment, Vietnam commenced the period in question ahead of the average achievement of all low and middle income countries, yet it ended clearly behind them. The final point concerns Vietnam's income per capita. In 1970 Vietnam's GDP per capita, adjusted for purchasing power parity, was slightly less than one-fifth of that of the average for all low and middle income countries. Owing to the high rates of economic growth noted above it has improved its position relative to these countries appreciably, but it still lags far behind, as in 2008 its GDP per capita was less than half that of the average for these countries.

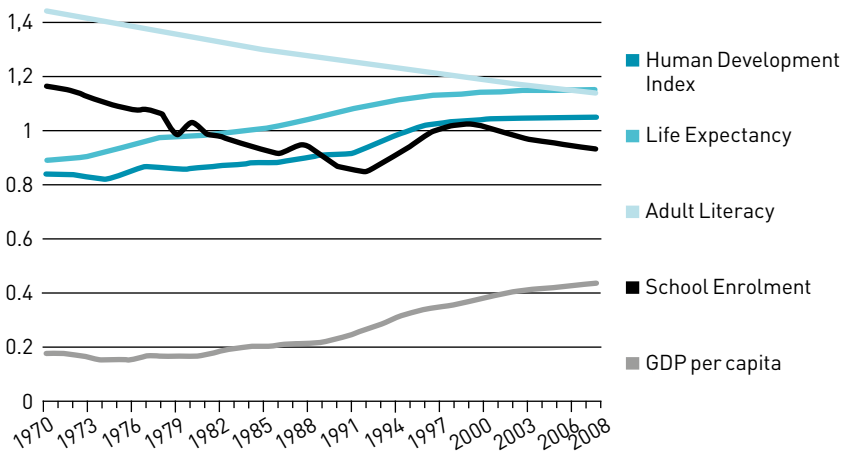


Figure 2.3 Relative Development Achievements, Vietnam, 1970 to 2008

Statistical information on income poverty in Vietnam is limited, with data on the proportion of the Vietnamese population living below absolute poverty lines available only from 1993 onward. The latest year for which this information is available is 2006. For most income poverty indicators the most recent information is for 2002. Figure 2.3 provides information on five measures of income poverty. All show impressive declines. The most commonly used measure - the percentage of people living below the extreme income poverty line of \$1.25 per day - records a two-thirds reduction in income poverty in Vietnam between 1993 and 2006, from 64 to 21 percent. This decline is much larger than that achieved over roughly the same period by the developing country group as a whole, which saw a decline from 39 percent in 1993 to 25 percent in 2005 - a decline of 14 percentage points compared to Vietnam's 43 percentage points. The proportion of Vietnam's population living on less than two dollars per day has declined over the same period, falling from 86 percent to 48 percent. Despite the seemingly large decline a lower proportion of the population was living on less than two dollars per day in the East Asian region as a whole in 2005 - 39 percent. The equivalent number for the world in this year was 47 percent, suggesting that Vietnam still has some progress to make in terms of the \$2 per day poverty line (Ravallion and Chen, 2008). The proportion of the rural population living below the national poverty line fell slightly between 1998 and 2002, from 9.2 to 6.6 percent. Over the same

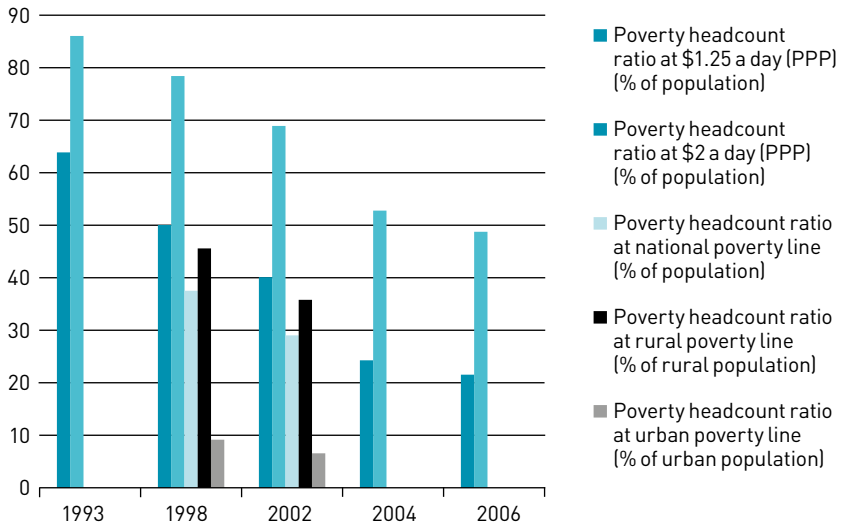


Figure 2.4 Income Poverty, Vietnam, 1993 to 2006

period the percentage of people living below the national and urban poverty lines fell from 37 to 29 and 46 to 36 percent, respectively.

Empirical Information in income inequality is also limited in Vietnam, only being available from 1992 and as late as 2006. Data on income inequality are shown in Figure 2.5. Measured by the incomes of the richest 10 percent of the population relative to those of the poorest 10 percent, income inequality rose slightly between 1992 and 2006. It has remained reasonably steady based on the income ratio of the richest to poorest 20 percent of the population over these years. Both measures, however, fall between 2004 and 2006. Another measure of income inequality is the Gini coefficient. It rose from 35.6 in 1993 to 39.2 in 2004, but then fell slightly to 37.8 in 2006. The world average Gini coefficient for 2006 was 46.2, suggesting that income inequality in Vietnam is low by world standards.

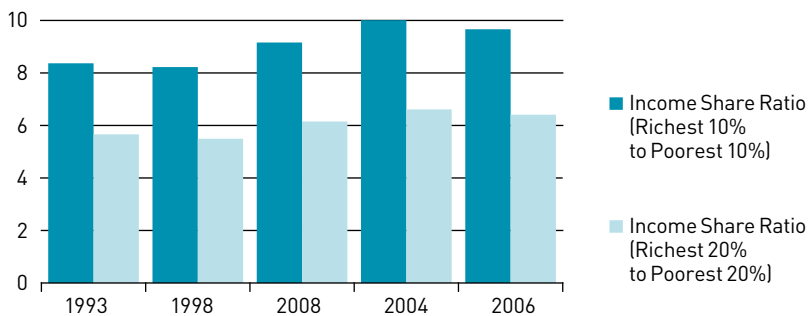


Figure 2.5 Income Inequality, Vietnam, 1993 to 2006

## 2.3 Development Co-operation with Vietnam<sup>5</sup>

### 2.3.1 Official Development Assistance Levels

Foreign development aid donors were active in both North Vietnam and South Vietnam from 1954. Total official development assistance (ODA) from OECD member countries increased in volume rapidly during the early 1960s, reaching \$2.77 billion in 1966, the highest annual volume of ODA ever received by Vietnam. Ninety percent of ODA during these years came from the United States. As shown in Figure 2.6, ODA varied substantially from year to year until 1974, but then fell substantially to \$640 million in 1976, largely due to the scaling-down of the level of support to South Vietnam from the United States. Support from the United States was eventually withdrawn in 1975 and fell to zero in 1977. ODA to Vietnam rose again in 1977 and 1978, reaching \$US1.1 billion in the second of these years. It then fell again, reaching its lowest post-1960 level in 1989, when it fell to \$US199million. From then total ODA to Vietnam increased substantially, reaching in \$US2.7 and \$US2.6 billion in 2007 and 2008, respectively. Much of the upward trend is due to support from bilateral DAC donors, although multilateral support also follows a strong upward trend from the early 1990s.

Swedish development co-operation with Vietnam commenced in 1967. Small amounts of ODA were provided in the early years of this co-operation, with none being provided in 1971. From 1973 Swedish ODA to Vietnam rapidly increased, with Sweden soon becoming the biggest donor of aid to Vietnam following the withdrawal of the United States. Swedish ODA to Vietnam was \$US157 million in 1975, and reached its highest level of \$US309 million in 1977. Vietnamese ODA receipts from Sweden of no less than \$US100 million were provided up to 1986, and since then have hovered between \$US87 and \$US28 million dollars per year. This information is shown in Figure 2.6.

<sup>5</sup> Data presented in this section are taken from the OECD DAC (OECD, 2011). The earliest aid data published by the OECD are for the year 1960, hence the coverage of this section. The unit of currency referred to is the United States dollar. All aid dollar amounts are in constant 2008 prices. No account is taken of aid to Vietnam from the former Soviet Union and other Eastern Bloc countries. During the second five year plan development aid from the Soviet Union was thought to be in the range of \$US10 to \$US14 billion in 2008 prices, although estimates vary. These amounts are roughly 2.5 to 3.5 times the level of ODA from all DAC and multilateral agencies during this period. The report returns to this issue in Chapter 3.



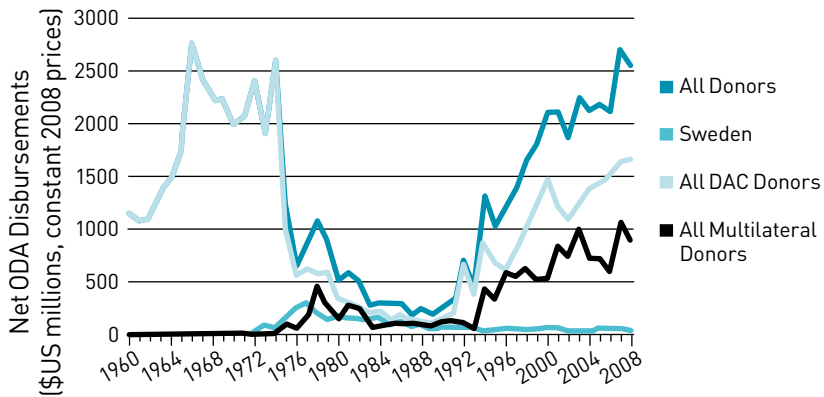


Figure 2.6 Official Development Assistance to Vietnam, 1960 to 2008

Vietnam has received bilateral ODA from each of the 23 current DAC member countries. As shown in Table 2.1, the top three donors in terms of ODA volume since 1960 have been the United States, Japan and Sweden. These donors have provided more than 75 percent of Vietnam's bilateral ODA since 1960. The United States has been by far the largest donor, providing just over to half of all bilateral ODA to Vietnam, owing largely to its dominance as a donor in the 1960s. During this decade the United States provided 95 percent of all bilateral ODA to Vietnam.

More pertinent to this evaluation are ODA levels since 1976, after the end of the Indo-Chinese war and the withdrawal of the United States. During the period 1976 to 2008, Sweden is the second largest provider of bilateral aid to Vietnam, providing 13.42 percent of total such flows. This is shown in the last two columns of Table 2.1. By far the largest donor over this period has been Japan, which has provided just under 38 percent of total bilateral aid to Vietnam.

Sweden was the second largest ODA donor to Vietnam in the 1970s, the largest in the 1980s and the fourth largest in the 1990s<sup>6</sup>. Indeed Sweden dominated Vietnamese ODA receipts in the 1980s, providing 64 percent of total bilateral ODA to Vietnam during this decade. This represents 36 percent of total (bilateral and multilateral-

<sup>6</sup> This discussion takes no account of aid from the Soviet Union, which is not included by the OECD in ODA statistics. Much of what was provided as aid by the Soviet Union would in all probability not qualify as ODA based on OECD criteria.

Table 2.1 ODA from DAC Donor Countries, Vietnam, 1960 to 2008

Donor	1960 to 1969		1970 to 1979		1980 to 1989		1990 to 1999		2000 to 2008		1960 to 2008		1976 to 2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Australia	0.29	5	1.22	10	0.27	15	5.43	5	3.93	6	2.07	7	3.76	7
Austria	0.00	13	0.20	15	-0.24	24	0.30	19	0.23	21	0.14	21	0.30	21
Belgium	0.00	11	0.65	11	1.23	10	2.11	11	1.51	13	0.86	13	1.74	11
Canada	0.27	6	0.48	12	0.01	16	1.34	13	1.99	12	0.87	12	1.51	13
Denmark	0.00	12	1.90	6	2.14	5	3.73	6	5.30	4	2.36	6	4.98	5
European Community	0.00	13	1.91	5	0.74	11	3.71	7	2.87	8	1.71	9	3.60	8
Finland	0.00	13	0.23	14	10.02	2	2.18	10	1.15	17	0.99	11	2.13	10
France	1.37	3	2.75	4	7.03	3	12.56	2	8.65	2	5.14	4	9.79	3
Germany	0.81	4	1.32	8	1.92	8	9.41	3	5.57	3	3.23	5	5.88	4
Greece	0.00	13	0.00	19	0.00	19	0.00	23	0.00	22	0.00	23	0.00	23
Ireland	0.00	13	0.00	19	0.00	19	0.03	22	0.57	19	0.14	20	0.31	20
Italy	0.01	10	0.04	18	1.26	9	3.40	8	-0.04	24	0.48	17	1.04	17
Japan	1.60	2	5.09	3	2.13	6	37.83	1	47.98	1	18.43	2	37.56	1
Korea, Republic	0.00	13	0.00	19	0.00	17	0.79	17	2.04	11	0.60	15	1.31	15
Luxembourg	0.00	13	0.00	19	0.00	19	0.27	20	0.81	18	0.23	19	0.51	19
Netherlands	0.00	13	1.32	9	5.88	4	3.10	9	3.45	7	1.81	8	3.77	6
New Zealand	0.00	13	0.11	16	0.00	18	0.24	21	0.27	20	0.13	22	0.22	22
Norway	0.00	13	1.37	7	1.95	7	0.80	16	1.17	16	0.83	14	1.41	14
Portugal	0.00	13	0.00	19	0.00	19	0.00	24	0.00	23	0.00	24	0.00	24
Spain	0.00	13	0.00	19	0.00	19	0.47	18	1.19	15	0.35	18	0.77	18
Sweden	0.01	9	9.72	2	64.41	1	8.43	4	2.85	9	6.80	3	13.42	2
Switzerland	0.04	8	0.10	17	0.39	13	1.48	12	1.31	14	0.56	16	1.18	16
United Kingdom	0.10	7	0.46	13	0.29	14	1.22	14	4.84	5	1.50	10	3.17	9
United States	95.49	1	71.13	1	0.57	12	1.14	15	2.35	10	50.78	1	1.63	12

al) ODA flowing to Vietnam during this decade. The next largest donor in terms of volume was Finland, which provided 10 percent of Vietnam's total bilateral ODA receipts.

The level of ODA to a developing country is important in its own right from various perspectives, but what matters from a development impact perspective is its level relative to various national aggregates of the recipient country, including GNI, GDP and population size. ODA relative to these aggregates for Vietnam is shown in Figure 2.8. Putting aside the huge United States-driven declines in aid levels relative to population from the mid-1960s to mid-1970s, the main message coming from this figure is that relative to these aggregates ODA volumes to Vietnam are reasonably large by international standards. In the case of GDP, developing countries typically receive ODA levels that are between one and two percent of their GDPs and no more than \$50 per capita.<sup>7</sup> Sub-Saharan Africa in the past few years has received around \$40 per capita. ODA relative to GDP received by Vietnam averaged 4.4 percent of GDP between 1985 and 2008, and ODA per capita from 1977 (when United States ODA fell to zero) to 2008 averaged \$16, and after trending upward since the early 1990s reached 31.6 percent in 2007. With these levels of ODA one can reasonably expect to observe some relationship with national development outcomes, good or bad depending on the quality of the ODA.

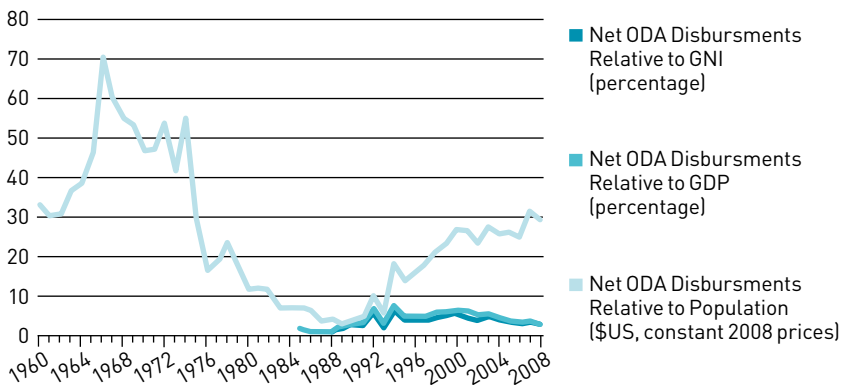


Figure 2.7 ODA Relative to Key National Aggregates, Vietnam, 1960 to 2008

<sup>7</sup> Note that small island developing countries can receive per capita amounts into the many hundreds of dollars, but these countries are non-typical cases.

Developing countries, receive foreign inflows from a variety of sources. Vietnam is no exception. Inflows other than ODA can potentially complement aid in a way that enhances its development impact. Vietnamese ODA receipts, along with inflows of other official financing (OOF) and total private inflows are shown in Figure 2.8. OOF is other developmental flows from foreign governments and multilateral organisations that are not sufficiently concessional to be defined as ODA. Total private inflows include foreign direct investment, private lending and remittances. Each has the potential to have pro-development impacts, augmenting ODA. A key message from Figure 2.8 is that Vietnam has, in general, been reliant on ODA relative to other foreign inflows and, purely on the basis of volumes, that potential for the above mentioned complementarity is limited. This is not to say that the potential development impact of ODA is limited, just that if any foreign inflow is likely to have had a significant development impact it is likely to be this inflow and not the others. Also evident from Figure 2.8 is the huge growth in private foreign inflows from 2006 onward. These inflows for the first time exceeded ODA in terms of volume in 2006. It is widely expected that these inflows will play a very important role in the Vietnamese economy in the years to come.

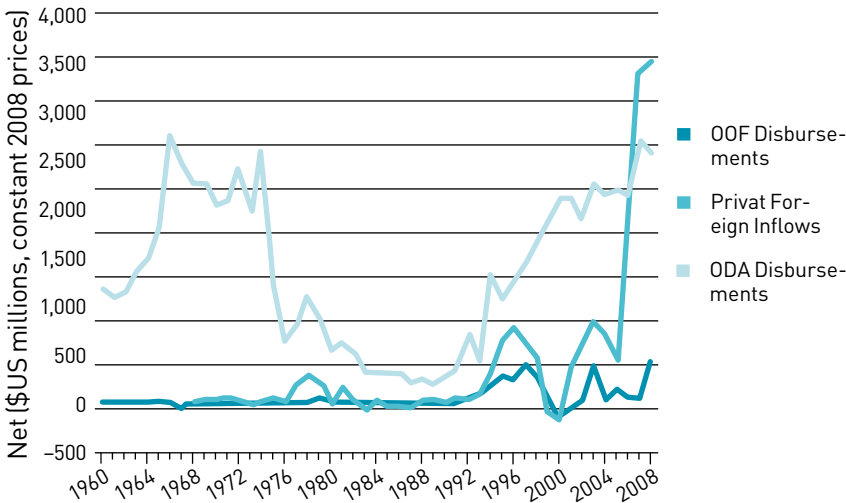


Figure 2.8 ODA and other Foreign Financial Inflows, Vietnam 1960 to 2008

### 2.3.2 ODA Composition by Sector

The sectoral composition of all donor and Swedish ODA to Vietnam is shown in Tables 2.2 and 2.3.<sup>8</sup>The sectors are those defined by the OECD DAC. Economic Infrastructure and Services has been by far the most supported sector by all donors combined. Debt Action and Government and Civil Society are the second and third most

**Table 2.2 Sectoral Composition of All Donor ODA to Vietnam, 1995 to 2008**

Sector	Percentage of Total ODA			
	1995 to 2000	2001 to 2005	2006 to 2008	1995 to 2008
Education	7.25	8.16	8.71	8.07
Health	5.11	5.31	6.33	5.57
Population & Reproductive Health	2.53	4.09	6.55	4.42
Water & Sanitation	7.16	4.80	5.43	5.68
Government & Civil Society	6.51	10.79	12.70	10.17
Other Social Infrastructure & Services	3.99	4.89	4.51	4.51
Economic Infrastructure & Services	25.32	16.24	16.41	18.90
Agriculture, Forestry and Fishing	8.57	4.99	5.12	6.06
Industry, Mining & Construction	2.41	2.37	1.58	2.13
Trade Policies & Regulation	0.28	0.80	0.86	0.67
Tourism	0.11	0.09	0.16	0.12
Multisector/Cross Cutting	9.59	7.82	7.70	8.29
Commodity Aid/General Program Assistance	9.87	7.68	6.01	7.78
Debt Action	6.74	15.06	10.95	11.37
Humanitarian Aid	7.03	8.03	7.27	7.50
Donor Administrative Costs	0.97	2.55	4.10	2.59
NGO Support	0.93	1.44	1.46	1.30
Refugees	0.65	1.44	1.66	1.28
Sectors Not Specified	2.24	1.60	1.19	1.65

<sup>8</sup> Data on the composition of ODA by sector for years prior to 1995 are not published by the OECD DAC. The data shown in Tables 2.2 and 2.3 relate to ODA commitments. Disbursement data are only available from 2002 onwards.

**Table 2.3 Sectoral Composition of Swedish ODA to Vietnam, 1995 to 2008**

Sector	Percentage of Total Swedish ODA			
	1995 to 2000	2001 to 2005	2006 to 2008	1995 to 2008
Education	7.07	5.83	4.49	5.76
Health	6.26	4.68	5.75	5.47
Population & Reproductive Health	3.20	3.84	2.77	3.32
Water & Sanitation	4.29	3.58	2.66	3.49
Government & Civil Society	15.35	17.66	23.16	18.73
Other Social Infrastructure & Services	4.45	4.16	3.82	4.14
Economic Infrastructure & Services	13.09	7.75	6.33	8.85
Agriculture, Forestry and Fishing	6.11	2.96	4.30	4.29
Industry, Mining & Construction	1.38	0.21	1.24	0.87
Trade Policies & Regulation	0.30	0.70	1.29	0.77
Tourism	0.00	0.00	0.00	0.00
Multisector/Cross Cutting	14.63	11.14	6.80	10.78
Commodity Aid/General Program Assistance	5.58	5.28	4.15	5.01
Debt Action	0.39	2.95	5.08	2.88
Humanitarian Aid	16.47	12.64	11.48	13.39
Donor Administrative Costs	0.17	4.07	6.21	3.61
NGO Support	5.33	7.18	0.63	4.58
Refugees	0.01	6.10	10.15	5.62
Sectors Not Specified	3.00	5.10	4.19	4.20

sectors, respectively, by all donors combined. The three most heavily supported sectors by Sweden are Government and Civil Society, Multisector/Cross Cutting and Humanitarian aid. Included in the Multisector/Cross Cutting is support for the environment.

A list of the programs and projects implemented under the development co-operation program between Sweden and Vietnam was prepared under part one of the evaluation process and is provided in Appendix E.

### 2.3.3 Aid Supported Activities

Aid can be examined not only in dollar amounts but also in terms of the number of activities that donors support.<sup>9</sup> This can be important from a number of respects. Donors might support activities that are too large, thereby encountering a diminishing margin of impact. Donors might also spread their aid too thinly, supporting too many small activities with potentially negligible development impacts. Recognising that most activities impose some burden on partner countries and that all countries have capacity constraints, funding large numbers of activities can have adverse development consequences. While each of these concerns has been expressed by the international development community, it is the last that has been uppermost in the minds of donors in recent years, particularly considering the proliferation of donor financed activities in the last 10 or so years.

Data on the number of aid supported activities in Vietnam are shown in Figures 2.9 and 2.10. The first of these figures provides information on the number of aid supported activities since 1977.<sup>10</sup> The number of Swedish supported activities in Vietnam has been relatively stable, not exceeding 100 activities per year, between 1977 and 2001. This number then jumped substantially in 2002, peaking at 346 activities in 2004. The yearly average during 1977 to 2008 has been 61 activities. The number of all donor supported activities has, however, proliferated enormously. It has risen from 40 in 1977 to 2,946 in 2008. The number of donors active in Vietnam has risen from 12 in 1977 to 32 in 2008. As is evident from the stable average number of donor supported activities in Vietnam, which has never exceeded 92

<sup>9</sup> An aid activity is defined by the OECD DAC as a discrete entity or exercise that can take many forms, such as a project or a program or a component thereof, a cash transfer or delivery of goods, a training course, a research project, a debt relief operation or a contribution to a non-governmental organisation (OECD, 2011). Each activity will have its own budget, is assigned a DAC purpose code and reported by agencies to the OECD DAC. Care needs to be assigned when reading activities data, especially regarding comparisons across donors owing to different reporting practices. Some donors (such as the EU) can report a number of activities as a single activity or *vice versa*, breaking up a program or project into numerous individual activities.

<sup>10</sup> OECD (2010) only provides information at the activity level for 1995 onwards. Earlier versions of OECD (2010) did report such data for earlier years. The data shown in Figures 2.10 and 2.11 and Figure A2.6 for 1977 to 1994 were obtained from these earlier versions some years ago for a previous study in which one of the authors of this report was involved.

per year, it is primarily the increase in the number of donors in the country that has driven the proliferation. Irrespective of what drove the proliferation, it certainly raises questions regarding development effectiveness of aid to Vietnam.<sup>11</sup> This is not a criticism of Swedish aid to Vietnam, but of the overall donor effort in this country.

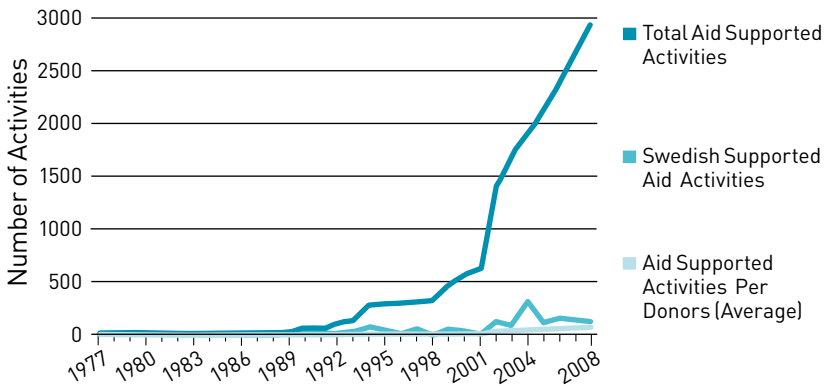


Figure 2.9 Aid Supported Activities, Vietnam, 1977 to 2008

An extremely interesting related statistic concerns the financial size (or level of donor spending on) aid activities in Vietnam. This size has plummeted spectacularly since 1977, as Figure 2.10 makes clear. This is evidence of what is referred to in the literature as aid fragmentation, which is considered undesirable from an aid effectiveness perspective given the fixed costs associated with aid activities. Due to these costs, an increasing burden of administering aid activities is imposed on recipient countries which can distract their attention away from other priorities, including domestic resource mobilisation and other aspects of budgetary planning and implementation. The average financial size of all donor activities has fallen from \$US41 million to \$US1 million between 1981 and 2008. The financial size of Swedish aid activities has fallen to a much greater extent, driving the overall donor decline. The average size of Swedish aid activities

<sup>11</sup> It should be acknowledged that it is not necessarily the case that all these activities will necessarily have been delivered in Vietnam. Some may have been delivered in donor countries but allocated to their Vietnam country programs. These activities are likely to represent only a tiny proportion of total activities. It should also be acknowledged that part of the observed increase in aid activities could be due to more comprehensive reporting. Yet even if this is accounted for, it would be unlikely in the extreme to alter the conclusion that there has been significantly increased proliferation of activities in Vietnam.



fell from \$US181 million in 1977 to \$US0.13m in 2008. This in isolation does not bode well for the development effectiveness of Swedish ODA to Vietnam.

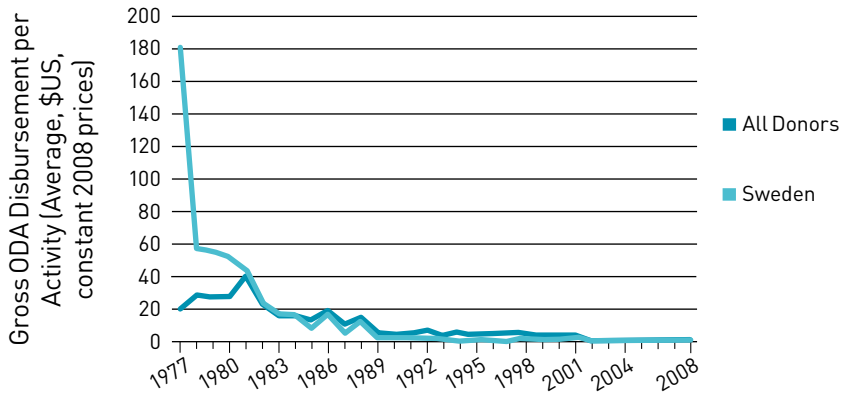


Figure 2.10 Average Financial Size of Aid Supported Activities, Vietnam, 1977 to 2008

### 2.3.4 ODA Predictability

Important pre-requisites for maximising aid effectiveness are the predictability and stability of aid over time. Aid predictability is an indicator of the Paris Declaration principle of alignment, and an important element of AQEF component 3. There are many ways aid stability and predictability can be measured, but a widely used and easily interpreted measure is the coefficient of variation in aid to the recipient country.<sup>12</sup> There is no threshold level of stability that deems aid especially effective nor any agreed benchmark for donors to reach.

As shown in Figure 2.11, Sweden's aid disbursements to Vietnam over the period 1960 to 2008 have been less stable statistically than aid from all donors to this country. It is also less stable than total aid

<sup>12</sup> See, for example, Gemmell and McGillivray, 1998 and Bulir and Hamann, 2001. The coefficient of variation is the standard deviation of aid divided by its mean, each for the time period in question. The measure of aid used was Gross ODA Disbursements at constant 2008 prices. Disbursements are used, as opposed to commitments, on the grounds that they represent the actual amount of aid received by the partner country, which is what matters most for aid effectiveness. Commitments tend to be more stable and predictable over time than disbursements given that they result from conscious programming decisions. The measure of predictability preferred by the OECD DAC in monitoring progress under the Paris Declaration is the proportion of aid disbursed within the fiscal year for which it was scheduled. This measure is not currently used mainly because it is not possible to get historical information on scheduled aid.

to all developing countries. It is also evident that there is greater instability in total (all donor) aid to Vietnam than aid to all other developing countries during 1960 to 2008. While this is obviously in large part due to huge variations in aid to Vietnam during the 1970s, during the 1980s and 1990s total aid to this country is substantially more unstable than to the developing world as a whole. The relatively large variation in the combined donor and Swedish effort in Vietnam suggests that its effectiveness might have been less than would otherwise have been the case.

Aid levels change over time for many reasons and are often driven by changing development conditions within and among countries. Changes from one year to the next do not necessarily mean that they were unanticipated by the recipient. The statistics shown in Figure 2.11 and the conclusions based on them should, therefore, be interpreted with a degree of caution. In the case of Swedish aid, however, there are a number of large reductions in aid from one year to the next during the mid-1970s to mid-1980s that seem difficult to attribute to changing development conditions or needs within Vietnam. These reductions vary from \$US31 million in 1974 to \$US134 million in 1978, in constant 2008 prices.

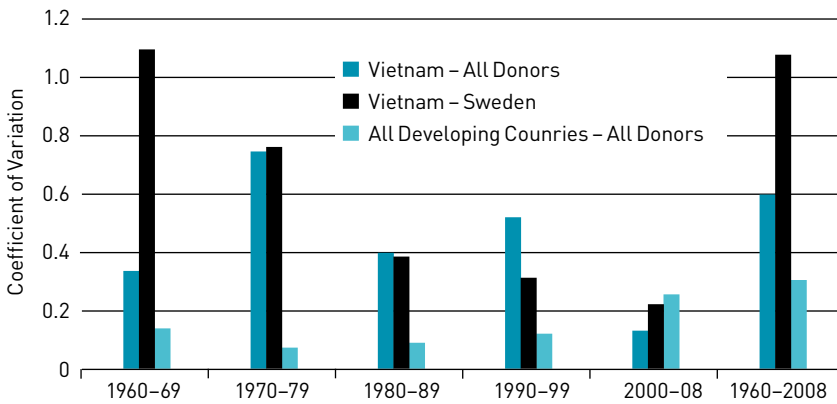


Figure 2.11 ODA Instability, 1960 to 2008

#### 2.4 The ODA Enabling Environment in Vietnam

The ability of aid to achieve sustained development results depends on many factors. Two especially important factors are the capacity of the partner government to efficiently absorb aid for development purposes and the quality of a government's public sector fiscal management.

The capacity of the partner country to efficiently absorb aid is assessed against the amount of inflows it receives relative to the size of its economy as measured by GDP. International research has found that the incremental impact of aid on partner country growth follows an inverted U shaped relationship. That is, this impact initially rises with increases in aid relative to GDP, reaches a maximum and then commences to fall (Feeny and McGillivray, 2011). The fall is attributed to absorptive capacity constraints within the partner country.

Feeny and McGillivray (2008) find that the incremental impact of aid on growth falls when it reaches 20 percent of GDP and continues to decline at all higher levels of aid. This applies on average across a diverse sample of aid receiving countries, and not necessarily to all countries, including Vietnam. Aid levels that are substantially above this level do, however, need to be carefully scrutinised given the potential adverse implications for growth and for the multidimensional development achievements that growth can facilitate.

In the Vietnamese case, aid from all donors combined reached a maximum of 8.1 percent of GDP in 1994.<sup>13</sup> This does not raise questions regarding the capacity of the Vietnamese economy to efficiently absorb ODA during this period, and therefore of the development effectiveness of these inflows. This is not to say that these inflows were effective. Nor does it say anything of the effectiveness of Swedish ODA to Vietnam. But it does suggest that on this criterion alone the broader enabling environment was conducive to growth and related multidimensional outcomes.

The AQEF identifies four key drivers of absorptive capacity. The first is concessional borrowing capacity. If a country is close to what is considered the limit to what it can efficiently borrow, then its capacity to absorb aid is limited and *vice versa*. The second is human capacity, as proxied by the HDI. High human capacity indicates a high capacity to efficiently use aid and vice versa. The third driver is private sector capacity, as proxied by World Bank IFC doing business indicators. This represents the ability of the private sector to take advantage of the many opportunities, direct and indirect, of aid. The fourth driver is the quality of public sector financial management (PFM), as proxied by World Bank PEFA and CPIA ratings.

<sup>13</sup> GDP data are not available prior to 1985, so assessments for earlier years cannot be undertaken with (the former year being the first for which GDP data are available).

Vietnamese data on three of these drivers are shown in Figure 2.12. Data for 1970 to 2008 on human capability capacity and PFM capacity are shown, along with data on private sector capacity for 1994 to 2008. A simple average of each is also shown, and interpreted as aggregate or overall absorptive capacity.<sup>14</sup> This capacity has trended upward during the overall period in question, although fell during the early 2000s owing to declines in private sector capacity. This is good news, although it only slightly militates against the comments made above regarding the aid enabling environment, aid proliferation and fragmentation specifically.

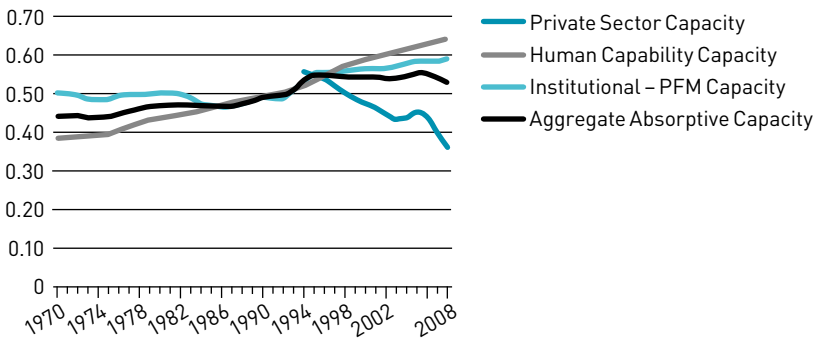


Figure 2.12 ODA Absorptive Capacity Drivers, Vietnam, 1970 to 2008

AQEF component 2 – the quality of PFM – has already been partly addressed through the investigation of the drivers of absorptive capacity. A more thorough analysis of this issue involves assessments regarding the extent to which economic policies are effectively built into the government budget, the accuracy of recurrent budget expenditure and revenue forecasts, transparency of budgets, accuracy of reporting of foreign and domestic debt and the extent of on-budget reporting of donor assistance. Owing to very limited data it is not possible to undertake robust and comprehensive analysis of this issue, much beyond what is shown in Figure 2.12. This analysis points to an overall upward trend in PFM quality from the 1970s.

<sup>14</sup> In an ideal situation one would report a weighted average of these drivers. Unfortunately there is no agreement among specialists as to what the weights to each driver should be. A simple average is taken on these grounds, as it is the least contentious option. The average shown in Figure 2.13 is based on human capability and PFM capacities up to 1983 and all three capacities under consideration from 1984 onwards. Note also that the drivers shown in Figure 2.12 as expressed as four year moving averages.

## 2.5 Effectiveness of Aid to Vietnam: Some Stylized Facts

What does the preceding overview suggest about the donor effort in Vietnam since the mid-1960s, and in particular of Swedish development co-operation with this country? The following characteristics were observed:

- After suffering extensive damage during the Second Indo-Chinese War, Vietnam has achieved extremely impressive multidimensional development and poverty reduction outcomes since the early 1990s;
- It has achieved very high levels of economic growth since the early 1980s;
- Doi Moi appears to have been extremely successful and is associated with these levels of economic growth;
- Vietnam has received reasonably high levels of aid relative to population and GDP, and also relative to other foreign inflows;
- Year-on-year increases in Vietnamese aid receipts have not been as stable as could have possibly otherwise been the case;
- There has been significant proliferation and fragmentation of aid financed activities in Vietnam;
- The level of aid to Vietnam has been such that it would be reasonable to look for attribution between these inflows and national development outcomes in this country;
- The total aid to Vietnam has not been at a level that was too high for its economy to efficiently absorb; and
- Public financial management (PFM) quality has trended upward in Vietnam since the 1970s.

Most of these characteristics are pleasing from a development effectiveness perspective. While alone they clearly do not provide sufficient evidence that aid to Vietnam has been effective, they do paint an optimistic view of development effectiveness in the country. The proliferation and fragmentation of aid, including in particular the fragmentation of Swedish aid, are not consistent with effective aid, and suggest that one should not rush to causally link the improved multidimensional outcomes in Vietnam to the ODA it has received.

What might this imply for Swedish development co-operation? Recall that Sweden has been a major donor of ODA to Vietnam. This was especially so during the 1980s when it was the largest bilateral donor to Vietnam and provider of a massive 64 percent of total Vietnamese aid receipts. While this does not ensure that Swedish aid has had national level impacts in Vietnam, it does provide grounds

for investigating whether such impacts have occurred, especially if it can be shown that Sweden supported highly strategic, pivotal activities that were efficiently delivered. This is the underlying focus on much of what follows in this report.

Against this backdrop it is useful to examine more closely the association between ODA to Vietnam and its development achievements in human development, health, education and income. A number of associations, in the form of scatter plots, were examined. The associations examined were ODA and the HDI, ODA and life expectancy, ODA and adult literacy, ODA and school enrolment, ODA and GDP per capita and ODA and GDP per capita growth. These development achievement variables have been used quite extensively in the research literature on aid effectiveness, in studies of aid and per capita GDP growth in particular.<sup>15</sup> Shown below in Figure 2.13 is the scatter plot showing the statistical association between per capita ODA and human development in Vietnam. It is evident from the figure that ODA and human development are strongly associated, with higher levels of the former being associated with higher achievement in the latter and vice versa. Indeed, as is evident from the R<sup>2</sup> statistic, 91 percent of the variation in human development in Vietnam during 1980 to 2008 is predicted by the level of ODA. Such a high level of prediction is most uncommon, based on similar statistical investigation for other aid receiving countries.

<sup>15</sup> Scatter plots using other measures of aid, including aid relative to GDP, were also produced. Various time lags were also assigned to the aid variables on the grounds that the impact of aid on development achievements can take time to observe, especially in the case of health and education outcomes. Virtually the same picture emerges from these scatter plots. There are many different criteria that can be used to determine the type of regression line fitted that is fitted to the data. It can be a straight line, reflecting a linear relationship between the two variables in question. Alternatively it can be curved, reflecting a logarithmic, exponential or other non-linear functional relationship between these variables. A common criterion is to select the regression line that provides was chosen on the basis of that which provided the highest R<sup>2</sup>, which is the percentage of variation in the variable on the vertical axis that is predicated by the variable on the horizontal axis. This report has been restrict to lines of best fit that correspond to either a linear or logarithmic relationship. Not only are these functional forms easy to interpret and make intuitive sense, but are consistent with relationships found in more complex and empirically rigorous aid effectiveness research. It was also the case, coincidentally, that these functional forms usually provided higher R<sup>2</sup>s than other alternatives.

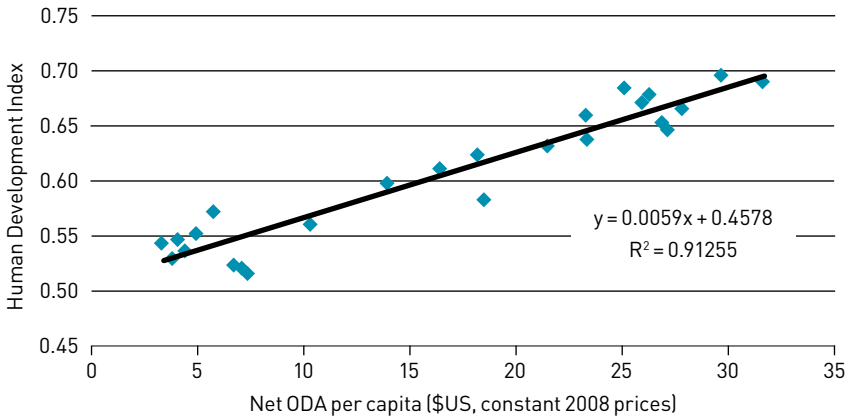


Figure 2.13 ODA and Human Development, Vietnam, 1980 to 2008

ODA to Vietnam is also strongly associated with better health, greater knowledge and higher incomes, based on scatter plots obtained for these development indicators.<sup>16</sup> This is obviously good news from a multidimensional development effectiveness perspective. Each of these associations is statistically significant, based on standard tests. These associations should in no way be taken as evidence of casual relationships for a variety of methodological reasons. There is, in particular, no attempt to control for other determinants of the development achievement variables or to allow for endogeneity, in which aid both influences and is influenced by these variables. The scatter plots do, however, point to stylised facts about simple associations between aid and development achievements in Vietnam that are highly consistent with effective development co-operation. Indeed the closeness of the associations shown is quite striking by the standards of those prevailing in other developing countries and would appear to be difficult to dismiss as mere statistical artefacts. They send a potentially very positive message about aid effectiveness in Vietnam. This does not necessarily mean that Swedish aid was effective but reinforces the contention that knowledge of this broader context should inform the interpretation of the evaluation results that follow in this report.

<sup>16</sup> ODA levels to Vietnam predict 82, 85 and 84 percent of the respective year on year variation in life expectancy, adult literacy and GDP per capita. The corresponding scatter plots are available on request from the authors of this report, who can be contacted via Sida.

# Part Two – Swedish Development Co-operation With Vietnam

## 3. REBUILDING INFRASTRUCTURE AND SUPPORTING ECONOMIC DEVELOPMENT: 1969 TO 1985

### 3.1 Political and Economic Synopsis

The first period of Swedish development co-operation with Vietnam unfolded amid considerable turbulence. In 1969 Vietnam was a country divided and at war. The North (the Democratic Republic of Vietnam – DRV), with the support of the Soviet Union and China was engaged in a struggle for unification with the South (the Republic of Vietnam, as it was known), which received massive military aid from the US and several other western nations. The US had begun bombing the DRV in 1965 causing widespread damage to economic infrastructure and considerable loss of life.

In April 1975, after several attempts at negotiations, the DRV overran Saigon (now Ho Chi Minh City), the capital of South Vietnam bringing to an end the conflict and the prolonged division of the country. The victory of the DRV occurred against the backdrop of increasing opposition to the Second Indo-Chinese War in the US as well as many other western nations. However, large numbers of southern Vietnamese had fled the country fearing persecution.

The late 1970s witnessed the outbreak of further conflict and international isolation. The victory of the DRV in 1975 was followed by growing tension with neighbouring Kampuchea (now Cambodia). In December 1978 Vietnam invaded Kampuchea, overthrew the Khmer Rouge regime, and commenced what was to become a ten year occupation. This move triggered the retaliatory invasion of northern Vietnam by China (an ally of the Khmer Rouge regime at that time) in 1979. While this attack was repelled, it caused further damage and loss of life to the Northern provinces. At the same time a large proportion of the international community admonished Vietnam's 'aggression' and cut off all diplomatic relations.

Economically, development in both the southern and northern parts of the country was adversely affected by these events. The



Vietnamese Communist Party (VCP) had instituted a planned approach to economic management in the north based around the creation of five-year plans since the early 1960s. As was mentioned in Chapter 2, the second five-year plan was launched in 1976 to guide the country's development over the first years of unification, after a period in which the economy was on a war footing. The second five-year plan set ambitious goals for growth and integration of the southern parts of the country into the planned economy of the north. By the late 1970s however it was clear that objectives of the plan had not been achieved and productivity remained low. As also noted in Chapter 2, subsequent planning for the period between 1981 and 1986 was more cautious, and sought a compromise between pragmatism and ideological concerns. The seeds of more far reaching reforms were sown during this period.

The DRV received substantial economic support from the Soviet Union throughout this period. It was pointed out in Chapter 2 that estimates of the extent of this support vary, but according to one estimate, this was as high as \$US0.7 billion per year during 1977–1978, rising to more than \$US1 billion per year in the early 1980s (Library of Congress, 1987). Vietnam began to access development assistance from multilateral and bilateral sources following the end of the war but this was cut off following the invasion of Cambodia in 1978. The outbreak of war between China and Vietnam also led to the loss of Chinese aid, reportedly close to \$US300 million per year in 1977 (Library of Congress, 1987).

### 3.2 Summary of Swedish Aid during this Period

Official diplomatic relations between Sweden and Vietnam (DRV) began in 1969 at the height of the war with the US. Sweden had provided humanitarian aid in the form of medical supplies and non-earmarked cash through the Red Cross since 1967 (Nordic Consulting Group, 2010, see also Christian Michelsen Institute, 1999). The advent of full diplomatic ties, however, paved the way for the commencement of a larger scale program of official development assistance.<sup>17</sup>

In Sweden, the decision to support Vietnam with an official aid program occurred in the context of strong public sentiment, driven by “the

<sup>17</sup> Note that in what follows in this report, the acronym SIDA when discussing the Swedish International Development Authority between its inception in 1965 and before its transformation to Sida in 1995 – the Swedish International Development Co-operation Agency

image of a poor nation being ravaged by an imperious United States” (Christian Michelsen Institute, 1999, p. 23). Political debate in Sweden polarised around protecting the relationship with the US on the one hand and demonstrating solidarity with Vietnam in the face of US aggression on the other. Charismatic figures on the left of the Swedish political spectrum, notably Olof Palme, helped galvanise support for Swedish aid to North Vietnam with a series of high profile gestures. The most famous of these involved Palme marching side-by-side with the DRV’s ambassador to Sweden in a protest march in 1968. Capitalising on the public mood, in 1969 the Social Democrat-led Government announced that DRV would be offered official development assistance. Two weeks after this announcement, the first Vietnamese delegation arrived in Stockholm for initial discussions on the shape of this program. In 1970 the Swedish embassy was opened in Hanoi.

The outline of the development co-operation program began to emerge in the early 1970s, after arduous negotiations that had taken more than two years. Initially, Sweden had indicated a preference for flexible forms of development co-operation and had attempted to convince the Vietnamese of the merits of such an approach. To Swedish officials this seemed an appropriate choice, given the sheer magnitude of the knowledge gap that existed on both sides. However, the Vietnamese delegation had arrived with a detailed list of projects and insisted on project aid (Christian Michelsen Institute, 1999). This made sense from a Vietnamese perspective, since there was neither the knowledge of Western capital markets nor the capacity to buy the technology they wanted. Furthermore, project aid would include technical assistance, which the Vietnamese side was keen to receive. The requests from the Vietnamese delegation prioritised agriculture and heavy industries, a reflection the five-year plan intended for 1971–76, which had been put on hold through the war period. It also reflected prevailing socialist doctrines of economic development (Christian Michelsen Institute, 1999). Ultimately planning proceeded along the lines of project aid.

The centrepiece of development co-operation was a project to construct a paper and pulp mill in Bai Bang to the north of Hanoi. The original budget for this commitment, as estimated in 1973, was 770 MSEK (Nordic Consulting Group, 2010). Other assistance was negotiated in the health sector (see case study 1, below), while an import support program emerged as a key avenue through which Vietnam could access an array of goods and services that Sweden

could provide. Imports encompassed a wide variety of items to meet various industrial needs from pulp (see Sida, 1976) to chlorine towers (see Sida, 1980). Relations between the two nations in this early period were sometimes strained by the very real practical and logistical challenges of administering development co-operation between two very different economic and administrative systems.

Significantly, Sweden was one of only three Western nations that did not substantially scale back aid to Vietnam in 1979 in a response to the invasion of Cambodia.<sup>18</sup> As noted in Chapter 2, Sweden was by far the largest ODA donor following the withdrawal of the United States, and during 1980 to 1989 provided 64 per cent of total bilateral ODA to Vietnam.

Two key examples of Sweden's support to Vietnam during this initial period are explored in the remainder of this chapter. The first, a 'thematic case study' (see chapter 1 for an explanation of thematic and longitudinal case studies) provides a summarised account of Sweden's support to the health sector. The second, is the first of three case studies (one in each of the three time periods covered in this study) tracing the evolution of Swedish development co-operation from an economic development project (Bai Bang) to a natural resource management project (the Forest Co-operation Program) and eventually to participatory poverty alleviation (Chia Se, via the Mountain Rural Development Program). Finally, this chapter concludes with some observations about thematic issues emerging from this period that have significance for the evaluation questions posed in this study.

### 3.3 Case Study 1 – Sweden's Early Support to the Health Sector

#### 3.3.1 Development Context

As noted above, the decision to support Vietnam in the late 1960s was an expression of Swedish solidarity during the conflict between

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<sup>18</sup> An interesting story was told to the evaluation team by a long standing member of the VCP who recalled being sent by Prime Minister Pham Van Dong to Sweden in 1978 to discuss the reasons behind Vietnam's invasion of Cambodia and to seek ongoing Swedish support. He briefed Swedish politicians on the situation in Cambodia, which he had seen himself, and explained that Vietnam intended to liberate the Cambodian people from the Khmer Rouge, who unbeknownst to many westerners at the time were killing thousands in Cambodia. Swedish officials criticised the Vietnamese act of aggression but also indicated their ongoing support and explained they understood the reasons behind, what they referred to as Vietnam's 'enlightened aggression'.

DRV and the US. Diplomatic relations between Sweden and Vietnam were formalised in the early 1970s, as the War was approaching its conclusion, providing the foundation for development co-operation.

The development challenges facing Vietnam at this time were formidable. Infrastructure had sustained widespread damage while the economy was thought to exhibit minimal rates of growth. The vast majority of the population lived in income poverty and health achievements lagged behind those of other developing countries.

One event galvanised widespread Swedish support for Vietnam, and the health sector in particular. In December 1972, Bac Mai Hospital in Hanoi sustained damage during a US bombing raid. The “Christmas Bombings”, as this incident was nicknamed in Sweden, caused widespread outrage and demonstrations against the US. Public anger became focused on collecting funds to rebuild the damaged hospital (Sida, 1998).

Against this backdrop, in 1973 the first Swedish delegation arrived in Vietnam to hold initial consultations on health sector support. Later that year a Vietnamese delegation from the Ministry of Health travelled to Sweden to sign the first bilateral agreement for development co-operation in the health sector. The first decision was to build a children’s hospital in Hanoi. These plans were extended soon after to the construction of another hospital for miners at Uong Bi, Quang Ninh Province.

### 3.3.2 What was intended? The Objectives

As the above discussion suggests, Sweden’s development co-operation was a key avenue to express solidarity with the people of Vietnam. This was important domestically, but also internationally and within Vietnam as a concrete demonstration of Sweden’s foreign policy (Christian Michelsen Institute, 1999). As such, from a strategic perspective the most important objective was implicit – to showcase this policy stance.

Minutes from discussions between Vietnamese and Swedish delegations reveal a focus on the technical details of the health projects (see for example Sida, 1975). From an operational perspective the objectives pursued in these discussions were simple: the two hospitals were to be constructed within the planned timeframe and budget. Systematic methods of project planning such as the logical frame approach were not widely used at the time, and thus there is little evidence in early discussions of objectives beyond the construction of the hospital buildings.

### 3.3.3 What was done? Implementation

Construction of the Children's Hospital in Hanoi began in 1975, shortly after the conclusion of the war. Minutes from early discussions are indicative of the challenges of early development co-operation between two countries with very limited knowledge of the systems and organisational arrangements that prevailed on each side. The Vietnamese side submitted an organisational chart to the Swedish side to help explain the organisational setup. At the same time, the Vietnamese side were focused on obtaining more detailed estimates of the costs involved. Construction activities were supervised by Swedish experts from the firm Hifab, and throughout much of 1975, the main activities involved building camps to house them. These camps involved significant investment and of themselves involved considerable construction activity.

The construction phase for both hospitals began in earnest in 1976. Initial cost estimates for construction put forward in the discussions from May that year were 75 MSEK for the Children's Hospital and 50 MSEK for the Hospital at Uong Bi (Sida, 1976). The Swedish delegation raised the prospect of training for staff that would use and maintain the sophisticated equipment that had been supplied, emphasizing that such a program would be essential to the successful operation of the hospitals. However, it was agreed at that stage that the cost of the training program would be difficult to estimate so these were not included in initial estimates.

Overall, the construction phase of both projects proceeded according to schedule and within budget – notwithstanding several upward revisions of the budgets and extensions of the original workplans. The Children's Hospital was completed by late 1980, receiving its first patient in October of that year. It was officially inaugurated in early 1981. The total cost of construction was 135.5 MSEK, reportedly slightly over budget. The General Hospital at Uong Bi was complete one year later, at a cost of 100 MSEK; apparently well within the final budget (Sida, 1981).<sup>19</sup>

In many respects, the greatest challenges were in the operational phase. Discussions between 1981 and 1983 highlighted a number of persistent difficulties including the timely supply of health equipment through the port of Haiphong, maintenance of the buildings,

<sup>19</sup> These judgements reflect the assessment of Swedish officials in minutes of review meetings at the time. See Sida, 1981.

and organisational capacity. Some of the challenges arose from the planned nature of the Vietnamese economy during this time, which meant that all transactions of goods and services were subject to administrative control. The Swedish delegation constantly raised these logistical difficulties during meetings, occasionally leading to tense exchanges. For the most part, however, relationships between the Swedish and Vietnamese were cordial and constructive.

Problems with developing the human resource capacity required to operate the hospitals at full capacity were particularly thorny. A shortage of trained staff at the Children's Hospital was frequently raised (See for example Sida, 1981a and 1981c). In some cases staff that had been trained through the hospital projects had been transferred to other areas, leading to an insistence from Sida that this be addressed (Sida, 1981b). Some capacity problems affected the maintenance and functionality of the hospital buildings. Training in the maintenance and operation of equipment and buildings had been provided to staff of the Vietnamese companies involved in the construction process. After the Swedish advisers left, these workers were later replaced by others from the Ministry of Health who did not possess the skills required (Sida, 1981). These issues were raised during quarterly reviews between Sida and GoV representatives with both sides committing to working through the various challenges. Sweden continued to support the operational aspects of the two hospitals until 1999, when support was phased out.

#### **3.3.4 What was the Result?**

There is little doubt that the support provided to the construction of the Children's Hospital in Hanoi and the General Hospital at Uong Bi has been a successful and lasting demonstration of Sweden's solidarity with Vietnam. The two hospitals, particularly the Children's Hospital, continue to have symbolic resonance within both countries. The former Deputy Head of the Planning Department in the Ministry of Health captured something of this sentiment during an interview in 1998 when he explained how the hospitals have done a lot for Sweden's image: "Nobody says 'The Institution for Children' but quite simply call it the 'Swedish children's hospital'", he stated (Sida, 1998). This perspective was echoed by the present Director of the hospital, who felt that Sweden was the only donor who would have provided such support at the time. There is particularly deep respect, he said, and gratitude for Olof Palme, the Swedish Prime Minister during the

time, whose photo now hangs in the hospital board room.<sup>20</sup> From the perspective of Sweden's strategic objective, the support to the two hospitals has been a resounding success.

These remarks are not to suggest that the public health effects of the hospitals were of secondary importance. Rather, the choice of constructing hospitals, especially the Children's hospital, is likely to have reflected the deep humanitarian concern within Sweden. Regardless, today the Children's Hospital in Hanoi is the leading paediatric hospital in the country, while Uong Bi is apparently widely regarded as the best general hospital in Vietnam (Sida, 1998). Clearly, Sweden's support has resulted in the establishment of two high quality hospitals.

From an operational perspective, the projects were completed largely on time and within budget. This result in itself is a remarkable achievement, especially at such an early stage in the development co-operation relationship when there was limited knowledge of either side's system. From an operational standpoint, the construction phase was a success.

However, the challenge of developing sustainable operational capacity was very much underestimated by both sides. Former Sida officials interviewed for the present study admitted that Sweden had overestimated Vietnamese management capacity at the time. As a result of these constraints, the hospitals operated at much less than full capacity during the early years and initial patient numbers were quite limited (see for example Sida, 1981). The costs associated with operating a hospital of such standard were high. In 1999, when Sida assistance was phased out, these operational costs remained a concern for the Ministry of Health (Sida, 1998). Nevertheless, it is evident from the condition of the hospital today that the Ministry of Health and GoV have succeeded in overcoming many of these obstacles.

### **3.4 Case Study 2: 'Bai Bang and the Side-projects': The Broadening of Sweden's Rural Development Assistance**

#### **3.4.1 The Development Context**

This case study is the first of three that collectively trace the story of the transition of Sweden's development co-operation from the construction of the pulp and paper mill in Bai Bang, to a poverty alleviation and participatory governance program. As such, these case studies unfold amid a constantly evolving political and

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<sup>20</sup> Interview with Professor Liem, Director of the Vietnam National Paediatric Hospital, Hanoi, 18/3/2011.

economic context – from the cut and thrust of Cold War geopolitics during the 1970s to economic transition over the 1980s and 1990s and the Vietnamese policy priorities of more recent years. It is therefore more accurate to refer to several contexts.

Nevertheless, the logical starting point for a discussion of context must be Sweden's foreign policy stance during the war in Vietnam. It is here that the seeds of Sweden's involvement in development co-operation in natural resources management were first sown. As discussed earlier in this chapter, during the late 1960s the Swedish Government expressed strong opposition to the US involvement in the war in Vietnam. To a large extent, this policy reflected a desire to demonstrate solidarity with a range of post-colonial struggles across the globe. The establishment of diplomatic relations in 1969 was followed later the same year by the announcement of Swedish aid. The construction of a paper and pulp mill at Bai Bang became by far the largest and most significant element of this development program. More than any other single project during this time, the Bai Bang Paper and Pulp Mill was intended to be a concrete expression of Sweden's policy.<sup>21</sup>

### 3.4.2 From a Paper and Pulp Mill to Broader Rural Development

Much has been written of the construction of the pulp and paper mill at Bai Bang – best known as 'the Bai Bang Project'<sup>22</sup>. This case study does not attempt to retrace this ground. Nevertheless, the Bai Bang Project represents the starting point for understanding the evolution of Swedish development assistance to natural resource management, rural development, and eventually, participatory poverty alleviation and decentralised governance.

The Bai Bang Project stands out for a number of reasons. Firstly, it carried enormous symbolic weight, emerging as it did as a direct result of Sweden's policy of solidarity with Vietnam during the conflict with the US. Secondly, it remains the largest development project ever financed by Sweden. The project consumed 2,766 MSEK of funding (at current prices) between 1970 and the end of Swedish

<sup>21</sup> A comprehensive description of the context surrounding the establishment of the development co-operation program is presented in Christian Michelsen Institute (1999), *A Leap of Faith – a story of Swedish aid and paper production: the Bai Bang project 1969–1996*, Sida, Stockholm 1999

<sup>22</sup> See for instance studies on various aspects of the Bai Bang Project by Christian Michelsen Institute (1999), Centre for International Economics, (1999), Bjereld (1998).



assistance in 1995. Ostensibly, the idea behind the project was simple. Sweden would provide support to Vietnam to construct an integrated pulp and paper mill that would raise living standards in the region. Implementation however, proved considerably more complicated. The project confronted a range of serious challenges from the outset, many of which related to the difficulties of co-operation between two countries with such different political and economic systems. Compounding these difficulties was the considerable adverse media coverage in Sweden, much of which focused on various controversies that arose including the living conditions of workers at the mill and the surrounding forest areas, and the frequent revisions and extensions of the project timeframe that were required to overcome the various issues that arose. A study of the conditions of women workers at the mill pointed to the particular hardships that they faced (see Sevefjord, 1985). Allegations of forced labour in the forestry component of the project arose in 1985. Although later studies suggested these had been overstated, the issue created a political storm in Sweden (Christian Michelsen Institute, 1999, p. 178).

However, it was the emergence of these difficulties during planning and implementation that gave rise to broader Swedish support for the forestry sector in Vietnam. Chief among these issues was the adequacy of the wood supply for the integrated paper and pulp mill. Wood supply was intrinsically linked with early discussions between Sweden and Vietnam over mill capacity, which had become quite fractious. Vietnam had favoured construction of a larger capacity mill, initially suggesting 100,000 tonnes of annual production, while Sweden, concerned about the supply of raw materials, had instead pushed for a figure of approximately 50,000 tonnes. In the end the consultants engaged by SIDA to design the mill were never given access to sufficient data to accurately assess the wood supply from the designated raw material areas in northern Vietnam (Christian Michelsen Institute, 1999). One of the main consequences of the uncertainty over the supply of raw materials was the establishment of an extensive forestry program in the surrounding provinces of Yen Bai, Tuyen Quang, Vinh Phu, Lao Cai and Ha Giang.

In retrospect, the forestry activities that emerged during the Bai Bang Project marked a significant point in the evolution of Swedish support for several reasons. Firstly, it was the start of what was to become Sweden's 30 year involvement in the northern mountain provinces. Secondly, it was the starting point for the mandate of

SIDA's involvement beyond the remit of industrial technology specific to the mill towards broader rural development concerns.

The forestry components of the Bai Bang Project were eventually separated into the Plantation and Soil Conservation Program (PSCP), which commenced in 1986. The possibility of a plantation project “aimed at securing long-term wood supply to the mill” first appeared in 1984 during negotiations on development co-operation for 1985/86 to 1986/87. Initial work concentrated on silviculture, harvesting and transport aspects. However, SIDA's thinking on support to the sector had evolved further by 1989, just as the PSCP was approaching its conclusion. Discussions between Vietnamese and Swedish delegations on development co-operation in that year noted that:

*A continuation of the plantation and soil conservation programme should be based on a wider concept including both social forestry activities and industrial plantations.* (Sida, 1989, emphasis added)

The planning of a new forestry program would also take into account the experiences of another project – the Forest, Trees, and People Project or the ‘FTP Project’. Implemented in the same areas as the PSCP, the FTP Project was a co-operative initiative between SIDA and FAO which incorporated a major emphasis on the social aspects of tree planting and agriculture.

What was behind this embrace of a wider agenda? The rate of deforestation had attracted increasing international attention during the 1980s, embodied in the launch of the Tropical Action Forestry Action Plan (TFAP) by UNDP, the World Bank, FAO, and the World Resources Institute in 1985. This concern was accompanied by the discrediting of more industrial approaches to forestry. Sweden had also been an active participant in the emergence of social forestry – a new approach in 1970s and 80s. These currents of change played a major role in shifting SIDA's thinking on the forestry sector towards more people-centred approaches. Finally, it has also been suggested that the end of the construction phase of the Bai Bang paper and pulp mill in 1985 left considerable “financial room” for further SIDA-financed projects and activities in the ‘country frame’ (Lindahl et al, 2001).

### 3.5 Significance for this Evaluation

The two case studies discussed in this chapter highlight how, in different ways, Sweden's support emerged from a desire to provide a concrete demonstration of solidarity with Vietnam during very difficult

circumstances. These projects and the context from which they emerged provide an insight to the starting point of the ‘special relationship’ that subsequently emerged between the two countries. These case studies highlight a number of issues that are of relevance to the main evaluation questions posed in this report – and are discussed at length in Chapters 6 and 7. Some key issues that emerge include:

- The case study of the two hospital construction projects is an example of how development co-operation could be highly effective in contributing to a strategic objective – in this case a concrete demonstration of solidarity. While the Bai Bang Project has been subject to more controversy, the Children’s hospital retains lasting resonance as a symbol of goodwill between the two sides. The role of such goodwill should not be underestimated in creating positive conditions for Sweden’s development co-operation to build on in the years to come;
- Having emerged from political and international considerations, it is unlikely that the projects funded during this period of development co-operation were necessarily targeted at the areas most relevant to poverty reduction. For example, interviews with former Swedish officials familiar with the decision admitted that the primary health care system, rather than two hospitals, may have been more appropriate as an initial focus for health sector co-operation;
- The case study of the two hospitals also highlights the prevailing focus on infrastructure during this time period (a feature, also, of the Bai Bang Project) to the exclusion of more nuanced issues relating to capacity development; and
- The case study of the transition between the Bai Bang Project and Forest Co-operation Program shows how a long-term approach, when accompanied by a flexible orientation and underpinned by sound relationships can lead to the emergence of new ideas.

## 4. SUPPORTING REFORM AND BUILDING INSTITUTIONS: 1986 TO 1999

### 4.1 Political and Economic Synopsis

During the early 1980s Vietnam suffered from poor economic growth, agricultural productivity was low, food shortages were common, and almost 75 per cent of the population was living in income poverty based on the national poverty line. (Van Donge *et al.*, 1999). Vietnam was heavily dependent on aid from the Soviet Union and was strongly influenced by the Soviet central planning model (Fforde, 1991). The impact of central planning was variable across the country, being stronger in the north, where it had been in place since 1954, than in the south where the private sector, though illegal, was not as suppressed (Rana, 1995). This so-called ‘variable equilibrium’ between plan and market forces across the country was a particular characteristic of Vietnamese communism which, Fforde(1991) suggests, strongly influenced the trajectory of market-oriented economic reform that was initiated during this period.

After the war, as the economy stagnated and poverty levels increased, the legitimacy of the VCP, which had hitherto been tied to its performance in terms of national development, reached a crisis stage. In 1986 the Party embarked on a series of market-oriented economic reforms – the so-called *Doi Moi* reforms – as part of an effort to recapture that legitimacy (Alagappa, 1995). While the reform process was driven by the VCP and other actors within Vietnam’s complex polity, the demand for reform emanated from the will of the people, a point that is recognised by senior Vietnamese policy makers<sup>23</sup> and academics alike<sup>24</sup>.

The first phase of reform included the creation of a central treasury to execute the budget, encouraging the autonomy of State Owned Enterprises (SOEs), the removal of some price controls, and the end of the government monopoly on foreign trade<sup>25</sup>. In the late 1980s, as it

<sup>23</sup> Professor Le Xuan, Director, CIEM, pers comm 22/03/2011

<sup>24</sup> Professor Ari Kokkoperscomm 15/04/2011

<sup>25</sup> We recognise it is simplistic to suggest that these reforms started in 1986 as some reforms did occur earlier, such as the limited reforms in the agriculture and SOE sectors in the late 1970s (See Fforde 2009). For the purposes of this evaluation it makes sense to focus on the GoV’s major reform policy, *Doi Moi*, which formed the basis of Sweden’s development response.

became clear Soviet aid would soon decline, the Government initiated more dramatic measures including withdrawing from Cambodia and normalizing relations with ASEAN and China. This was followed by further substantial economic reforms between 1989 and 1991, which included the complete removal of price controls in agriculture, the liberalisation of foreign trade and investment, the unification of the exchange rate, the streamlining of the public sector and significant tax reform (Dollar, 1994). This culminated in a new constitution in 1992 which provided explicit protection for private property rights and the enactment of a wide range of legal frameworks designed to regulate and support the emerging market-oriented economy.

Politically however, the VCP remained firmly in charge. Indeed the essence of the reforms was to create a ‘socialist-oriented market economy’ – a reference to the unique blend of planned and market approaches that the Party sought.

The initial results were promising. Official Vietnamese data showed that the economy grew between 2 and 3 per cent per year between 1989 and 1991 (Fforde, 1991).<sup>26</sup> The challenges associated with the mix of state-led and market-led economic approaches were also appearing. These included, for example, the ongoing influence of the state-sector over the market, which contributed to increasing levels of corruption. Inflation also became a concern, rising to quadruple digit levels in 1989 (Fforde, 1991).

Much of the 1990s involved a focus on these emerging challenges while maintaining the overall direction of reform. A key element of this response included developing institutions appropriate to a market economy including a Treasury and Inland Revenue system, banking legislation, and affecting the merger of a number of ministries (Fforde, 1991). Recognising that the economic transition required administrative change, the GoV commenced a program of public administration reform (PAR) in the early 1990s. The GoV was assisted in these tasks by international donors, who had reengaged with Vietnam following the withdrawal from Cambodia in 1989.

By 1999, the results of the reforms were clear. More than 30,000 private businesses had been created, and the economy was growing

<sup>26</sup> It has been suggested that this figure was probably an underestimate since much of the growth accumulated in the underreported private sector (Fforde, 1991). This seems to be confirmed by the World Bank data presented in Chapter 2, which record the Vietnamese economy growing at between 7.4 and 6.0 percent during these years.

at an annual rate of more than 7 percent. Income poverty declined substantially from the early 1990s to mid-2000s, as was noted in Chapter 2. Progress did, however, vary geographically, with most prosperity concentrated in urban areas, particularly in and around Ho Chi Minh City. In general, rural areas also made progress, as rural households living in poverty declined to 36 percent in 2002. By contrast, concentrations of poverty remained in certain rural areas, particularly the northwest, north-central coast, and central highlands (Library of Congress, 2005).

#### 4.2 A Summary of Swedish Aid During this Period

Sweden provided \$US893 million in ODA to Vietnam over the 14 year period between 1986 and 1999.<sup>27</sup> As discussed in Chapter 2, this period witnessed an increase in the number of donors and a proliferation of development activities. The volume of Swedish development co-operation trended downward over this period, falling from \$US 132 million in 1986 to \$31 million in 1994 and to \$48 million in 1999.

During the latter half of the 1980s Swedish development co-operation adjusted slowly to the magnitude of the economic reforms unfolding. Initially this involved continuation of the support that had commenced during the 1970s, albeit expanding, and in some cases broadening into related, but new areas. Prominent among these was the Bai Bang Project, which continued its difficult operations phase. The construction of the two hospitals, completed in the early 1980s, had evolved into support for the provision and administration of drugs, and had also led to a primary healthcare project in the catchment area of the Uong Bi General Hospital. One major area of support – energy – had emerged from discussions in 1984.

By 1990, it was apparent that a major economic transition was underway and that Sweden was well positioned to support this process. This is clear in the annual discussions on development co-operation in 1990, where it was stated that “The two Delegations agreed the main objective of the development co-operation in the forthcoming years would be to support Vietnam to stabilize the economy and implement an economic reform program” (Sida, 1990). A comprehensive study commissioned by Sida in 1991 argued that Sweden focus on supporting the economic transition and abandon or substantively reshape the projects conceived in the context of a planned

<sup>27</sup> The ODA data quoted in this paragraph are in constant 2008 prices.

economy (Fforde, 1991). While other donors were reengaging with Vietnam during this time, there was a growing awareness that Sweden was uniquely well placed as a result of its long-term involvement.

The 1990s saw Swedish development co-operation respond to these prompts. A wide ranging program of support to various facets of economic reform was launched with involvement from senior levels of Sida (see Case Study 3). One consequence of this support was Sweden's involvement in a range of new areas including legal support, tax administration, statistics, and Parliament. An embryonic dialogue on anti-corruption also commenced, alongside support to the GoV's PAR program. The sensitivity of some of these areas – especially legal reform and anti-corruption – provided further evidence that Sweden was a 'trusted partner'. A further characteristic of Swedish support was a concern for the impact of the economic reforms on vulnerable groups. This emerged strongly during the 1990 discussions, where it was noted that this issue would be explored through the ongoing projects in forestry, health, and environment (Sida, 1990).

In 1994 the first country strategy with Vietnam was developed to guide development co-operation to 1998. Until this point development co-operation had been agreed during annual consultations, a situation that may have actually facilitated a greater responsiveness to Vietnamese priorities<sup>28</sup>. The 1994–1998 country strategy also reflected important concerns from the Swedish Government, in particular, a reduction in the number sectors. Broadly however, the country strategy reaffirmed that support to the economic reform program would remain the key focus of development co-operation.

### 4.3 Case Study 3 – Sweden's Support to Economic Reform

#### 4.3.1 Sweden's Development Objective

As the main western donor in Vietnam during the early years of *Doi Moi*, Sweden played a special role in supporting the economic, legal and administrative reforms that would provide the foundation for the emerging market economy. Because of its long support to Vietnam and its continued support during the aid embargo, Sweden enjoyed a special relationship with the Government of Vietnam,

<sup>28</sup> See the Phase I Report by Nordic Consulting Group (2010) which mentions that Vietnamese delegations tended to be extremely well prepared for such negotiations. This perspective also emerges in the account of negotiations over the Bai Bang Project provided in Christian Michelsen Institute, 1999.

a relationship which the senior Vietnamese officials who participated in this evaluation variously described as being supportive, influential, flexible and non-judgemental. Indeed for some senior economic advisers, Sweden was regarded as Vietnam's 'best friend' during the difficult period after the war<sup>29</sup>.

One of Sweden's first major contributions to the reform process involved funding an international conference in 1989 to discuss models of economic, banking, finance and public administration reform. This conference brought together economists from around the world and policy makers from the Vietnamese government. Participants included David Dollar, Peter Timmer and Professor Ari Kokko, who has provided long term advice to Sida on the economic trajectory of Vietnam. At that time knowledge of market-based economics was extremely limited in Vietnam even in key institutions like the Central Institute for Economic Management (CIEM) and the National Economics University (NEU).

In the early 1990s Sweden increased its support for reform and by the time Dr Börje Ljunggren became Ambassador in the mid-1990s Swedish support was all about reform, as the quote from Dr Ljunggren below suggests:

*I was with the Director General [of Sida] at that time [1994] and we met with the Deputy Prime Minister. Sida had this objective you know: growth, equity, democracy. ....the goals increased every year. ....so we said "why not have just one goal, how about whatever we do should be in support of the reforms?" And when I was here as Ambassador that was my fundamental question. .... I tried to push the staff members to see the larger picture and we had very good donor coordination in those days. ...we had good contacts, we had one guy, who was the head of CIEM [Dr Doanh]. ....he was a very clever guy, he was the broker, so instead, you know a donor can get into all kinds of details, completely meaningless and about themselves what they have achieved. ....but we didn't do*

<sup>29</sup> The following quote from an interview with Madam Pham Chi Lan, first Director General of the Vietnam Chamber of Commerce brings this out "I remember I had an interview with an American journalist in 1976, he was previously working in the Johnson administration, he asked me which country was the best friend of Vietnam and I said Sweden, he was very confused and thought I would say Russia or China. I said "no Sweden helps us for no other reason than to help us, for a selfless reason, everyone else, even Russia want to get something. Sweden just helped us as Vietnamese people" Madam Pham Chi Lan perscomm 23/03/2011.



*that, we wanted to discuss the structure, the reforms and how to intervene in support of that. So I think it was a wonderful time.*<sup>30</sup>

It was in that supportive manner of dialogue, guidance and demonstration that Sweden's support for reform progressed, as is be discussed more below. This focus on reform was reflected in the 1994–1998 Country Strategy, the main thrust of which was to support economic, legal and administrative reform processes, including decentralization and to decrease areas of co-operation.

### 4.3.2 Implementation

Between 1986 and 2007 Sweden provided over SEK 850m to support economic, legal and administrative reform in Vietnam. This included approximately SEK 387 million to economic reform, SEK 276 million to legal reform and SEK 186 million to administrative reform. Between 1985 and 1993 Sweden also provided approximately SEK 638m in import support which aside from the provision of foreign exchange during the critical embargo period, also had important systemic effects on a government facing a steep learning curve with regard to market economics<sup>31</sup>. If one accepts the view that import support helped build the capacity of institutions to adjust to a market-based system then the actual contribution of Sweden to reforms in Vietnam exceeds SEK 1.5 billion.

In the area of economic reform, Sweden provided significant and long lasting support for CIEM which was, and is, the primary economic policy think tank in Vietnam. In the early years of reform the Government and Communist Party relied heavily upon CIEM (which was originally part of the Communist Party and whose Director in the 1980s was in the Politburo) to provide advice on economic reform policy options and to conduct research on the impact of reform. Knowledge of market-based economics was extremely limited within CIEM, and Vietnam more generally during the early

<sup>30</sup> Dr Börje Ljunggren, perscomm, 21/03/2011. Note: it was obviously very beneficial at that time to have as Ambassador someone with who had written his doctoral dissertation about the challenges of reforms in Vietnam (“The Challenge of Reform in Indochina”, Harvard University Press, 1993; also published in Vietnamese).

<sup>31</sup> As the quote from van Donge et al (1999) explains “this [import support] was an important opportunity to engage the government on issues relating to forex and financial markets and to provide support to developing systems enabling institutions to behave in a more market-oriented manner (for example, technical assistance given to commercial banks for them to manage forex sales)”.

stages of reform, and Sida played a pioneer role in providing economic training for CIEM economists, many of whom travelled to Sweden for training at the Stockholm Economic Institute. Funds were also provided for important research on economic growth, social welfare, poverty reduction and private sector development. This support continued for over 17 years and ended only in 2003.

The support to build capacity in market-based economics also extended to the National Economic University (NEU) where Sweden also had a long term presence, delivering over USD 7 million in programs over a 15 year period starting in the mid-1990s. The concept of a market economy was very unfamiliar at that time even at NEU as the quote below explains:

*It was very important to change the way of thinking about economics during Doi Moi.....the concept of a market economy was very unfamiliar, as were concepts such as competition and privatization. Nobody in Vietnam at that time thought that you could privatize a big bank or that a large petrochemical company could be equitized. Privatization was also very sensitive politically and it was dangerous for people who pushed that. Knowledge of market economic concepts at NEU was very low and virtually non-existent. In NEU we had a structure and curriculum that reflected a central command economy. Sida was one of our earliest friends and helped us change our way of thinking about market economics<sup>32</sup>.*

Over the years Sweden provided training in market-based economics for over 90 people, 30 of whom became the so-called ‘core group’ who now hold very senior positions in the Government of Vietnam, NEU and as General Managers of large enterprises. Swedish support also extended to the funding of a new business school at NEU, which provides Bachelors and Masters-level training in business to over 270 students each year. The new business school is modelled more on a western style teaching approach adopted through exposure to Swedish and US universities as opposed to the Soviet style model still prominent in other parts of NEU.

Sweden also provided significant support to tax reform in Vietnam for a decade from the early 1990s to 2001. In the late 1980s Vietnam’s tax system was very simple and primitive and not of an international standard, very little was known about how to structure a market-based tax system and the complicated elements that provide the foundation for revenue generation under a market-based system such as income

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<sup>32</sup> Professor Phan Quang Trung Vice Rector National Economics University per comm 23/03/2011.

tax, company tax, and import/export tax. Sida is seen by senior Ministry of Finance officials as being the most significant foreign supporter of tax reform in Vietnam as the quote below suggests:

*Sida's support was important from the outset. They were the first to help us with international principles of tax and movement to a market economy. Sida was very effective and non-conditional in their support, they just assisted us to do what we wanted and there was a high level of ownership on our side. Sida was the first ever donor to apply the programme approach, so we can bring into effect our own projects; they were very flexible and did not interfere or try to have influence. The Dept. of Tax was established in 1991 and Sida supported the Tax Reform project from 1991–1994 (Phase 1), they were the only donor. Sida provided us with principles of the tax system, research on income tax, applications of the informatics system, infrastructure for informatics, propaganda for taxpayers, tax inspection, training courses, workshops and seminars. The long term nature of the co-operation with Sida was the reason for success, plus they adopted a very systematic approach by also focussing on things like human resource development<sup>33</sup>.*

In the those legal areas associated with the reform process Sweden provided significant resources for the provision of information about the full range of new reform-oriented regulations that were emerging as a result of reform. This included the development of a National Legal Database and the development of a Law Dictionary which included comparative definitions for terms hitherto unknown to Vietnamese law and policy makers such as those associated with the market-based economy. The support that was most appreciated by the Ministry of Justice however, was that associated with the drafting of new laws, and it was not so much the quantum of this support that was appreciated but the flexible and supportive manner in which it was given at a critical time, as the quote from a senior Ministry of Justice officials below suggests:

*Sweden also provided support for drafting a series of laws for the Government, this included laws on bankruptcy, law on the civil court, competition law and law pertaining to economic integration. We received not just expertise from Sweden but many other countries and had access to many different legal perspectives which was very important including: Latvia, US, Netherlands, Czech Republic, Australia, UK etc. This was very different from CIDA and JICA funded projects where we got experts from Canada and Japan only, with the Swedish funded project we got access to many different consultants with a broad*

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<sup>33</sup> Dr Nguyen Than Do, Director General, Ministry of Finance perscomm 21/03/2011

*range of experience and knowledge of different legal systems, this helped us develop more appropriate laws.*

*We were starting from a very low base and it was important to understand all the different models out there so we could develop our approach. Donors often tried to export their model to us after Doi Moi, but Vietnam needs knowledge, we had limited choices. Some lawyers think that we should take foreign models and experience in a very selective way e.g. civil law from Japan, Competition law from the US, while others think that we should develop our own theory of law, so we need to diversify. Sida understood our needs very well and their support was very useful and relevant.<sup>34</sup>*

Sida's support during this critical time was clearly very well regarded within the senior ranks of the Vietnamese administration for its long term nature, focus, and flexible, supportive mode of delivery.

#### **4.3.3 The Results of Sweden's Support to Economic Reform in Vietnam**

Sweden contributed to the reform process in a number of ways including: through 'demonstration', policy dialogue, training and research and technical assistance.

As the above discussion highlights Sweden's support for the reform process in Vietnam was highly appreciated by senior GoV officials and highly appropriate. Sweden was the only donor providing support to reform in the critical 1989–1991 period when the Vietnamese government were making major decisions about the structure and function of their socialist oriented market economy. The support to Tax and the training of economists at CIEM and NEU are particularly important in this regard.

Aside from its direct support, the special relationship between the two countries was also very important to the reform process for a number of reasons, not the least of which was the 'demonstration' effect of Sweden's model of capitalism. Dr Doanh, former Director General of CIEM and senior economic adviser to Prime Minister Pham Van Dong summarises this well in the following quote, when discussing the attitudes of Party members in the early years of reform:

*I remember people in the Party were very critical of capitalism. They were taught that it was the misery of the people. Sweden showed us that this was not the case, it was an impressive and fair country, many people in the government had travelled to Sweden at that time and it made an impression on them. It was*

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<sup>34</sup> Senior MoJ official perscomm 28/03/2011

*a well-functioning market economy, with good education, social safety nets, good health care and so forth, it was a new philosophy but very convincing for us ... we also knew the French economy well but it was not as convincing as the Swedish. This certainly influenced the Prime Minister, and after my visit he asked me all about my trip and what I thought*<sup>35</sup>

The manner in which Sweden's support for reform was delivered was also appropriate given the high level of ownership by the Government of Vietnam and the complex political-economic issues associated with the reform process. As van Donge et al (1999) suggested in their report on Sweden's Programme Aid during the 1990s "...influence in Vietnam is most likely to be had if dialogue is of a suggestive (or reflective) rather than directive nature" (Van Donge et al 1999, p.29). As the quote from Dr Ljunggren above suggests the opportunity for policy dialogue was seized upon by Sida, and its access to high level policy makers gave it significant influence at this critical time in Vietnam's history.

It has also been suggested<sup>36</sup> that influence on reform was exerted through the delivery of the Bai Bang Paper Mill Project, the largest aid project ever delivered by Sweden. This influence arose from the capitalist-oriented management style (e.g. autonomous decision making based on profit motive) and the influence of the 'Scandinavian Management Model'.

#### **4.4 Case Study 4 – 'From FCP to MRDP': Towards Participatory Rural Development**

##### **4.4.1 The Development Context**

The economic context within Vietnam evolved considerably from the mid-1980s as Vietnam embarked upon a major transition from planned to market-based economy – the process of 'Doi Moi' renovation' (see Case Study 3). This shift brought about a prolonged period of change in the roles of government and state-owned enterprises as markets emerged and private sector activity flourished in a number of areas. In particular, the elimination of centrally controlled prices had an impact on the assumptions underpinning several Sida-funded initiatives.

The transition to a market economy also precipitated reforms in public administration – a development that exerted considerable

<sup>35</sup> Dr Le Danh Doanh, pers comm 23/03/2011

<sup>36</sup> See CIE 1998 p 84 and van Donge et al 1999 p 31.

influence on the shape of Sweden’s development co-operation. 1992 saw the adoption of a new constitution which provided the basis for political organisation and public administration structure in the post-*Doi Moi* era. From this point, public administration reform proceeded “step by step”, with cautious experimentation supported by only a few donors including UNDP and Sida. Towards the late 1990s and early in the new century, the decentralisation of government authority to various sub national actors gained increasing impetus as a key direction for reform. These policy priorities, and the complexities associated with implementing them in a practical sense, have continued to shape development co-operation in Vietnam to the present day (Andersson, 2003).

#### 4.4.2 The Emergence of the Participatory Agenda

Implementation of the Vietnam-Sweden Forestry Co-operation Programme (FCP) began in 1991, after an extensive planning phase in which the Vietnamese authorities were said to have had “an unusually high degree of active participation” (Lindahl et al, 2001). The Swedish contribution to FCP was budgeted at 140 MSEK, covering the activities of seven diverse projects including soil and conservation, agro forestry, forest machinery, forestry research, forestry training, support to the Ministry of Forestry, and land management. The program was designed to be implemented through a ‘process’ approach, whereby detailed activities were decided upon during implementation rather than being predetermined (a ‘blueprint’ approach) at the outset. FCP continued the geographic legacy of the Bai Bang ‘side projects’ working in the northern provinces of Ha Giang, Yen Bai, Lao Cai, VinhPhu, and Tuyen Quang.

From an evolutionary perspective, FCP can be situated at the heart of a key period of the transition for Swedish assistance from forestry towards broader rural development agenda. As such, the program bore the characteristics of an attempt to embrace new thinking while closing off some aspects the past. An evaluation by Lindahl et al in 2001 noted that:

*In retrospect, the design of the FCP leaves the impression of a number of discrete projects of different origin with limited internal coherence put under an administrative umbrella. From this perspective, FCP is a good illustration of the transition the Swedish support was undergoing (Lindahl et al., 2001, emphasis added).*

The evaluation pointed out that some FCP projects were directed at “mopping up the past” where financial dependencies had been

created by initial Swedish assistance (such as forestry machinery), while others represented novel thinking at the time (such as land management). The end result however, was a diverse mix of activities with only a limited degree of connectedness.

Nevertheless, the newer elements that FCP introduced were significant. FCP marked the first large scale attempt to introduce Participatory Rural Appraisal (PRA) methods as part of an effort to enshrine participatory principles at the heart of implementation. Key informants who had been involved in FCP in Ha Giang province recalled during interviews that this had been the first time the technique had been applied in their province. In this regard, they felt that FCP had important as a “testing house”. The use of PRA was accompanied by greater attention to village-based organisations. Many of the organisations established, such as Village Management Groups and Village Extension Groups, became focal points for development activities in their specific area. The program introduced a range of models for rural finance and business development that later became integral parts of other SIDA-funded initiatives. Collectively, these approaches are emblematic of FCP’s embrace of a broader rural development agenda.

In 1994 discussions began on the next phase of FCP between the Ministry of Agriculture and Rural Development (MARD), and SIDA. Phase I of FCP, which had been widely considered a success, was drawing to a close and there a palpable desire on both sides to build on this experience (See Sida, 1996. See also Lindahl et al, 2001). FCP had evolved considerably by this time, a product of the process approach applied during implementation. As decentralisation gathered pace as a Government priority, the management of the program was increasingly decentralised to the provinces. Newer elements introduced by the program, including PRA and rural finance, steadily became core activities while remnants of the older Bai Bang side-projects (the farm machinery project, for example) were shed. As a result, the point of departure for the next phase had moved considerably more towards these newer areas of focus.

Sida, keen to ensure a high degree of Vietnamese ownership, had handed over considerable control of the design work to MARD. The detailed agreement between Sweden and Vietnam was to be based on the output of this process, which would be facilitated by a consultant engaged by Sida. The draft design produced through this process attracted considerable criticism from a consulting team engaged by Sida to appraise the document. Among other things, the

appraisal recommended that the new program begin on a small scale, focused on methods development, scaling up at a later point.<sup>37</sup> The appraisal further noted that the program document made no substantive reference to the experiences of FCP. These findings were strongly rejected by the Vietnamese side, who had argued for a much larger scale program. In the end it appears that Sida and MARD did not substantially alter the design document on the basis of the appraisal recommendations.

Implementation of the new program – called the ‘Mountain Rural Development Program’ (MRDP) – began in 1996. The extent to which it represented an evolution from FCP has been much debated. For MARD and Sida, the extensive involvement of the GoV in the design process and its strong basis in decentralisation were clearly steps forward. Comments from informants interviewed in Ha Giang tended to reflect this view, pointing out for instance that MRDP was the first time that Participatory Rural Appraisal (PRA) methods had been applied to a broader set of rural development concerns rather than forestry. The 2001 evaluation disagreed, stating that there “is little new in substance in the design of MRDP except, perhaps, gender and a re-orientation from massive re-plantation.”

However, the 2001 evaluation agreed that MRDP had evolved several times during its life, and was substantively different by 2002. An especially significant change occurred in 2000, when the decision was made to shift MRDP from a component structure to an area-based structure. Villages and communes – the ‘demand structure’ – would prepare and submit plans to a ‘support structure’ – the district, province and ministry. A key aspect of this shift was the creation of a ‘Village Development Fund’ – a discrete pool of funds that could be used to respond to priorities expressed through village plans. PRA methods were intended to be central to the production of these plans.

While the 2001 evaluation found this agenda to be largely unfulfilled during MRDP, the seeds sown in this process were crucial to the subsequent emergence of the Chia Se Poverty Alleviation Program (subsequently abbreviated to ‘Chia Se’ for ease). Case study 5 in the following chapter, discusses how Chia Se has built on and significantly extended the participatory intentions of its predecessors.

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<sup>37</sup> Key informant interview in Sweden with one of the appraisal team members, a Swedish rural development consultant and academic. See also Lindahl et al (2001), p. 20



#### 4.5 Significance for this Evaluation

The two case studies discussed in this chapter highlight how Sweden's support evolved in response to the major economic transition in Vietnam during the late 1980s and 1990s.

Sweden's support to economic reform has, in the Evaluation Team's view, been extremely significant and highly effective. It was highly relevant, emerging at a key time in the reform program. As emphasized in this report, Sweden was uniquely placed among donors to advise the GoV on such momentous reforms. Sweden's privileged position in this process was a result of decisions made during the preceding two decades of the relationship that may not have been necessarily the most relevant to poverty reduction. Nevertheless, these decisions were crucial to establishing the trust that was to underpin the successful co-operation that is showcased in Case Study 3.

At the same time, the iconic Bai Bang Project, conceived in a time of the planned economy, had evolved into a broader rural development initiative. As this second of the series of case studies illustrates, relationships played a key role in this transition, enabling new approaches to be incorporated into existing initiatives. One important effect of this was to enable a continuing long-term involvement in the natural resource management and rural development sectors while ensuring continuing evolution and innovation.

## 5. TACKLING POVERTY, SUPPORTING DEMOCRACY AND HUMAN RIGHTS: 1999 TO 2011

### 5.1 Political and Economic Synopsis

The turn of the century brought new challenges for Vietnam. The East Asian Financial Crisis struck the region in 1997 and, as noted in Chapter 2, this impacted negatively on economic growth over 1998 and 1999. In particular Vietnam, now more integrated into the global economy, was adversely affected by the decline in demand for exports and the general reduction in world trade. Nevertheless, integration continued and a historic free trade agreement was signed with the US in 2000. In 2002 Vietnam began working towards accession to the WTO, a process that eventually resulted in full membership in 2007.

The trajectory of the economic reforms first launched during the 1980s continued during the 2000s. This encompassed the restructure of inefficient state-owned enterprises, which was a particularly thorny legacy of the pre-*Doi Moi* era, not least because it involved large-scale retrenchments. In 2001, the GoV adopted a comprehensive banking reform program to ensure the stability of the banking system and, over the medium and long term, to support better resource mobilisation in the domestic economy. Economic pressures began to build in 2004, driven by capital inflows and excessive credit growth. Inflation reached double-digit levels in 2008, prompting a decisive and effective response from the government (World Bank, 2008).

Despite these fluctuations, economic growth over this period of development co-operation contributed to further reductions in poverty. As noted in Chapter 2, urban and rural poverty continued to fall during this time, although a significant gap remains. Regional and ethnic disparities in poverty levels also continue to be a feature of poverty in Vietnam (Sida, 2008).

Several key strategies were produced in the early 2000s that collectively provided insight into the trajectory of further reforms sought by the Party with respect to poverty reduction. The Socio-Economic Strategy set the ten year planning framework and was based around the ambitious goal of doubling GDP per capita by 2010. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS) was presented to donors in 2002 as the country's main

overarching Poverty Reduction Strategy. It places strong emphasis on economic growth as the primary engine of poverty reduction.

Politically, change continued to be incremental during this period, a reflection of the Party's emphasis on achieving consensus around new ideas before moving forward. A range of laws and decrees were passed but implementation of these was slow. Nevertheless, several important currents of change emerged during this time. For instance the Grassroots Democracy Decree, passed in 1998 as a response to peasant dissatisfaction in Thai Binh province, provided some space for localised experimentation with new forms of democracy (Sida, 2003). This measure, alongside a growing emphasis on decentralisation, anticorruption, and improving transparency, formed part of the government's attempts to respond to concerns emerging in Vietnamese society. These moves were driven, in part, by anxiety that the legitimacy of the VCP could be threatened if such concerns were not addressed. There was also a perceptible change in the role of the National Assembly, which increasingly sought to hold the government to account (Sida, 2006). Despite the promise embodied in these measures, the reality is that the scope for the emergence of pluralist notions of democracy in Vietnam was limited during this period, and continues to remain so into the foreseeable future. Vietnam remains a one-party state and the government continues to exercise a high degree of control over the media and other key institutions.

## 5.2 A Summary of Swedish Aid During this Period

Sweden provided a total of \$US480 million in ODA to Vietnam over the 11 year period between 1999 and 2009 – an annual average of approximately \$US 44 million.<sup>38</sup> However, this annual amount did fluctuate quite markedly. During the late 1990s and early 2000s, budgetary concerns across the Swedish Government led to a reduction in aid disbursements in development co-operation. Consequently annual disbursement fell to a low of \$US28 million in 2003 from \$US61 million in 2001 before rising again to \$US46 million in 2005.

There were notable changes in the strategic focus of development co-operation between the two countries as the relationship entered its fourth decade. As outlined in the previous chapter, the focus during the 1990s had been on assisting the process of economic reform through technical support in areas such as taxation and economic

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<sup>38</sup> The ODA data quoted in this paragraph are in constant 2008 prices.

management. In the early 2000s, this began to shift towards a focus on public administration reform and democratic governance (Lundell, 2001). This entailed a subtle, but nevertheless important, transition towards more politically sensitive issues. These objectives are reflected in the 1999–2003 country strategy, which had two objectives: the promotion of democracy and poverty alleviation.

This strategic shift continued to gain momentum after 2003 when a Parliamentary Commission on Swedish aid resulted in the development of the Policy for Global Development (PGD). Sweden was the first member of the OECD DAC to adopt such a comprehensive government-wide approach to development. The PGD committed the Swedish government to a consistent approach to development in areas such as trade, agriculture, environment, security, migration, and economic policy. The policy introduced a strong rights-based perspective and pro-poor approach to the Swedish aid program, which influenced policy development and engagement in its partner countries. The PGD has eight themes: democracy and good governance; respect for human rights; gender equality; sustainable use of natural resources and protection of the environment; economic growth; social development and security; conflict prevention and resolution; and global public goods. The minutes of development co-operation consultations with Vietnamese counterparts in 2003 show that the Swedish delegation emphasized the need to incorporate these concerns into development co-operation (Sida, 2003).

Major new programs such as Chia Se and the Strengthening Environmental Management and Land Administration (SEMLA) program illustrate how this set of issues was incorporated into existing sectors. Sida's work in the health sector also continued during this period, having evolved towards a focus on health systems. The links between existing projects in media, human rights, the legal sector and democracy were also made much more explicit. Sweden's stronger focus on rights-based perspectives occasionally resulted in tensions between the two parties.

Harmonization and coordination became key concerns for Sida during this period. However, as noted in Chapter 2, there was a striking proliferation of development activities. Sweden contributed to this trend during this time. The number of Sida activities reached a peak of 346 in 2004, as recorded by OECD DAC statistics. As discussed in Chapter 2, these trends are suggestive of an environment less conducive to the efficient delivery of aid.

There is much evidence that donors recognised these issues at an early stage in Vietnam, and also that Sida played an active role in the process. Minutes from donor meetings in 2003 illustrate these concerns clearly: highly centralized, cumbersome and lengthy decision-making processes, numerous approval levels for project implementation processes, to name a few. These concerns gained new prominence with the signing of the Paris Declaration in 2005. Within months of the Paris Declaration, the GoV and donors signed the Hanoi Core Statement committing themselves to a range of targets associated with principles such as harmonization, ownership, and alignment.

There were other innovations in the way in which donors collectively sought to improve their coordination and enhance their engagement. One of these was the appointment of lead donors in particular sectors. Sweden's unique relationship with Vietnam and the high level of trust that it enjoyed enabled it to play this role well in sensitive areas such as anticorruption.

In 2007, the Swedish Government took the decision to scale down and significantly alter development co-operation with Vietnam by December 2011. The decision, which appeared to take some partners by surprise, arose from a desire within the Swedish Government to concentrate the aid program and rationalise the number of program countries. Practically speaking, in Vietnam, this involved a transition towards a new type of development relationship, referred to as 'Partner-Driven Co-operation (PDC)'.

The case studies presented in this chapter illustrate how many of these issues played out in specific contexts and sectors. Case study 5 describes the emergence and impact of Chia Se – the final iteration of a 40-year evolutionary process that began with the Bai Bang Project. This is followed by a case study on public administration reform in Quang Tri, which showcases how Sweden supported decentralisation in an intensely practical way. Case studies on media and the legal sector show how Sweden approached more sensitive areas that were a feature during this period. Finally, the case study of PDC describes the challenges and opportunities associated with Sweden's chosen strategy during the final stages of traditional development co-operation.

### 5.3 Case Study 5: The Emergence of the Chia Se Poverty Alleviation Program

#### 5.3.1 From MRDP to Chia Se: a Difficult Transition

Planning for the Chia Se Poverty Alleviation Program began as early as 2001, as attention turned to the successor to the MRDP. Initial consultations were between Sida and MARD, continuing the relationship that had developed since Bai Bang and had continued through FCP and MRDP. The Ministry of Planning and Investment (MPI) was also involved, as the central liaison and coordination point for all Swedish development co-operation with Vietnam. MPI's involvement grew as it became clear that Chia Se would be a multi-sectoral initiative, leading to some conflict within the GoV over which agency would have responsibility for implementation. This disagreement was partly responsible for the lengthy gestational period – almost 2 years. In the end, it was decided that MPI would take up this role, ending Sida's area and sector-based focus, pursued through 20 years of co-operation with MARD. Sida described this move as part of the 'fence-breaking' approach that Sweden had applied in Vietnam since the 1990s (Sida 2003).

Chia Se was (and still is) widely seen as highly progressive in its orientation. The program seeks to alleviate poverty through a comprehensive effort to encourage the sustained and in depth participation of village level beneficiaries. The degree to which the program works at the 'village level' has been described as highly unusual and 'unorthodox' among rural development projects in Vietnam (see Fforde, 2009). The poverty focus of the program closely aligns with the GoV's Comprehensive Poverty Reduction and Growth Strategy (CPRGS). However, local democracy and decentralised governance are also explicit themes in the Chia Se approach. Indeed, as Fforde noted, Chia Se could also be characterised as a 'political project', a sensitive subject in Vietnam, even in an era of reform (Fforde et al, 2009).

Why was the GoV receptive to such a program? Indeed a well-placed key informant pointed out that MPI had taken a risk in supporting such a reform-minded initiative.<sup>39</sup> One reason why the idea had attracted such support, he felt, was the level of trust that had developed between the GoV and Sweden, especially between the individuals in MPI and Sida. The implication is that few other donors could have suc-

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<sup>39</sup> Key informant interview with J. Rudengren.

ceeded in introducing such a program in Vietnam. Changes in the political climate within Vietnam also provide part of the explanation. The Party had launched a drive for grass roots democratization in 1997, which had gained additional momentum through the rise of the decentralisation agenda. The focus on localised management and decision-making in Chia Se was consistent with these directions.

Within Sida there had also been a willingness to “try something new”, as one key informant put it. This may have been related to an evaluation of the 1999–2003 country strategy which had drawn attention to the risks of ‘rolling over’ projects and programs. The evaluation suggested that in some cases this tendency had led to “a lack of new ideas and innovation in the objectives of follow-on projects” (Baulch et al, 2002).<sup>40</sup>

Other factors contributed to the emergence of participation and local democracy as key themes in Chia Se. During the planning stage staff at the development co-operation section of the Swedish Embassy in Hanoi had been strongly influenced by *Perspectives on Poverty*, published in 2002 to provide guidance to staff on maintaining and sharpening the poverty focus (Sida, 2003). *Perspectives on Poverty* emphasises the manifold causes of poverty, placing a particular accent on the role that empowerment and democratic governance play. This was also evident during annual bilateral discussions on development co-operation in 2002, where the Swedish delegation noted the increased focus on democracy by the Swedish Parliament<sup>41</sup> and proposed that this aspect be strengthened in all Sida development programs (Sida, 2002).

Geographically, Chia Se continued Sida’s long association with the northern mountain provinces, focusing on Ha Giang and Yen Bai, while also working in Quang Tri in central Vietnam, where Sida had been supporting public administration reform since 1999. All three provinces were selected due to their high levels of poverty. In 2003 Ha Giang, Yen Bai, and Quang Tri were ranked 2, 15, and 17 respectively on the GoV’s provincial poverty index.

<sup>40</sup> In fact an internal Sida Assessment Memo outlining the rationale and features of the Chia Se Poverty Alleviation program explicitly addresses this point, stating that: “The organisation of the program preparation, partly outside the influence of the previous program management (of MRDP) and with the assistance of a separate Facilitation Team has prevented the common ‘rolling over’ of project concepts, approaches etc”. See Sida 2003, p. 6.

<sup>41</sup> As a result of the Parliamentary Commission’s review of the Swedish Policy for Global Development.

Operationally, two ‘mechanisms’ are central to Chia Se’s approach. The first, the ‘Local Development Fund’ (LDF) was heavily influenced by the Village Development Fund from MRDP as well as the experience of the Seila decentralisation program in Cambodia, to which Sida had been a substantial contributor. A LDF was set up in each of the three provinces to channel funds to districts, communes and villages in accordance with locally agreed plans and priorities, such as the repair of an irrigation scheme, construction of a basic access road, or the refurbishment of a school building. Importantly, these needs were not predetermined in any way allowing broad space for local priority setting and decision-making. A key feature of the approach was an unprecedented level of transparency at the village level. Villagers were able to view the available budget for their particular village, considerably enhancing the depth of their participation in decision-making.

A second supportive mechanism is the Local Planning and Management for Development (LPMD) – involving the establishment of a system of decentralised and integrated planning in the relevant local administration. The operation of the LPMD is guided by a number of high level principles, including: decentralisation and local involvement; equality and equity; transparency and accountability; poverty focus; and sustainability. The majority (51 percent) of the initial funding commitment of US\$ 41.5 million was allocated to the LDF, with the LPMD consuming 14 percent. However, actual disbursements may have resulted in an even greater proportion being allocated to the LDF. For instance, in Ha Giang, the LDF was reported to have consumed 68.85 percent of Chia Se funding (Ha Giang People’s Provincial People’s Committee, 2009).

Somewhat uniquely, Chia Se simultaneously committed resources to coordination and policy development at the national level. In addition to the 3 provincial projects, a ‘national project’ was set up within MPI in Hanoi. Advisers in the national project worked closely with the Secretariat for the CPRGS, allowing Chia Se to coordinate with other donor-funded initiatives and showcase the operationalisation of CPRGS poverty objectives through Chia Se’s provincial projects. The national project would also draw on the “good examples” from the application of Chia Se approaches in the provincial projects with a view to expanding the application of such approaches across Vietnam.

Implementation of a 1-year pilot and inception phase began in November 2003. The early stages were dominated by the need to



undertake extensive capacity building of officials and villagers in the methodologies and management processes that would give effect to the program's participatory orientation. Initially progress was slow. This was to some degree expected, considering the novelty of the approaches applied. Key to these early efforts was the establishment of the structure of provincial secretariats, as well as program management units (PMUs) at the district and commune levels staffed by officials seconded from line management. An in depth review of the pilot phase conducted in late 2004 found that major benchmarks associated with these foundational elements had been met and recommended that Chia Se proceed to full implementation (Andersen et al, 2004).

Completion was originally scheduled for 2008, but the program was extended until 2009. Subsequent to this, Sida agreed to provide ongoing funding for a second phase focusing on the policy work of the National Project in conjunction with some extra funds for the LDF in Ha Giang and Quang Tri until July 2011. Much of the early focus involved significant scale up from a few pilot villages to almost five hundred across the three provinces. Between 2005 and 2006, much of the focus shifted towards consolidating the LPMD processes, while the National Project began to engage at the policy level, providing CPRGS advisers, and support to communication processes within GoV. Over the program's life, the distribution of LDF funding evolved steadily from a focus on income generation at the household level to common goods and infrastructure (Chia Se Poverty Alleviation Program, 2009).

### 5.3.2 The Impact of Chia Se – the Emerging Evidence

Progress reports, reviews, and evaluations combined with interviews with informants at multiple levels suggest that the effects of Chia Se have been significant in a number of areas.<sup>42</sup>

At this stage, statistically robust evidence of poverty alleviation attributable to the program is not available. However, there is some evidence that Chia Se has made a difference to poverty levels in target areas. According to the Results Analysis prepared by the program staff, the proportion of poor households<sup>43</sup> has declined faster in Chia Se districts of Ha Giang and Quang Tri than the national average

<sup>42</sup> Village, commune, district and provincial level in Ha Giang and Quang Tri provinces as well as staff in the national secretariat attached to MPI. For further detail see the list of persons consulted in appendix B

<sup>43</sup> As defined by the GoV's 2010 poverty line of VND 200,000 per person per month in rural areas.

(Chia Se Poverty Alleviation Program, 2009). Furthermore, within these districts, the decrease has been more pronounced in communes where Chia Se has been active than in others. During fieldwork the study team heard that the incidence of poverty in Yen Phong commune, in Bac Me district, Ha Giang had fallen from 70 percent in 2004 to 24.6 percent in 2009. One complicating factor is the fact that similar trends have not been observed in Yen Bai province, although the Results Analysis offers potential explanations for this.

Qualitative research, undertaken on a small scale as part of the present study and as part of several studies during implementation,<sup>44</sup> provides some insight into the benefits of Chia Se experienced at the village level. For instance, reflecting a common theme, one interviewee in Yen Son village, Yen Phong Commune, Bac Me district, in Ha Giang province, explained how the buffalo he received had dramatically reduced the time it took to plough his field, making it easier to ensure that his rice field was ready in time. Previously, he had needed to borrow draft animals from a neighbour, delaying the start of his crop and reducing his yield.<sup>45</sup> Another interviewee in the same village described how her daughter was able to study thanks to the electricity provided through Chia Se. In Lai Binh village, Quang Tri, one interviewee attributed a 30–40 percent increase in his household income to Chia Se livestock training that his wife had attended. They had been able to save considerably since she now performs many of the tasks for which they previously paid a veterinarian. Interviewees also discussed how positive change had occurred at a community level. For example, several interviewees in Lai Binh village<sup>46</sup>, Quang Tri province, pointed out that children had better access to school during the wet season thanks to a road constructed with Chia Se support.<sup>47</sup>

But it is the impact of Chia Se's unique combination of participatory methods, transparency, and decentralised approach to collective decision-making that holds the most promise for lasting impact. Satisfaction with Chia Se processes was a theme throughout much of

<sup>44</sup> These included special studies on empowerment, participation, capacity, and equality.

<sup>45</sup> The decreased reliance on the goodwill of others was a strongly recurring theme across recipients of buffalo.

<sup>46</sup> In Vinh Chap Commune, VinhLinh District.

<sup>47</sup> In many villages Chia Se is one of several poverty-focused programs. Several interviewees also named GoV programs such as P135 II and NGOs such as Plan and ActionAid.

the qualitative research at the village level. Interviewees described attending introductory meetings where they first learned of Chia Se, participating in various PRA exercises (such as wealth ranking), and prioritising activities. One interviewee from Lai Binh village, Quang Tri, reflected a common view:

*We discussed about the options how to get benefit or increase income generation among villagers. We agreed that they should focus on livestock raising. This can help with increasing the income, so we selected this one...the villagers are, in my opinion, glad with the meeting. I could see the democracy in the meetings. They got to express their opinions.* (translation from Vietnamese).

Such accounts also resonate with views from commune and district level officials as explored through the qualitative research. Many emphasized that Chia Se's approach was closely aligned with the decentralization policy. When asked to identify distinguishing features of Chia Se, they tended to highlight two features: the capacity of the program to concentrate funds in a single village to a greater degree than any other; and the extent to which the decision-making was decentralised. As one official explained:

*After Chia Se there is more decentralisation. People take part in more of the discussion: how to use the budget? Who will get the benefits?* (Commune official, Minh Son Commune, Bac Me District, Ha Giang Province – translated from Vietnamese).

Fforde et al also explored perceptions similar to these in a 2009 study, which sought the views of a range of informants on the approach employed by Chia Se. The Fforde study contends that the unique success of Chia Se relates to its ability to 'Vietnamise' Western ideas of democracy in an intensely practical sense. The program is able to accomplish this effect, the authors suggest, through 'procedures' (loosely translated from Vietnamese). There is much nuance to the use of this term, but the core argument is that Chia Se has provided a convincing demonstration of how "through procedural changes of a certain type, a range of often antagonistic interests are brought into better balance" (Fforde, 2009, p. 7). This thought-provoking argument certainly helps to explain the wide appeal that Chia Se has for a diversity of actors.

The sustainability of the approaches introduced by Chia Se will be influenced by a range of issues including the ongoing direction of reform in Vietnam. At the policy level, the work of the National Project is paramount in determining the extent of the program's lasting

imprint. Staff and advisers of the National Project pointed to the influence that Chia Se has had on the Decree on Formulating, Monitoring and Evaluating Social and Economic Development. In addition, Chia Se's experience is influencing the preparation of a planning decree being drafted by MPI (in March 2011) towards a 'bottom-up' orientation. Interviewees attributed this to the unique capacity of the National Project to draw on and communicate successful field experiences. Nevertheless, they also acknowledged that policy impact takes time, and that the National Project has only had 2 years since the results of Chia Se's work at the field level have begun to emerge.

At the village and commune levels, it is apparent that Chia Se's processes hold lasting attraction for the reasons that the Fforde study suggested. Nevertheless, interviews conducted for the present study highlight the challenges that need to be overcome if such approaches are to be sustainable. Some commune-level informants pointed out that as the funds in the LDF have run out, the participatory planning techniques introduced through LPMD are no longer being used.<sup>48</sup> This issue, if confirmed, suggests that an 'LDF-like' fund is a critical ingredient of sustainability. This is not surprising, but the study team heard that there were many political obstacles to creating such a mechanism; not least the question of which ministry would be responsible for administering it. Ultimately, the wider impact and sustainability of Chia Se's innovative approach will depend on how these broader political dynamics play out.

## **5.4 Case Study 6: Swedish Support to Public Administration Reform in Quang Tri Province**

### **5.4.1 Development Context**

During the 1990s the GoV pursued reform of the public administration apparatus and legal system alongside economic transition, although with less vigour (Andersson, 2003). Reform began tentatively with the Seventh Congress of the Communist Party of Vietnam, where it was made clear that the approach would be to develop a market economy but retain the strong control of the state (Poon and Vo, 2006).

Prior to 1999, the GoV and donors did not share a common understanding of public administration reform (PAR) and what such a project might entail (Andersson, 2003). UNDP assistance to the GoV in

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<sup>48</sup> This perspective emerged during a group discussion with commune level officials in Minh Son, Bac Me district, Ha Giang province.

PAR had begun as early as 1992. This was followed by a number of PAR projects in provincial locations supported by DANIDA and UNDP. However, these early efforts largely failed to influence internal currents of change that were occurring within the GoV. Such internal reforms focused on Party directives for simplifying administrative procedures of direct importance for citizens and enterprises for example, licensing and registration of business activities, registration of land, and procedures for making appeals. Simplifying administrative procedures and making them efficient was regarded as the key to further reforms and to maintaining confidence in the determination and ability of the party and government (Andersson, 2003).

Land use is a prominent example of such a service. Reform of Vietnam's system of Land Use Rights (LUR) had commenced with the Land Law in 1993. Despite this, in the late 1990s, the issuance of Land Tenure Certificates (LTCs) was occurring at a slow rate, hampered by confusion over issuance procedures, delays in the preparation of cadastral maps, boundary conflicts among land users and low levels of commitment demonstrated by local officials (McCarty et al, 2007). Access to an LTC is a critical issue for many households. LTCs enable the fulfilment of a range of administrative and legal transactions, for example to ensure inheritance of land tenure or to support an application for a loan from a financial institution.

#### **5.4.2 What was intended? The Objective of Supporting PAR in Quang Tri**

Sweden's support to PAR in the central province of Quang Tri began in 1999 and was aimed squarely at land administration. The initial project design, produced by international consultants, was directed at economic reform rather than PAR. Consequently Sida allocated the Quang Tri Department of Home Affairs (DoHA) the task of planning a PAR project suitable for funding. DoHA, in consultation with other provincial authorities, selected reform of land administration procedures as the issue of focus for the PAR Pilot Project.

Land administration was certainly highly relevant to households in the province. Prior to the project, on average, an urban household in Quang Tri was required to visit six different offices a total of twelve times, the whole process taking (on average) 91 days (McCarty et al, 2007). Sida provided financial assistance to the province to pilot the 'One Door' model of land service administration within two pilot districts: Cam Lo and Dong Ha. The 'One Door' model of

land administration, whereby service users visit only one point of contact, was seen as an effective way of increasing the speed and efficiency of both land allocation in addition to the issuance of LTCs.

#### 5.4.3 What was done? Implementation

The pilot phase of the project began in 1999 and was completed in 2004, with a total allocation of 20 MSEK from Sida. The project design specified two interrelated components: reform of land allocation procedures; and capacity building for officials from the various line agencies involved.

Responsibility for implementation of the Quang Tri PAR Pilot Project was vested in DoHA, who followed a ‘blueprint’ approach that involved careful planning at the outset (Poon and Vo, 2006). DoHA played a coordinating role, working with 14 front line service delivery units (at the commune level) in the pilot districts. The Project Director and Project Manager were based in a Project Management Unit (PMU), constituted within DoHA for the express purpose of managing the project. A part-time Project Director, who was also head of DoHA, had overall strategic direction, while a full-time Project Manager was responsible for organising most activities. The fact that this individual was also an expert at the provincial Office of People’s Committee (OPC) enabled him to maintain an influential position in dialogue with service delivery units. International consultants were used for specific, discrete inputs, particularly to expose officials to new knowledge and methods and to support the capacity building process (Poon and Vo, 2006).

DoHA’s approach to implementing the pilot project has been characterised as ‘bottom-up’ in that it allowed considerable autonomy to the service delivery units whose practices the project was attempting to alter. During the inception phase, these units were encouraged to prepare and submit proposals for the streamlining of regulations and procedures. During an initial inception phase DoHA worked intensively with these service units to further develop these ideas as a basis for reform. The inception phase was followed by a ‘hands off’ implementation where service delivery units were provided with guidance on the implementation of process improvements. The project sought to develop capacity of the officials involved through structured training events and study tours.

Implementation also involved the establishment of ‘One-Stop-Shops’ – a single point where households in Cam Lo and Dong Ha

districts could apply for and obtain a LTC, or ‘red book’, as they are often referred to in Vietnam. To publicise these services, the project facilitated a number of community meetings with district and provincial officials in attendance to explain state policies and the reforms that had been undertaken.

The reforms also involved the project in challenging work at the institutional and legislative level. Before the One-Stop-Shop model had been implemented, the People’s Committee at district level was not authorized to grant land use right certificates to households. To overcome this challenge, leaders of the province requested permission from central government for the “one-door” model to be piloted in the province. In 2001, the Government issued Decision No 32/2001/QĐ-TTg authorizing the piloting of the “one-door” model in the Cam Lo district and Dong Ha town. At the same time, the General Department of Tax also authorized pilot districts and towns to collect land-use fees at the Task Force office (Poon and Vo, 2006). These decisions were instrumental in ensuring the pilots could move ahead on sound legal foundations.

#### 5.4.4 Results

Evaluation reports provide strong evidence that the Quang Tri Pilot PAR Project was effective in meeting its objectives. An evaluation in 2006 found that after the Pilot PAR Project, households needed just 3 visits to a single one-stop shop to obtain a ‘red book’, the whole process taking 23 days on average (Poon and Vo, 2006). This represents a significant improvement over the situation in 1999, when it took households 91 days on average and 12 administrative “doors”. The project has been a major contributor to this result.

Ultimately however, streamlining administrative processes are a means to changing the way households experience service delivery and, in the long-term, to supporting poverty reduction. The evaluation in 2006 noted some tentative signs that attitudinal changes among civil servants providing land services, and had also that citizens in the target districts were less “anxious” (Poon and Vo, 2006).

Trends in the number of ‘red books’ held by households provide a striking illustration of the take up of the reforms. At the conclusion of the pilot in 2003, the number of households holding an LTC was 20,350, accounting for 68 percent of the total number of households in the province at that time. This rate was much higher than the average level of the country, which stood at 35 percent in 2003. In

Dong Ha district, the number of land use certificates issued by the end of 2004 was 16,500 compared with 2,032 prior to the implementation of the reform (Poon and Vo, 2006). In 2001 just 1,200 households in Cam Lo district held a red book. By 2011 that figure had increased to 5,692, of which 3,822 were farmers. Interviews with staff at One-Stop-Shops highlighted increased workloads as awareness of the reforms increased. They also pointed out that additional services had been added to the One-Stop-Shops.

The 2006 evaluation notes that Quang Tri, as well as the two pilot districts, experienced significant poverty reduction between 2001 and 2004. The present study sought to probe, in a limited way, further signs of some relationship between increased LTC issuance and poverty reduction. One way that this can occur is by encouraging economic activity. During a group interview, a senior manager from the Agricultural and Rural Development Bank in Cam Lo described steep increases in loans to enterprises and farmers since the new procedures had been introduced – a proxy indicator of commercial activity in the district. The doubling of the Bank's total loans to small enterprises and farmers from VND 93 billion (in 2001) to VND 184 billion (2011) was, the senior manager posited, overwhelmingly due to the ease of obtaining a 'red book'.

The success of the pilot PAR project in Quang Tri has had wider impacts. In 2003 Sida provided funds for the model to be replicated in the provinces of Quang Binh, Ha Tinh, Nghe Anh, and Hue, with DoHA in Quang Tri serving as the coordinating agent. An evaluation in 2007, suggested that this project had led to similar dramatic improvements as had been experienced in Quang Tri (McCarthy et al, 2007). Officials in Cam Lo pointed out that Finland funded efforts to build on the success of the One-Stop-Shop by streamlining other procedures such as business registration, household registration, and building certificates.

## 5.5 Case Study 7: Swedish Support to the Media

### 5.5.1 Development Context

In Vietnam, emphasis is often placed on the role of the media in the implementation of the policies of the GoV and the Party – a perspective also prescribed in the Press Legislation. At the same time, the GoV and Party have recognised the importance of a capable and effective media in exposing corruption and bureaucracy – key



concerns that could undermine the legitimacy of the Party. The GoV regarded good journalists as those that had a revolutionary ideology and a communist, as well as professional, ethic (Bring et al, 1998). This conception of the role of the media is clearly different to what exists in a democratic and pluralistic society.

Nevertheless, the mass media sector in Vietnam was undergoing change during the late 1990s. There was a growing interest in investigative journalism among daily newspapers, accompanied by a tendency in some publications towards sensationalism with a focus on entertainment rather than critical reflection. Traditional ownership ties between state organisations and newspapers were gradually being loosened as publications became increasingly dependent on the income from their sales and advertisements. Local radio, long considered an important avenue for communication by the Party, was undergoing a similar process, although reaching fewer people. With Swedish support, local radio had begun to incorporate more live shows and feedback from callers, although this remained limited to relatively few stations (Bring et al, 1998).

Swedish support to the media had first begun in 1993, when Sida approved a range of media and cultural projects. Indeed, Sweden was the first donor to work in the media sector, a position that reflected the ‘special relationship’ and the high degree of trust that had developed between the two governments. Early projects were small scale and involved providing support to local radio and collaboration between respective writer’s unions in Sweden and Vietnam. A bilateral agreement between Sweden and the Ministry of Culture and Information (MoCI) signed in 1996 provided for 36.8 MSEK to continue support to 15 local radio stations and provide training for journalists. The overall objective of this agreement was “to contribute to the reform process and the development of democracy in Vietnam” (Sida, 2002).

### **5.5.2 What was intended? The Objective of Sweden’s Support**

In 1999, a new agreement for co-operation in the cultural and media spheres over the period 2000–2003 was signed between Sida, MPI (in a coordination capacity) and MoCI. There was much continuity from the previous agreement, the overall objective being “...to create conditions for openness and development towards democracy”. Five ‘specific objectives’, each aligned with a separate project were specified to support the achievement of the overall objective. Specific objectives for media co-operation were: “high quality

Vietnamese journalism, characterised by professionalism, integrity and interaction with audience”, and “a sustainable system for high quality local radio broadcasting characterised by a high degree of interaction with audience” (Sida, 2002). The substantive focus of these two specific objectives represented a continuation of existing co-operation. However, a third objective introduced a new dimension: to improve the institutional environment through “an exchange of dialogue on the role of the media” (Sida, 2002).

The key changes in the 1999 agreement were intended to amplify the connection between media and democracy. The 2000 agreement was preceded by an in-depth assessment of co-operation in media and culture, which noted that greater priority had been placed on democracy in the 2000–2002 country strategy for development co-operation. It pointed out that support to the media could influence the processes which lead to greater openness. Improved skills and professionalism among journalists and media managers, as well as greater interaction between the public and press were put forward as possible avenues for this to occur. The inclusion of dialogue on the institutional framework affecting the media reflected the analysis of the importance of the Press Law contained in the assessment. Finally, the assessment called for close monitoring of the risks associated with supporting media, alongside well-defined objectives. The objectives in the 2000 agreement were shaped by these considerations. The assessment argued that “...Sweden at this point of time has an opportunity to influence and reinforce the democratisation process and that this opportunity should not be lost” (Sida, 2002).

### 5.5.3 What was done? Implementation

Sweden’s support to media under the 2000 agreement comprised two projects that reflected the specific objectives: the second phase of the Sweden-Vietnam Local Radio Project, and the ‘Further Training for Journalists’ Project.

The second phase of the Local Radio Project continued work under earlier phases that had been regarded as a success (Phan et al, 2004). The project commenced in 2000 with Sida providing 8 MSEK of funding for a 3-year implementation period. The organisation responsible for implementing the Project was the Voice of Vietnam (VoV), the GoV-managed broadcasting agency, while the main source of Swedish expertise was Swedish Radio (SR). Building on previous support to 15 radio stations, VoV worked with an

additional 15 radio stations at the provincial level to carry out a range of training and support activities. Of the 62 provincial radio stations, 30 have received support through the Local Radio Project. SR acted in a support capacity during this phase, with Vietnamese trainers taking lead roles. Financial management was also delegated to VoV, a departure from established practice during earlier phases.

To receive support, local radio stations were required to demonstrate that they possessed the necessary funding, and commitment to live broadcasting. This approach reflected the emphasis on increasing the level of interaction between local radio stations and listeners – a process that Sweden viewed as supportive of the democratisation process. Local radio stations were also required to contribute their own funds for extra equipment, studio upgrading, and improvement of salaries for staff (including producers, reporters, and technicians) that produce live programs. The project organized in-house training courses on live radio broadcasting at the selected provincial radio stations and offered a minimum (but complex) set of studio equipment. During the second phase of the Local Radio Project large number of trainees from 15 local radio stations and VoV participated in some 40 training activities.

The ‘Further Training of Journalists’ Project also began in 2000, with the aim of contributing

*...to upgrading the quality of Vietnamese journalism both in terms of content and the form of expression through further training aiming at improving the professional skills of journalists at in-house training and short term training courses.* (as stated in Ljungman et al, 2005)

MoCI managed the project, with technical assistance from the Swedish Institute for Further Education of Journalists (FOJO). The training courses provided by the project aimed to improve the professional skills of journalists, but also provided opportunity for dialogue on the role of the media and the Press Law. A study in 2005 noted that of the 11,000 accredited journalists in the country more than 1,200 received training through the project (Ljungman et al, 2005).

**5.5.4 Results**

Results from evaluation reports and from interviews with key informants conducted during this present study suggest that Sweden’s support to the media during this period, and subsequently, has been a success.

An evaluation of the Local Radio Project in 2004 found that half of all local radio stations across Vietnam broadcast at least one live

hour per day, a significant advance on pre-2000 levels. Further, the evaluation noted that the capacity of the local radio stations had developed, with noticeable improvements in management skills, particularly staff competence in live broadcasting and using technical equipment. The evaluation found that stations that had introduced live broadcasts had experienced dramatically increased calls and greater audience interaction, leading some to invest in expanding their capacity to produce this type of service. However, the evaluation also noted concerns over the sustainability of many stations given the costs of the equipment and the ongoing shortages of resources. An evaluation of Sida's overall support to media and culture in 2005 broadly echoed these findings, stating that:

*Staff retention, the creation of a core of Vietnamese trainers, greater programme variety and listener satisfaction all point to the conclusion that the project's overall goal is being reached. (Ljungman et al, 2005)*

Similarly, Sweden's support for the training of journalists is widely seen as having made a significant contribution to the development of the press in Vietnam. Former participants and government officials claim that newspapers no longer blindly carry government press releases and now include more development news (Ljungman et al, 2005). Interviews with MoCI personnel familiar with the program revealed high levels of satisfaction with Sweden's support, especially relative to other potential donors. MoCI were also of the opinion that levels of interaction between the media and audience had increased considerably alongside professional standards. One former participant interviewed for the present study described how this exposure had impacted him and his organisation, Vietnam Television (VTV):

*I was selected to be a trainer, in the train the trainer programme. This was the first time we learnt about presenting the news in a 'western' style, it was a more effective style than the 'Soviet' style we were used to. It was more focussed, there was more human content and it was much shorter. This was introduced by Sweden, this really influenced VTV.*

Other key informants who had participated in the program described how the training they had received had improved their understanding of ethics. Interestingly, some felt that Sweden's reasoned and balanced approach had been an important ingredient of the project's success. As one interviewee said "when Sweden work with us they do not push us, they give us a choice and are not imposing". However,

**Box 1: Sida-funded projects in the legal sector**

Support to Strengthening the Rule of Law, Phase I: 1991–1995  
 Support to Strengthening the Rule of Law, Phase II: 1995–1997  
 Legal Sector Support: Strengthening the Rule of Law in Vietnam, Phase II: 1997–2001  
 Support to Strengthening the Rule of Law, Phase III: 2000–2002  
 Strengthening Legal Information (Sub-project): 2001–2004  
 Strengthening Law Making and Law Implementing in Vietnam (Sub-project): 2001–2004  
 Support to the Legal Aid System in Vietnam: 2001–2004  
 Legal Education (Sub-project): 2001–2004  
 Strengthening Legal Education, Phase III (Sub-project): 2005–2009

they also highlighted the political sensitivities involved, referring to an occasion when the project had supported dissident elements.

**5.6 Case Study 8: The Access to Justice Project**

Sweden's first project on legal reform (Support to Strengthening the Rule of Law, Phase I) commenced in 1991, but was part of a broader suite of Swedish interventions to support the necessary economic, legal and administrative reforms for Vietnam's transition to a market-oriented economy. Case Study 3 provides an overview of the Doi Moi reform, and associated political and economic challenges. In response to these challenges, over a period of almost 20 years (1991–2009), Sweden supported a series of projects to support legal reforms and access to justice (see Box 1) over a period of almost 20 years (1991–2009). Sida was the first donor to engage in this sensitive sector made possible by their special relationship with the Vietnamese government<sup>49</sup>, and was soon followed by several other donors (initially Danida, Novib and CIDA, and then ADB, Jica and GTZ) (Carlsson et al, 1999). Past evaluations and newly gathered data shows that Sida's approach to law and justice reform shifted over time, and had several significant impacts.

**5.6.1 Sweden in the legal Sector: Development Objectives**

Sweden's initial support to the legal sector aimed to contribute to the development of reliable public administration systems and the rule of law, which was seen by both countries as central to a flourishing

<sup>49</sup> Interview with Professor Hiep, Ministry of Justice 28 March 2011.

market economy. Three phases of activities to “Strengthen the Rule of Law” (1991–1997; 1997–2001; 2000–2002) broadly aimed to help Vietnam develop reliable legal and administrative systems, and through this to create favourable conditions for substantial international investment and growth in the domestic economy. Key areas of support included: (i) the development of independent (i.e. civil rather than the existing state-based) systems to arbitrate economic disputes; (ii) legislation for administrative decision making and appeals as well as a functioning system of administrative courts; (iii) strengthening legislative and administrative processes in the Ministry of Justice; (iv) strengthening tertiary legal education through better teaching resources and strengthening the capacity of teaching staff; and (v) a legal information system to document and share information on legal proceedings.

In 1997, a major evaluation of Sida’s legal reform programs found that the overall aid effort was well placed in relation to national development needs, but that a clearer delineation was needed between law-making and the implementation of laws, which extended to questions of access to the justice system. By the early 2000s, there was a visible shift in Sweden’s emphasis from the making of laws and strengthening of administrative systems to access to justice, with a focus on marginalised groups, democracy and human rights.

### 5.6.2 The Impact of Sweden’s Support

Three significant areas of impact emerge from previous evaluations of Sweden’s support to Vietnam’s legal and justice system and recent interviews undertaken as part of this evaluation:

1. Contribution to the development of legal frameworks and administrative systems;
2. Strengthening of the legal profession and professional associations; and
3. Broadening access to the justice system.

On the first point, a key strength of the suite of ‘rule of law’ projects has been their focus on areas of high priority for the Vietnamese government (Carlsson et al, 1999). Several new laws directly resulted from Sweden’s projects, for instance on bankruptcy, civil courts and competition law, to name a few.<sup>50</sup> Furthermore, the laws developed

<sup>50</sup> Group interview with Ministry of Justice officers, 28 March 2011.

with Swedish support were seen as being most relevant to the Vietnamese context:

*... with the Swedish funded project we got access to many different consultants with a broad range of experience and knowledge of different legal systems; this helped us to develop more appropriate laws*<sup>51</sup>

These reforms have ongoing importance for Vietnam, for instance in, positioning the country well for its recent ascension to the WTO.<sup>52</sup>

Sweden's work on legal education has been positively assessed for its impact on legal educators, professional associations and tertiary legal curricula (Karia et al, 2008). Several, now highly respected, lawyers, were trained in Swedish universities and one informant captured this relationship with the statement that "many Vietnamese lawyers remember Sida very fondly"<sup>53</sup>. Sweden directly assisted the drafting of a law<sup>54</sup> guiding the operation of lawyers, and helped to establish an independent Bar Association in 2005 (Denmark also supported the latter initiative). These initiatives provided oversight of the legal profession as well as strengthening capacity. Sweden's gender equity focus also meant that many female officials benefited from these legal education initiatives. However their sustainability has been questioned, as the changes sought through these projects were long term and complex (Karia et al, 2008).

In terms of access to justice, Sweden was once again an early and influential actor in establishing and extending the impact of Vietnam's legal aid institutions. While the legal aid project started in 2001, Sweden had already been active in this area during the 1990s, hosting a workshop on legal aid in 1995, and sponsoring a visit to Australia in 1997 by key officials to learn about the legal aid system in that country. These initiatives were influential. The Vietnamese government decided to pilot its first provincial legal aid centres in 1996, and to establish a National Legal Aid Agency under the Ministry of Justice in 1997. As a result of the legal aid initiative, officials reported a:

*... huge increase in awareness of the poor about their right to access legal aid, awareness increased from 10% in 2004 to 64% in 2009; more than 400,000 people have accessed legal service; the number of people who had a lawyer to represent them has increased 28%.*

<sup>51</sup> Group interview with Ministry of Justice officers, 28 March 2011

<sup>52</sup> Group interview with Ministry of Justice officers, 28 March 2011

<sup>53</sup> Group interview with Ministry of Justice officers, 28 March 2011

<sup>54</sup> Group interview with Ministry of Justice officers, 28 March 2011

An independent evaluation also found that Sweden's legal aid program contributed to improvements on several indicators of democracy and human rights, particularly on access to justice by disadvantaged groups.<sup>55</sup>

At the same time, access to justice and human rights was arguably one of the most fraught areas in the Sweden-Vietnam relationship. Sweden's rights-based approach to development did not always sit comfortably with the GoV, with a senior official commenting:

*During this time we did not understand each other sometimes; we did not understand the reaction of the Swedish government to human rights in particular.*

Unlike the initial legal sector programs, Sweden's move into human rights and democracy did not coincide in the same way with GoV priorities. Rather there may have been areas of conflict and tension, with implications for sustainability. For instance, Ministry of Justice officials were concerned about whether ongoing legal aid programs could be sustained following Sweden's rapid withdrawal, as donor funding accounted for around 60% of the total budget (Carlsson et al, 1999).

Finally, aside from these project-related impacts, Sweden's early role in the legal sector gave it an important opportunity to set the focus of donor engagement in this sector, as well as an important coordination role.

## 5.7 Case Study 9: Partner-Driven Co-operation

### 5.7.1 The Development Context

As discussed in Chapter 2, Vietnam has made some very significant development achievements in a relatively short period of time, particularly since the *Doi Moi* reforms of the late 1980s onwards. As a result of these achievements Vietnam graduated to Middle Income Country (MIC) status in 2009.<sup>56</sup> This graduation has precipitated a change in relations between Vietnam and its development partners, particularly those donors whose aid is targeted towards less developed countries.

<sup>55</sup> Final Report: Effects of Vietnamese-Swedish development co-operation on democracy and human rights in Vietnam: Data analysis and indicator assessment of the legal sector, November 2006 (Table Ref: 515)

<sup>56</sup> MIC status is defined as having a GDP per capita of between USD 996 and USD 3,945 for Lower Middle Income and between USD 3,946 and USD 12,195 for Upper Middle Income status. These are relatively arbitrary categories stipulated by the World Bank. For a detailed discussion of the role of aid to MICs, see Glennie (2011).



Sweden has been very clear about its preferred mode of co-operation with Vietnam in its capacity as a middle-income country. In line with the Swedish Government's policy decision in 2007 to concentrate aid resources in a smaller number of countries, a decision was made to phase out traditional development co-operation with Vietnam by 2013 and gradually replace this with 'selective co-operation'. The aims of this co-operation are to enhance democratic governance, create a greater respect for human rights and facilitate environmentally sustainable development.<sup>57</sup>

Partner Driven Co-operation (PDC) is introduced as the preferred aid modality in the 2009 Country Strategy, with the objective to "encourage and enhance the establishment of self-supporting relations based on mutual self-interest between Swedish and Vietnamese actors"<sup>58</sup>. This focus on a multiplicity of actors (and not the traditional government to government relations that has largely characterised Swedish-Vietnam relations for nearly 40 years) builds on, and operationalizes, many of the principles laid down in Sweden's 2003 Policy for Global Development.<sup>59</sup>

The Swedish Government's PDC policy<sup>60</sup> defines PDC as "efforts that stimulate co-operation between primarily Swedish actors and actors in low and middle income countries building on mutual interest and articulated responsibility shared between actors with the potential to generate self-sustainable relations with time". This policy is being widely used in countries that have reached MIC status or where Sweden is phasing out traditional development co-operation.

While the Swedish Government's policy for Partner Driven Co-operation is relatively new, 'PDC-like' arrangements with more 'advanced' developing countries have been a characteristic of the Swedish aid program for a number of decades. A recent study by Pettit tracks the evolution within Swedish aid of so-called 'broader co-operation', which has run parallel to traditional aid programs since the mid 1970s (Pettit, 2010). With its focus on mutual interest and knowledge sharing, and its associated concern with forging

<sup>57</sup> Strategy for Development Co-operation with Vietnam, January 2009-December 2013, Ministry of Foreign Affairs, Government Offices of Sweden (2009)

<sup>58</sup> *Ibid.*

<sup>59</sup> Shared Responsibility: Sweden's Policy for Global Development. Government Bill 2002/03:122

<sup>60</sup> Government proposition 2007/46452/UP, p2

‘normal’ relations with developing countries, ‘broader co-operation’ shares many of the same characteristics as its modern day equivalent. PDC was, Pettit suggests, developed to codify many of the aspects of ‘broader co-operation’.

### 5.7.2 The Implementation of PDC in Vietnam

The main focal points for Sweden’s PDC in Vietnam are: environment, climate change, health, research and trade or business. Separate to this is funding for ‘strategic interventions’ – primarily focused on human rights, democracy and anticorruption. The PDC administrative process begins with the promotion of the modality to potential partners in Vietnam and Sweden, which may include public service bodies, civil society organisations, academia or the private sector. This is followed by broader partnership facilitation by Program Officer’s (POs) at Post, and the writing of a brief proposal for a planning grant once a clear partnership idea has been agreed. This is a small grant designed to help a group find a partner, or to build trust amongst partners with limited previous interaction. The small grant helps potential partners develop ideas and provides resources to aid in the drafting of an application for a Co-operation Grant.<sup>61</sup>

As of September 2011 approximately 108 MSEK had been allocated to PDC in Vietnam. This included SEK 5,609,152 for the funding of 19 planning grants in a large range of fields including culture, media, research, environment and natural resource management; and SEK 95,678,047 for Co-operation grants in areas such as climate change adaptation, health, environment, economics and research co-operation. As mentioned many of these larger grants have built on strong pre-existing bonds between partners that have been built over 40 years of development co-operation between Sweden and Vietnam.

The implementation of PDC in Vietnam has proceeded quite smoothly since the launch of the 2009 Country Strategy. There was, as is experienced with the introduction of any new aid modality or management process at Post, a steep learning curve experienced by some POs who were used to much more prescriptive aid modalities and initially struggled with the more flexible, facilitation-oriented role required to administer a PDC program. However, as policies and procedures were clarified and guidelines

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<sup>61</sup> In cases where a pre-existing relationship exists it is possible to skip the planning grant and move directly to co-operation grants.

customised for Post-based operations, this initial stasis was overcome and participants have entered into a large range of partnership arrangements in areas of mutual interest to Vietnam and Sweden.

### 5.7.3 Strengths and Challenges

PDC-like approaches are growing in popularity in Vietnam and Sida has in some respects led the way in this regard. A recent study by McCarty commissioned by the Like-Minded Donors Group (LMDG) discusses the role of PDC in Vietnam and highlights the important demonstration role Sweden has played as one of the original promulgators of PDC. This report reviews a number of approaches and suggests that

*...the appropriate approach is more hands-off, rather like the Sida model. Let partnerships blossom wherever they emerge, and support them so long as criteria are met: mutual interest evident; sustainability a serious possibility.* (Pettit, 2010)

The report emphasises the importance of letting relationships lead the way in creating partnerships, and in defining roles and developing proposals, something that Sida has emphasised and actively promotes through their role as facilitator and through the planning grants.

In some respects the success of the Swedish PDC approach in Vietnam stems from the diverse and long lasting relationships between Swedish and Vietnamese actors. Whether in academia, culture or government, Swedish and Vietnamese actors have developed meaningful partnerships for mutual benefit for decades now and the PDC arrangement essentially provides transitional funding for old and new partners to normalise relations in the post-ODA context. Anecdotal evidence suggests that other donors in Vietnam are not progressing as well in developing partnerships as has Sweden. Many of these donors have not had the same type of special relationship with Vietnam as Sweden. This almost certainly impacts on their capacity to forge sustainable partnerships. It raises questions about the effectiveness of donors using PDC-like models in countries where limited multi-actor partnerships exist. This includes the use of PDC by Sweden in such countries and suggests that some effort should be made to quantify the scope of pre-existing relationships prior to implementing a PDC program.

The depth and breadth of relationships between Vietnamese and Swedish actors bodes well for the sustainability of relations after funding ceases. The issues and challenges with the PDC model stem less from these partnerships and more from bureaucratic and policy issues

back in Sweden, and from the broader development effectiveness agenda which PDC-like approaches expressly contradict in many aspects.

A number of these broader issues were mentioned by respondents in Vietnam and Sweden during the conduct of this evaluation. These issues included a desire to ensure there was more consistent guidance on the procedures for administering PDC programs, the need to clarify a number of issues regarding the potential use of domestic agency funding for partner driven co-operation, and international legal issues surrounding the use of aid money in support of the private sector in Sweden, which may abrogate European financial regulations.

There is a clear need for the Swedish Government to clarify the circumstances under which domestic agencies can support ODA activities with their own budget appropriation, which is, at present, ambiguous. This raises an important issue about the sustainability of PDC arrangements. Associated with sustainability is another concern about the capacity of Swedish domestic agencies to continue to partner with a growing number of developing countries. Such concerns are a particular issue if those agencies partner in areas that are primary focal points for Swedish development co-operation, as one may expect the number of activities in these areas to increase over time. This suggests that the thematic focus for PDCs in partner countries should be more organic and less prescriptive and build on the multiplicity of pre-existing relations between Sweden and its development partners.

Clearly the PDC modality raises a number of issues about aid effectiveness that also need to be addressed by Sweden and the development community more generally. This includes the potential for proliferation of aid activities, and the tied nature of PDC aid. With regard to the former it is the case with Vietnam that PDC-like proliferation is not placing a burden on the Ministry of Planning and Investment (MPI) as much of the management and reporting is undertaken by the Embassy with the MPI playing a much more hands off role than in more traditional aid programs.

There are also a number of interesting issues that the discussion on PDC in Vietnam raises about the Paris principles of aid effectiveness, and the tied aid provisions in particular, suggesting that some revision of these principles in light of the likely growth of PDC may be required. It is clear that PDC funding is tied aid under these provisions, however it should also be recognised that there is, in Vietnam, a demand for Swedish partnership co-operation. This was one of the constant themes highlighted in over 150 interviews with Vietnamese respondents.

Individuals, government bodies, private sector companies and many other groups from Vietnam have developed close and fruitful relations with Swedish partners and they wanted these to continue after the phase out of traditional development co-operation. As this report demonstrates the special relationship between the two countries has led to some impressive and effective development outcomes.

## 5.8 Significance for this Evaluation

The case studies discussed in this chapter highlight how, in different ways, Sweden's support has diversified significantly and had moved into more sensitive areas. These projects and the context from which they emerged provide further insights into the evolution of the special relationship. These case studies highlight a number of issues that are of relevance to the main evaluation questions posed in this report and are discussed in Chapters 6 and 7. Some key issues that emerge include:

- The Chia Se case study illustrates how the development of trust over a long period of co-operation contributed to the emergence of an innovative program that could have far reaching implications for grass roots democracy and participatory planning in Vietnam;
- The case study of Sweden's support to PAR in Quang Tri province is an example of how Sweden encouraged ownership from an early stage. This ownership allowed the provincial implementing agency to select a highly relevant focus. The results were highly effective;
- The case studies of the media and legal sectors are illustrative of how Sweden worked in sensitive areas. The legal sector case study explores how ownership and sustainability can be undermined when a donor's interests move too far ahead of the partner country's interests. Both cases once again show how Sweden's history of co-operation and the relatively high level of trust between Sweden and Vietnam provided solid foundations upon which to build;
- The discussion of the successful PDC mode of co-operation highlights how Sweden has been able to build on the goodwill inherent in its relationships with Vietnamese actors to forge a new type of co-operation.

# Part Three – Synthesis

## 6. THE CHARACTERISTICS OF SWEDISH AID TO VIETNAM

### 6.1 Introduction

The following chapter provides a synthesis of the material presented in Chapters 2 through to 5. The chapter outlines what the Evaluation Team views as several important characteristics of Swedish aid to Vietnam over the 45 years of co-operation, namely:

- A ‘special relationship’. This label has been frequently applied to development co-operation between Vietnam and Sweden. Nevertheless, it resonates throughout the case studies;
- A long-term approach. Sweden’s tendency to apply a long-term perspective has both contributed to, and arises from, the special relationship that grew between the two countries. This characteristic also explains the reaction among Vietnam partner organisations towards Sweden’s decision to phase out development cooperation; and
- Flexibility and openness to new ideas. These characteristics are supportive of a long-term approach since they enable existing projects to evolve and adapt to emerging realities in Vietnam.

This chapter also uses the AQEF framework to discuss some important insights into the effectiveness of Sweden’s development co-operation with Vietnam arising from the material presented in the previous chapters. This synthesis provides some important context for the concluding chapter which addresses the evaluation questions and presents lessons learned.

### 6.2 A ‘Special Relationship’

The term ‘special’ is not used lightly. Was it ‘special’? There is much evidence to suggest that it was. Few other donors have enjoyed the same access or have been able to work on issues of such sensitivity within a single party state. Officials from donor members of the

Like-Minded Donors Group (LMDG) echoed this view during a group interview in Hanoi.<sup>62</sup>

The development of this special relationship emerges clearly from chapters 3, 4 and 5 and, as it is argued later, has important implications for aid effectiveness. Indeed it is possible to discern the influence of this relationship in the origins and evolution of almost every case study in this report.

Sweden's decision to express solidarity with Vietnam during the war with the US was a decisive starting point. The development co-operation program became the principal vehicle for the concrete expression of this policy during the 1960s and 1970s. Many of the projects acquired rich symbolic significance because of this background, and this still remains today. This is clearly illustrated in the case study of Sweden's early support to the health sector, a project, which originated from the damage wrought by US wartime bombing. The Bai Bang Project was without doubt the most high profile of these initiatives. The sheer magnitude of this effort and the breadth of contact that the project facilitated between the two countries contributed significantly to deepening the relationship, even if progress was sometimes difficult. Sweden was certainly not the largest donor during this period of massive Soviet support, but was nevertheless symbolically important as one of the few donors not to substantially scale back aid to Vietnam following the invasion of Cambodia.

The relationship continued to develop during the 1990s. The case study of support to economic reform (Chapter 4) illustrates how growing awareness of the uniqueness of Sweden's position led to a wide-ranging program of support in a crucially important area. The Soviet Union had collapsed as a source of assistance and few other donors enjoyed the same level of trust. Sweden's commitment to the *Doi Moi* reforms in turn contributed to a broadening of development co-operation into a range of new sectors. This support was highly appreciated by the GoV, as is emphasized in chapter 4.

The impact of the special relationship is also evident in the particular sectors in which Sida provided assistance. The late 1990s and 2000s saw Sweden become increasingly involved in democracy, human rights, the media, the legal sector and anticorruption – all highly sensitive areas, which few other donors were allowed to enter. This is also exemplified by the emergence of the Chia Se Program.

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<sup>62</sup> Group interview with LMDG members in Hanoi, 18/03/2011.

As noted in the case study, this involved the negotiation of complex dynamics within the GoV, a process that involved some risk for the MPI. The fact that such an innovative reform-oriented initiative could be implemented, has much to do, it is suggested, with the trust that had developed between Sida and MPI. Chia Se, as is noted in Chapter 5, has been uniquely successful in a challenging area.

The relationship has experienced periods of tension, particularly after the turn of the century when the Policy for Global Development (PGD) amplified the focus on human rights and democracy in Sweden's development co-operation. The move by Sweden into a more explicitly political arena tested the 'special relationship' as the legal aid case in particular illustrates. Despite a special relationship, Sweden, like all donors, must still walk a tightrope in responding to, as opposed to pushing forward, government agendas.

More recently, the relationship between Sweden and Vietnam has benefited the collective donor engagement with GoV. As highlighted in Chapter 5, other donor partners expressed strong appreciation for Sweden's work as 'lead donor' in sensitive areas such as anticorruption. Without Sweden they were much less confident of securing the same level of engagement. Indeed, a further indication of the 'special' nature of the relationship has been the fact that Sweden continued to be influential during the 2000s despite no longer being, in financial terms at least, a major donor. There is some question among other donors as to whether Sweden could have pushed sensitive issues harder with more significant results.<sup>63</sup>

Importantly, there is evidence that Sweden was able to act as a catalyst for Vietnam developing productive relationships with other donors. This is made clear by the GoV Ministry of Natural Resources and Environment (MONRE), which noted that:

*Sweden in recent years has helped a lot ... to build a foundation for Vietnam to expand co-operation with international partners such as UNDP, UNEP, CIDA Canada, Holland, Denmark Danida, Australia AusAID, USAID, Finida Finland, UK, France, EU, World Bank, ADB etc. In the field of natural resources and environment (MONRE, 2009, p.3).*

### 6.3 A Long-term Approach

A long-term approach, although evident in some sectors more than others, stands out as a key characteristic of Sweden's

<sup>63</sup> Interview with LMDG, 18/03/2011.



development co-operation with Vietnam. As Forsberg notes, many Vietnamese partner agencies were surprised by Sweden's decision to phase out because they had grown comfortable with Sweden's long-term approach and were unaccustomed to unilateral decisions (Forsberg, 2010).

This long-term approach is clearly demonstrated in the three case studies that collectively trace the evolution of Swedish aid from the Bai Bang Project to forestry, rural development, and eventually to the Chia Se Program. Sweden never contemplated ending co-operation in natural resource management or rural development, even in the face of considerable difficulty. An economic evaluation of the mill in 1999 (see Centre for International Economics, 1999), illustrated that the mill has eventually become financially viable under Vietnamese management. Rather, Sweden has been flexible to pursue new ideas and modes of co-operation that build upon and extend previous efforts in the same sector. The in depth involvement of MARD in the preparation of MRDP (Case Study 4) is an example of how this approach played out. The results of this approach can be seen in the success of the Chia Se program and the influence that it is now having on national policy. The long history of Sweden in natural resource management and rural development has been integral to these successful outcomes. It is unlikely that a program with the characteristics of Chia Se would have emerged without the lessons and relationships that had developed during the 30 years that preceded it.

It is difficult to discern the discrete factors that drive the tendency for long-term involvement, but they are likely to be manifold. Some are structural. For example, the large size of the investment in the Bai Bang Project, accompanied by the press scrutiny, would have made it very difficult for Sweden to withdraw. The long-term perspective also arises partly from the origins of Swedish aid to Vietnam as an expression of solidarity. This abstract principle was a particularly important motivator for Swedish aid in the early stages of the relationship – a period when other donors exited and entered. However, Sweden remained in Vietnam throughout this time, and established important relationships with partner agencies within the GoV. These relationships provided the foundation for further co-operation during the 1990s.

By the early 1990s, when the influence of solidarity as a motivator had waned, Sweden had become aware that it occupied a unique position. From this point on, the preservation of the relationship

itself may have become an important factor in the long-term perspective that was adopted at a country strategy level.

#### 6.4 Flexibility and Openness to New Ideas

Allied to a long-term approach, flexibility and openness is evident in the way Sweden implemented projects, responded to opportunities, and addressed challenges. There are many examples of this. The three case studies tracing the evolution from Bai Bang to Chia Se show how these characteristics were crucial enablers of the transition between different phases of support. The emergence of PDC also highlights a flexible response to the phase out situation based on a new reality in the development co-operation relationship. If PDC succeeds in maintaining (and growing) a significant volume of partnerships, it should be seen as a particularly poignant example of these characteristics.

Flexibility and a willingness to consider new ideas are important to long-term development effectiveness. Without these characteristics the trajectory of long-term development co-operation risks becoming ‘path dependent’ – a process whereby early decisions risk constraining choices available later to the detriment of development effectiveness. This issue has in fact been raised by several evaluations (see for example Baulch et al, 2003), but few examples are found of such a risk eventuating. The transition between MRDP and Chia Se illustrates that Sweden was not constrained by previous choices (in this case, the choice of partner agency) in the pursuit of new approaches. In fact, this case study demonstrates how Sweden was prepared to negotiate difficult political dynamics in order to proceed with an initiative that offered greater potential for effective multidimensional poverty reduction.

#### 6.5 The Aid Quality Evaluation Framework

As mentioned in Chapter 1 an important part of the methodology used for this evaluation is the application of the Aid Quality Evaluation Framework (AQEF)<sup>64</sup>. This Framework is a heuristic device that focuses on the drivers of aid effectiveness; it can be deployed when assessing the impact of aid programs over a long period of time when quantitative causal attribution is impossible, due to either the small size of an aid program or the difficulties in disentangling endogenous factors. The following sections discuss four of the five components of the AQEF with reference to the information present-

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<sup>64</sup> This is explained at length in Appendix C.

ed in Chapters 2 through 5 and provide some important insights into the effectiveness of Swedish development co-operation with Vietnam, insights which are discussed further in Chapter 7. Component 5 of the AQEF is actually addressed when answering the overall evaluation questions in Chapter 7.

### **6.5.1 Absorptive Capacity and the Quality of Public Sector Financial Management**

Absorptive Capacity (AC) refers to the capacity of the partner country to use aid efficiently for development purposes. It is based on the simple recognition that there are limits to the amounts of aid that can be efficiently absorbed, with higher and higher levels of aid not necessarily associated with bigger and better development impacts. As discussed in Chapter 2 AC is an important part of the ODA enabling environment, alongside the quality of public sector financial management. If that enabling environment is weak then aid will be less efficient in achieving good development outcomes than it otherwise would be. This provides important context within which to evaluate the overall effectiveness of Swedish aid to Vietnam.

The analysis in Chapter 2 suggests that AC trended upwards during the period of development co-operation, although declining briefly during the early 2000s. This upward trajectory reflects a general increase in the four drivers of AC discussed in chapter 2, namely: concessional borrowing capacity; human capacity (as proxied by the HDI); and the quality of PFM. This trend, combined with the relatively low ratio of ODA to GDP, suggests that AC was not a barrier to effective aid delivery in Vietnam.

It is also important to note that Sweden made a significant contribution to the increase in AC. As emphasised throughout this report, the *Doi Moi* economic reforms have been central to Vietnam's development achievements. Sweden's support to this process, as outlined in case study 3, was both timely and influential.

### **6.5.2 Consistency with Paris Declaration Principles**

The case studies introduced above highlight a number of aid effectiveness issues that can be fruitfully discussed with reference to the Paris Principles on Aid Effectiveness. Clearly, it is beyond the scope of this evaluation to conduct a comprehensive assessment of the Paris principles as they relate to Sweden's aid to Vietnam, however the Evaluation Team can highlight some important insights with respect to ownership and alignment in particular, which have much to say about

the potential sustainability of Sweden's interventions in Vietnam. As discussed in Appendix C, assessments based on these elements are not used to criticise the aid delivery decisions made in the early years of Sweden's co-operation with Vietnam as much of the knowledge of what contributes to effective aid was not known at that time. However it is relevant to assess programs against these principles because it is proposed that aid that exhibited characteristics like those enshrined in the Paris principles would be more effective than aid that did not exhibit those characteristics, regardless of the period of time under review.

There is much evidence that Sweden has encouraged Vietnamese ownership of the development agenda from a very early stage. As noted in Chapter 3, the choice of project aid over program aid during the very first development co-operation negotiations reflected Vietnamese priorities and perceptions at the time. An 'ownership agenda' has also been at the heart of the evolution of development co-operation agenda. The preparation of MRDP was a unique demonstration of Swedish concern for ownership (Case study 4). This approach was similar to the design of support to PAR in Quang Tri, where the provincial DoHA retained significant control over the scope and focus of the support. In this case MARD had an unprecedented level of control over the design process, with Swedish consultants acting in the role of advisers. Swedish development co-operation tended to be delivered through GoV organisations, a practice that has enhanced ownership. As development co-operation expanded into sensitive areas such as the 'rule of law', questions of ownership became more complex. As highlighted in the legal aid case study, this can sometimes result in lower levels of GoV ownership and consequently, uncertain sustainability into the future.

There are similarly strong indications that Swedish aid was strongly aligned to Vietnamese priorities from the initial stages of development co-operation. The selection of the iconic Bai Bang Project was a response to the second Vietnamese five-year plan, with its concentration on the creation of industry and agriculture. The support that Sweden provided to the *Doi Moi* economic reform is a particularly poignant example of alignment. As highlighted in the case study 3, Sweden reoriented the thrust of the entire development co-operation program to respond to the reform process. The well-documented results of economic reform and their effect on poverty bear testimony to the effectiveness of this decision. As Sweden's focus has shifted more towards rights-based perspectives and democracy, alignment has been a more nuanced question. Certainly, Sweden's

objectives align closely with the expressed intent of strategies such as the CPRGS. However, in sensitive areas such as media, legal aid, and anticorruption, practical support has involved a delicate balance between promoting change, while avoiding controversial subjects that are patently not aligned to Party interests. Despite occasional episodes of tension, Sweden's support in these more sensitive areas has been broadly aligned to the direction of reform pursued by the GoV.

However, Swedish development co-operation exhibits less positive features with respect to two further principles of the Paris principles: untying and predictability. Swedish aid, as with most donors, has been tied for a large proportion of the 45 years of co-operation.<sup>65</sup> This has almost certainly contributed to the severe cost overruns on the Bai Bang Project and suggests that in general, the efficiency of Swedish development co-operation was not as high as it might have been. As highlighted in Chapter 2, the predictability of Swedish aid has been less stable than aid from all donors to Vietnam. There were many reasons for this. For example, Chapter 5 highlighted how budgetary concerns in Sweden at the time led to an abrupt reduction in the annual disbursements over 2002 and 2003 in particular. Nonetheless, this too suggests that Swedish aid was less effective than it could have been.

### 6.5.3 Consistency with Partner Country Sectoral Priorities

Donor country programs should be consistent with development needs in countries, and they should be sufficiently flexible to respond to changing development needs or priorities. These needs may or may not be recognised in partner development plans or priorities.

This issue is exemplified by Sweden's early support to the health sector, which was focused on the construction of two high quality hospitals during the 1970s. However, as noted in case study 1, this ignored the importance of primary health care needs, which would have been significant considering the country was emerging from extended conflict and was characterised by high levels of poverty. Significantly, Sweden and the Ministry of Health recognised this issue, resulting later in a project to support primary health care during the 1980s.

In broad terms, Swedish aid was consistent with development needs in Vietnam. This is, in large part, a reflection of the far-sightedness of the Party in recognising the need for reform in many areas.

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<sup>65</sup> Sweden officially untied development co-operation in 2006.

The above synthesis provides positive messages about Sweden's development co-operation with Vietnam over time. Some observed features of Swedish aid, such as predictability, were in opposition to development effectiveness principles. However, the Evaluation team believes there was a strong commitment to principles of ownership and alignment even before their incorporation into the aid effectiveness lexicon. The development of Sweden's 'special relationship' with Vietnam, the long-term approach in certain sectors, coupled with a flexibility and openness to new ideas helped improve the impact of development effectiveness over time. Chapter 7 expands on these observations.

## 7. CONCLUSIONS AND LESSONS LEARNED

### 7.1 Introduction: Evaluation Questions

This chapter returns to the four evaluation questions outlined in Chapter 1, recalling that the primary question concerns the contribution of Swedish development co-operation to multidimensional poverty reduction in Vietnam. It attempts to answer these questions, to the extent possible, drawing on the evidence presented in Chapters 2 to 6 and some subsequent reflection. Responses to the 4 sub-questions are provided first. Building on these responses, the primary evaluation question is then addressed.

Each question is succinctly and directly answered, drawing on but not replicating in any depth the analysis of the preceding chapters. They are answers that logically emerge from this analysis and cannot be read in isolation to the previous chapters. Chapter 6 has already answered a number of the evaluation questions without directly addressing them, which is the task of this chapter.

### 7.2 Evaluation Sub-questions

Sub-question 1: *To what extent did Sida's aid respond to pressing multi-dimensional development needs in Vietnam?*

There is clear evidence that, on balance, Sida responded to important multidimensional development needs in Vietnam.

Vietnam faced many significant development challenges in 1975, with one of the most pressing being the need to rebuild infrastructure following the damage done during the Indo-Chinese War. Addressing health was also a pressing need. Both the Bai Bang Project and support for constructing the Children's Hospital in Hanoi and the General Hospital in Uong Bi were, broadly speaking, consistent with these needs. However, closer examination of the development situation in Vietnam at the time would suggest that other economic infrastructure and health initiatives would have been more appropriate. In the case of the health sector, there is evidence that primarily health care was a more pressing need, and was something that was subsequently recognised as such by Sweden in the 1980s (see Case Study 1). In these early years, during the first phase of development co-operation, it is questionable whether Swedish development co-operation in Vietnam was entirely consistent with

the most important development needs in Vietnam during the first phase (up until 1986) of co-operation.

It was clear in the early to mid-1980s that Vietnam's economy was running into trouble and that reform was required. Growth and productivity was low, various economic targets had not been met and income poverty was extremely high. Sweden's support for Doi Moi from 1986 onwards was fully consistent with these pressing needs. This includes the need to reduce poverty, given links between this outcome and economic growth. The MRDP could also, at least in design, be considered an appropriate response to the high-income poverty rates in Vietnam that persisted throughout the early to mid-1990s. Overall, therefore, during the second phase (from 1986 to 1999) Swedish development co-operation with Vietnam was highly consistent with these pressing multidimensional poverty needs.

Vietnam's post-1986 economic reforms undoubtedly helped lift many millions of Vietnamese out of poverty. The number of people benefitted in this way is difficult to quantify precisely, but it is certainly in the millions, recalling that the number of Vietnamese living in extreme income poverty fell by 42 percentage points between 1993 and 2006. Yet throughout the mid- to late-1990s it was increasingly recognised in international development circles that in all countries economic growth alone is insufficient to eradicate poverty. It was also increasingly recognised that what was also needed were improvements in human rights, democracy and government accountability. The shifts in emphasis of the Swedish development co-operation with Vietnam in the third phase, from 1999 to 2011, were fully consistent with this thinking. More pertinently, they were consistent with pressing development needs in Vietnam. This is clearest, arguably, in the case of poverty. Despite the reductions in the number of people living in extreme income poverty, some 78 percent of the Vietnamese people still lived on less than two dollars per day in 1998. A more direct approach to poverty was required, and this is precisely what the Chia Se poverty alleviation program provided.

Sub-question 2: *To what extent has Sida's development co-operation program in Vietnam been effectively and efficiently delivered?*

The evidence of effective and efficient delivery of Swedish development co-operation in Vietnam is mixed.

Evidence of effective and efficient delivery is scarcest during the first phase of development co-operation. The AQEF has not, in this evaluation, been used to assign numerical scores against any of the



periods considered. But if it had been used in this way it is reasonably obvious the lowest scores would be given to this phase. While it seems that Sida's priorities were aligned with those of the Vietnamese government, there is evidence of significant aid tying. This was noted in the previous chapter, through its reference to the Bai Bang Project (and the resultant cost overruns). There is also evidence of a lack of capacity in the health sector, which adversely impacted on the effectiveness of Swedish support to that sector.

The second and third phases clearly saw much more effective and efficient Swedish aid delivery in Vietnam. There was strong Vietnamese government ownership of the activities supported by Sida. Also these activities were very closely aligned to Vietnamese government priorities. Both points have been made and supported in Chapter 6 and there is little need for further elaboration. Additionally, Sweden's participation in the like-minded donor group is clear evidence of donor harmonisation and its push into PDC is evidence of international best practice in this new and interesting mode of co-operation.

The strong evidence of effective and efficient delivery in the second and third phases of Swedish development co-operation with Vietnam appears to outweigh the weaker evidence to the contrary in the first phase. The overall conclusion, despite this mixed evidence, is that this co-operation was delivered with high levels of effectiveness and efficiency.

Sub-question 3: *How and to what extent did Sida's development co-operation nurture an enabling environment for poverty reduction Vietnam?*

There is clear evidence that Sida's development co-operation nurtured such an environment in Vietnam, or put differently, that it provided the pre-conditions for sustained poverty reduction.

There are many demonstrations of such nurturing in the preceding chapters, in Chapters 2 and 6, in particular. Nothing, however, demonstrates this more clearly than Swedish support for Doi Moi. Dr Le Dang Doanh, Former Senior Economic Adviser to Prime Minister Pham Van Dong, was a key informant for this evaluation and was quoted a number of times above, in Chapter 4. There is an additional quote that reinforces how important Swedish efforts were in nurturing poverty reduction in Vietnam. In response to a question on this issue, his response was as follows:

*'You ask about the role of Sweden in the Doi Moi reform process. We would have done it ourselves of course, we would not have collapsed, their help was not that vital, but it would have been at a higher cost for us. It would have been*

*difficult for us and would have been slower*'. (Dr Le Dang Doanh, Former Senior Economic Adviser to Prime Minister Pham Van Dong, Hanoi, March 23, 2011)

Sub-question 4: *What lessons can be learned from Sweden's development co-operation with Vietnam to improve development effectiveness in the future?*

A response to this question emanates directly from Chapter 6 and as such can be stated very succinctly.

The three lessons learned, which if acted upon can improve future development effectiveness, are:

1. To recognise the importance of relationships;
2. To adopt a long term approach – pursue an effective balance between principles and pragmatism; and
3. To be flexible and open to new ideas.

While the case for each of these lessons learned has been articulated in detail in Chapter 6, some additional comments on the importance of relationships are warranted. If there is a single observation that stands above all others not only from this evaluation, but also the accompanying evaluations of Swedish development co-operation with Laos and Sri Lanka, it is of the importance of relationships. Swedish achievements in Vietnam are disproportionate to the financial volume of its development activities in this partner country. To use a somewhat crude term, Sweden has achieved enormous “bang for its buck” in Vietnam, and this additionality has arisen from the strong relationship between the two countries.

Madam Pham Chi Lan, Former Director General, Vietnam Chamber of Commerce, who was also quoted in Chapter 4, made the following observation:

*‘Money is important, but what is more important is the support across our entire history with Sweden, this has nothing to do with money, other countries give us more money but we don't have the same relationship with them*’. (Madam Pham Chi Lan, Former Director General, Vietnam Chamber of Commerce, Hanoi, March 23, 2011)

Madam Lam refers to the ‘entire history’ between Sweden and Vietnam. On this point it is appropriate to make one final comment on the Bai Bang Project. Less than positive comments were made about this project, on specific technical criteria, above. The true significance of this project, along with support for building hospitals early in the first phase of development co-operation between Sweden

and Vietnam, is that they provided a basis for building an extremely productive relationship between the two countries, providing a basis for much more effective interventions that followed.

The clear message to the international donor community from this evaluation is that the nature of the relationship is an important prerequisite for effective development co-operation. The relationship needs to be supportive, understanding and honest, in which potentially difficult issues can be discussed and acted upon in a pro-development manner. This is what has characterised Swedish co-operation with Vietnam, and made it so successful.

**Primary Evaluation Question: How, and to what extent, did Sida's development assistance contribute to poverty reduction in Vietnam?**

This is rarely an easy question to answer. Yet it has already been answered in large part given the comments made above. Prior to answering finally and more directly, consider some more evidence, in particular that concerning the big picture outlined in Chapter 2.

In Chapter 2 it was noted that there had been relatively high levels of volatility in aid to Vietnam, including that from Sweden. There was increasing proliferation of aid activities, as well as a worrying level of fragmentation. These are worrying for aid effectiveness, yet there was other evidence that points to the contrary. There was evidence that aid levels were within the capacity of the Vietnamese economy to efficiently absorb. There was also evidence of reasonably high levels of aid relative to key national aggregates, meaning that one could expect some sort of impact to be observed from them. There were the impressive development achievements of Vietnam, the huge reductions in income poverty in particular. In addition there was evidence of these achievements being associated statistically with aid to the country: it is a stylised fact that aid to Vietnam is positively associated with higher levels of achievement in income, health, education and, more broadly, human development in this country. While causality between these variables cannot be attributed on the basis of simple associations, there are a number of reasons for judging that causality might exist based on the evidence presented not only in Chapter 2 but elsewhere in this report.

What does this mean for Swedish aid and poverty reduction in Vietnam? Two points can be made in response to this question. First, there is already strong evidence of the poverty reducing impacts of the Chia Se, suggesting that Sweden has indeed

contributed positively to the international effort to reduce poverty in Vietnam. The second point concerns the level of Swedish aid and what it has financed. Recall that in Chapter 2 it was noted that Swedish aid to Vietnam is of a level that one might expect it to have impacts at the national level if there is evidence that Sweden supported highly strategic, pivotal activities that were efficiently delivered. Do Moi is such an activity. While the exact extent to which Swedish development assistance has reduced poverty is a matter for speculation, it would appear to be beyond doubt that Sweden has worked with the Government of Vietnam to lift many millions of Vietnamese out of income poverty. The benefits of this assistance are almost certainly not limited to income dimension poverty alone, but to gains in other dimensions. It is a general rule, based on international research, that higher growth facilitates gains in health and education. There is no reason to believe that this rule does not apply in Vietnam. It can reasonably be concluded, therefore, that the Swedish development co-operation has improved the health and education and overall human development levels of millions of Vietnamese citizens.

# Appendix A: Research Methodology

## Introduction

The analytical framework and evaluation questions addressed in this study are outlined in Section 1.3 of the report. In this Appendix, further details are provided on case selection and data collection and analysis.

The evaluation study deploys a mixed-methods approach, using qualitative and quantitative methods in a complementary way (Sale et al., 2002) to interrogate different types of evidence about the context, evolution and outcomes of Swedish development assistance in Vietnam (and similar studies covering Laos and Sri Lanka). This approach has enabled robust and credible historical analysis of Sida's programs, while providing the necessary flexibility to overcome specific data limitations.

At the macro-level both quantitative and qualitative data were used to prepare Country Development Profiles, which outline the context for Swedish development co-operation. These profiles outline the major development trends (including progress in poverty reduction) and trends in aid delivery over the period of the evaluation, and the international political and economic circumstances that influenced development and aid in Vietnam. Qualitative data from key informant interviews with experts and document analysis (including political-economic theories of aid delivery) augmented the quantitative data and shed light on why these patterns of aid delivery arose.

Similarly, quantitative and qualitative data were used in tandem at the meso level to provide empirical and contextual information on issues such as the sectoral and geographical distribution of aid. At the micro-level, quantitative and qualitative data were used to provide descriptive and contextual information on particular projects and programs.

## Quantitative Analysis

Quantitative analysis drew on available sources of data, such as Sida's own databases, data provided by the government of Vietnam, the World Bank's World Development Indicators, the UNDP's

Human Development Report and the OECD DAC's International Development Statistics.

Such data informed the macro analysis of development and aid trends in the Country Development Profile. The data enabled assessment of changes in various dimensions of the quality of life, income poverty in particular. Chapter 2 analyses change in indicators such as per capita income and its annual rates of growth, on life expectancy, adult literacy, child and infant mortality, maternal mortality and the percentage of people living below the income poverty line. Key multidimensional indicators are also presented, such as the UNDP's Human Development Index (HDI). Comprehensive information on this index has been published by the UNDP since 1990, with HDI scores being available from 1970 onwards. Recognising that economic performance is an important driver of poverty reduction, GDP growth rates are also examined and key economic reforms and structural changes identified.

The Country Development Profile also charts aid to Vietnam. Annual levels of Swedish and total official development assistance are shown, both in gross amounts, relative to GDP or GNI and the population size. These figures are also presented by sector. Data on aid proliferation and volatility (or predictability) were also assessed.

The quantitative analysis, while rigorous, did not involve economic modelling. This was ruled out in the TOR, but was difficult in any case owing to data availability and quality problems particularly for the early years of Swedish development co-operation to the three focal countries. Qualitative data were used to gain a picture of trends and their causes during the early periods of Swedish aid.

### **Qualitative Analysis**

The qualitative component of this evaluation involved thematic and longitudinal case studies, with flexible exploration of the evaluation questions through the use of semi-structured interviews, focus groups and analysis of existing documentation.

Case studies – specific units of analysis with clearly defined boundaries – were used to explore the evaluation questions in a context specific way. Case studies were used for their potential to provide an in-depth understanding of events and trends in Sweden's aid in the three countries through the perspective of key actors.

Qualitative approaches usually work with small samples that are selected purposively rather than randomly (Miles and Huberman,

1994). Purposive sampling, i.e. selecting cases for their richness of information in relation to key time periods, people, events and impacts, is relevant here for two reasons. First, such sampling is consistent with the adaptive theory approach, where cases are selected for their value in exploring predefined questions and concepts (Denzin and Lincoln, 2000). Cases are therefore selected for their likely contribution to understanding the impacts of Sida's changing development strategies over time. Second, purposive sampling enables the richest access to data given the available time and resources.

The historical nature of this evaluation, which must evaluate the cumulative impact of many activities over several decades, distinguishes it from a typical project or program evaluation. Initial analysis of Sida documentation and meetings during the inception visit helped the evaluation team to develop a working understanding of key historical phases in Sweden's aid delivery and its relationship to changes in the broader development context. Based on this analysis, it became clear that two different categories of case studies would be relevant:

Longitudinal case studies were used to illustrate the changing nature and impact of Sida's involvement in a particular sector. Longitudinal cases exposed the drivers behind, and outcomes of changes in, Sweden's development co-operation within a selected sector. Analysing one connected set of interventions in this way spoke to questions of responsiveness, relevance and effectiveness. Longitudinal cases were identified based on sectors where Sida has had a very long-standing engagement; in each country, only a very limited number of sectors or areas of operation met this requirement.

In short, longitudinal case studies assessed long term involvement in a sector, to understanding why and how Sida changed its approach to development co-operation over time, and the impacts of such change.

Thematic case studies were used to assess the nature and impact of a package of interventions during different historical phases. Drawing on the provisional historical phases of Swedish development co-operation defined in the inception phase (see Table A.1 below), a set of 2 to 3 case studies were selected in each major phase to gain a deeper understanding of critical impacts and themes during each period. There was a large number of potential thematic cases to select from. An initial set was selected during the inception phase, based on the information gained from initial interviews and data analysis about Sida's thematic foci in Vietnam. This initial set was first expanded through discussion with Sida, and then adjusted

slightly during fieldwork if logistical constraints were faced in accessing particular field sites or informants. The final cases addressed in the study are outlined in Table A.1.

The combination of longitudinal and thematic analysis is an innovative approach to longitudinal evaluation; it has enabled a comprehensive understanding of how Sida's aid effort evolved, as well as an understanding of impacts and lessons in key thematic areas.

Key data sources for the longitudinal and thematic cases include existing Sida documentation (provided to the team by Sida), other secondary research, and interviews and focus groups with informants. The Sida documentation was analysed for information on: (i) case studies; (ii) inter-country relationships and planning/decision-making processes; and (iii) existing knowledge on lessons and impact. In addition, existing research publications were used in the analysis of the development context, the political economy of each country, and the international political economic context and its influence on donor practice.

Field visits were made to Ha Giang and Quang Tri provinces to gain a more detailed understanding of relationships with provincial and local government, and the sustainability and impacts of previous Sida-funded interventions. These field visits built upon previous evaluative work commissioned by Sida.

### **Key Informant Interviews and Group Discussions**

Interviews were conducted with key informants that were associated in various ways with Sida's programs. Some were identified during the inception phase for their historical and institutional memory. Further informants were then identified through a 'snowball' approach (i.e. through referrals and following up names that recurred in other interviews), as well as targeting specific categories of stakeholders including:

- Government policy makers at central and sector levels;
- Provincial and districts authorities;
- Sida HQ departments and teams;
- Swedish MFA;
- Members of Parliament (MPs) in Sweden and government officials in Vietnam;
- Other donors and international partners;
- Civil society, academia/research organisations, media, private sector;



- Implementing partners and project/technical assistance teams; and
- End beneficiaries at provincial and district level. In summary, the selected cases and informants provided a detailed overview of Sida's phases of operation and key sectoral initiatives. The sampling strategy was workable, while providing assurance that key categories of informants were covered. A limitation with the approach was the limited scope to interview program beneficiaries, due to resource and time constraints. To address this gap, the team have drawn on past program and project evaluations, which have addressed beneficiary views to varying extents. This was a necessary sacrifice to gain the breadth of coverage required in the TOR, but meant that the study was constrained in gaining in-depth, longitudinal insights to local level project and program impacts.

**Table A.1 Phases of Swedish Development Co-operation with Vietnam – Thematic and Longitudinal Case Studies**

Phases of Swedish Aid	Thematic	Longitudinal	Rationale for Selection
1969–1986	Support to health sector	Bai Bang Paper Mill Project	Longitudinal case: Sida had a long-term engagement in the forestry and rural development areas. Sida’s approach changed significantly over time in response to international development trends and national priorities. The thematic case study on support to health sector addresses post-war reconstruction efforts and the evolution of a special relationship between Vietnam and Sweden.
1990–2007	Tax and Economic reform, Justice reform	Forest Co-operation Program Mountain Rural Development Program	Both tax and justice reform represent key Sida objectives post Doi Moi, and its institutional focus in the period.
1999–Present	Media, access to justice	Chia Se Poverty Alleviation Programme	Media illustrates an accountability agenda while the justice program focuses on rule of law and access to justice. Both are representative of Sida’s focus on empowerment.
1999–Present	Partner Driven Co-operation	Post-Chia Se Poverty Alleviation Programme take up by Government of Vietnam	Important to assess progress of PDC at this early stage and highlight concerns and lessons-learned.

## Appendix B: Key Informants

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Bien (Dr), Directorate of Forestry, MARD  
Ljunggren, Börje., (Dr), Former Swedish Ambassador to Vietnam  
Bruhin, Brigitte., Deputy Country Director, SDC  
Junker, Brigitte., Evaluation Department, Sida  
Bui Duc Tho (Dr)., Dept of Research Management, National  
Economics University  
Bui Thi Thanh Tam., Expert International Co-operation,  
Vietnam University of Fine Art  
Bui Thi Thanh Thuy., Civil Society, Centre for Development of  
Community Initiative and Empowerment  
Cao Manh Cuong., Head Aid Effectiveness, MPI  
Cao Viet Chinh., Chia Se Poverty Alleviation Programme  
Management Unit, Quang Tri  
Lindahl, Claes., Consultant  
Cu Thuy Trang., Expert, International Co-operation, Hanoi Law  
University  
Dang Hoang Oanh., DDG, DIC, MoJ  
Dang Kim Son (Dr)., General Director, IPSARD  
Dang Van Thuy., Vice Chair of Bac Me District People's Commit-  
tee, Ha Giang  
Dao Manh Hung., Vice Director of District People's Committee-  
Cam Lo District, Quang Tri  
Dao Thi Le My., Staff of DPI, Ha Giang  
Bourson, David., EU Delegation  
Dinh Thi Thuy Hang (Dr)., Former Current Affairs Dept,  
Vietnam TV  
Do Duc Doi., Director, General Dept of Land Administration  
Do Ngoc Tien., Head of 'Group 9' village, Ha Giang  
Do Thi Huyen., Former Sida NPO  
Duong Ba Cuong., Secretary of Communist Party, GioHoa  
Commune, Quang Tri  
Duong Quang Long., Legal Aid Agency  
Haastad, Elsa., First Secretary, Swedish Embassy, Hanoi  
Edgren, Gösta., Former Swedish Ambassador to Vietnam

- Ha (Dr.), Former Sida NPO
- Ha Phuong Lan., DDG, ICD, MoJ
- Ha Van Pham., Official, District People's Committee
- Ha Van Sy., Head of One Stop Shop – Cam Thanh Commune,  
Quang Tri
- Hang Duong Thanh., Vice Chairman, District People's Committee,  
Quan Ba, Ha Giang
- Hiep., Department Of Tax
- Hieu Ngoc., Chairman of the Swedish-Vietnam Fund for the Pro-  
motion of Culture
- Ho Quang Minh (Dr.), DG Foreign Economic Relations Dept, MPI
- Ho Thi Duong., Beneficiary of Chia Se Poverty Alleviation  
Programme
- Ho Thi Kim Ngoc., Second Secretary of Communist Party, Gio  
Chau Commune, Quang Tri
- Ho Thi Rai., Chairwoman of Women's Union, Commune People's  
Committee, VinhKhe Commune, Quang Tri
- Ho Thi Xuong., Chairman of Fatherland Front, VinhKhe Com-  
mune, Quang Tri
- Ho Thi Yen Thu., Deputy Director, Centre for Marine Life Conser-  
vation and Community Development (MCD)
- Ho Van Cuong., Chairman of People's Council, VinhKhe Com-  
mune, Quang Tri
- Ho Van Dong., Chairman of Farmer's Union, Commune People's  
Committee, VinhKhe Commune, Quang Tri
- Ho Van Nhung., Head of Commune Clinic, VinhKhe, Quang Tri
- Ho Van Tao., Chairman of Commune People's Committee, Vin-  
hKhe Commune, Quang Tri
- Ho Van Tu., Vice Chairman of Commune People's Committee, Gio  
Chau, Quang Tri
- Hoang Dung Tien., Customer, One Stop Shop, Dong Ha Municipi-  
pality, Quang Tri
- Hoang Duong Phuc., Beneficiary of Chia Se Poverty Alleviation  
Programme, Quang Tri
- Hoang Hiep (Dr.), Former DDG MoH
- Hoang Kinh Chieu., Gio Chau Commune People's Committee,  
Quang Tri
- Hoang Minh Man., Chairman of Commune People's Council, Gio  
Chau Commune, Quang Tri
- Hoang Phuoc Hiep (Prof.), DG, International Law, MoJ

- Hoang Thanh Tam., Civil Society, Centre for Development of Community Initiative and Empowerment
- Hoang Thanh., Deputy Director of Commune Programme Management Unit, Chia Se Poverty Alleviation Programme
- Hoang Thi Luy., Accountant, Commune Programme Management Unit, Chia Se Poverty Alleviation Unit
- Hoang Van Canh., Department of Planning and Investment, Quang Tri
- Hoang Van Suu., Director of Chia Se Poverty Alleviation Provincial Programme Management Unit, Quang Tri
- Hoang Van Thuan., Vice Chairman of Minh Son Commune People's Committee, Ha Giang
- Hoang Van Tuan., Vice Chairman of Minh Son Commune People's Committee, Ha Giang
- Hoang Van Xuan., Secretary of Party, Vinh Chap Commune, Quang Tri
- Ho Trong Hao., Customer, One Stop Shop, Dong Ha Municipality, Quang Tri
- Hua Chien Thang., Deputy Director, Coastal and Marine Planning Studies Centre, MONRE
- Huong., Department of Animal Health, MARD
- Lopez Jordie Galbe., Programme Director, AECID (Spanish Agency for International Development Co-operation)
- Kien., Dept of Europe, MoFA
- Kim Thi Thuy Ngoc., Dept of International Co-operation, ISPONRE
- La Khanh Tung., Lecturer, Centre for Human Rights, University of Hanoi
- Birgegaard, Lars-Erik., Consultant
- Le Dang Doanh (Dr)., Former senior economic adviser to Vietnamese Prime Minister
- Le Duc Nam., Chairman of Commune People's Committee, Vinh Chap Commune, Quang Tri
- Le Duy Hao., Provincial Advisor, Provincial Programme Management Unit, Chia Se Poverty Alleviation Programme, Quang Tri
- Le Quang Vinh., District People's Committee, Cam Lo, Quang Tri
- Le Quynh Hoa., Civil Society, Action Centre for City Development
- Le Thanh Quy., Chairman of Gio Hoa Commune People's Committee, Gio Hoa Commune, Quang Tri
- Le Thi (Prof)., Chairwoman of the Swedish Gender Equality Fund

- Le Thi Hong Giang., Centre for the Studies and Applied Sciences in Gender, Family, Women and Adolescents
- Le Thi Linh., Department of Home Affairs, Quang Tri
- Le Thi Phuong., District People's Committee, Cam Lo, Quang Tri
- Le Thi Thuy Kieu., VinhLinh District People's Committee, Quang Tri
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- Le Van Phuc., Dong Ha Municipality People's Committee
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- Le Van Tu., Vice Chairman, Farmer's Union-CPC
- Le Viet Thai., Director for Economic Institutions, CIEM
- Le Xuan Ba (Prof)., President, CIEM
- Le Xuan Bich., Gio Chau Commune People's Committee, Gio Chau Commune, Quang Tri
- Lien Nguyen., Governance Adviser DfID
- Long Dinh., Beneficiary of SEMLA, Ngoc Duong, Ha Giang
- Lu Hanh Van., Official, Commune People's Committee
- De Backer, Luc., Head of Co-operation, Belgium Development Agency (BTC)
- Luong (Dr)., MoH
- Luong The Phiet., DG, DIC, MARD
- Luong Thi An., DDG, International Relations Dept – EVN
- Luu Hoang Ngoc (Dr)., Deputy Director General, Vinachemia
- Luu Van Vinh., Deputy Director, International Co-operation Dept, General Statistics Office
- Pham Chi Lan., Former Director General of Vietnam Chamber of Commerce
- Ostman, Margareta., Principal Scientific Officer, KEMI
- Ottosson, Marie., Minister, Swedish Embassy Hanoi
- Salomon, Matthieu., International Senior Adviser, Towards Transparency
- von Bonsdorff, Max., Ministry for the Foreign Affairs of Finland (FORMIN)
- Tedengren, Michael (Dr)., Dept of Systems Ecology, Stockholm University
- Nguyen Anh Tuan., Director, Dept of International Co-operation, General Statistics Office

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- Nguyen Duc Tan., Staff of International Co-operation Division-PPC
- Nguyen Duc Thuy., Official-Yen Pong Commune People's Committee, Ha Giang
- Nguyen Duy Chuye (Dr)., Former Project Director of MRDP
- Nguyen Hoang Long., DDG, Europe Dept, MoFA
- Nguyen Hong Khanh., Secretary of Party Commune-Yen Phong Commune, Ha Giang
- Nguyen Huu Do., Vice Chairman of People's Council, GioHoa Commune, Quang Tri
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- Nguyen Thanh Hoa., Head of Environmental Management Division-DONRE
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- Nguyen Thanh Que., Head, ICD, Hanoi Academy of Cinema and Theatre

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- Nhu., Project Management Office, National Assembly
- Nong Thi Nhu., Chairwoman of Yen Phong Commune People's Committee, Ha Giang
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- Phong., Institute of Law Science
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- Tran Van Tuong., Second Secretary of Party Commune-Yen Phong Commune, Ha Giang
- Trieu Kim Len., Chairman of Ngoc Duong Commune, Ha Giang
- Trieu Van Thanh., Vice Chairman of Minh Son Commune People's Committee, Ha Giang
- Trieu Viet Thanh., Deputy Director of PPMU - Ha Giang
- Trinh Hoai Linh., Vice Chairman of Ward People Committee
- Truong Hoang Ha. Former Director of Department of Home Affairs, Quang Tri
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- Van., Vietnam National Academy of Music
- Vi Xuan Hoc., Head of Agricultural Division of Bac Me District People's Committee, Ha Giang
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Vuong Anh Cuong., Deputy Director of DONRE - Ha Giang

Vuong Thi Hanh (Dr.), Centre for the Education, Promotion and Empowerment of Women

# Appendix C: The Aid Quality Evaluation Framework

## Introduction

The AQEF is comprised of five components; each of these components contains various sub-components. Assessments of aid quality can be made against each of the AQEF components, using a mix of qualitative and quantitative data. The collection of these data is guided by a purposive sampling framework that emphasises the triangulation of data sources. The interpretation of AQEF assessments must be preceded and informed by rigorous political-economic analysis in order to understand the context of aid delivery over time.

The five components of the AQEF for the purposes of this evaluation are:

1. absorptive capacity;
2. quality of public sector financial management;
3. consistency with Paris Declaration principles;
4. consistency with partner country national sectoral priorities; and
5. consistency with donor country programme strategies (or equivalents).

The first three components are indicators of what contributes to effective aid delivery and are chosen according to state of the art, widely accepted knowledge of aid effectiveness.<sup>66</sup> Assessments based on these elements are not used to criticise the aid delivery decisions made in the early years of Sweden's co-operation with Vietnam as much of the knowledge of what contributes to effective aid was not known at that time. These assessments however indicate much about how effective aid might have been delivered based on contemporary thinking, and

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<sup>66</sup> The Paris Declaration principles and their background are well known in donor agencies circles, being a product of lessons learned from decades of official aid delivery. Absorptive capacity and the quality of fiscal management are issues that have become prominent in aid policies more recently, owing largely to concerns over scaled up aid in order to meet the Millennium Development Goals. It has been recognized, however, that these issues are relevant at all aid levels, large and small. A large literature has emerged on these topics and includes Guillaumont and Guillaumont (2006), Bourguignon and Sundberg (2006), Heller and Gupta (2002), Heller *et al.* (2006) and McGillivray and Morrissey (2001).

they provide good departure points to discuss changes in Sweden's aid delivery over time and the various factors that shaped that delivery. Assessments for these early years are primarily assigned on the basis of qualitative information given the lack of quantitative data.

### AQEF Components

**Absorptive capacity** (AC) refers to the capacity of the partner country to use aid efficiently for development purposes. It is based on the simple recognition that there are limits to the amounts of aid that can be efficiently absorbed, with higher and higher levels of aid not necessarily associated with bigger and better development impacts. This recognition is based on observations from the field, but also on international research that shows that the incremental impact of aid falls as aid levels increase (see, for example, McGillivray and Feeny, 2009 and Feeny and McGillivray, 2010).<sup>67</sup> This occurs at all aid levels, large and small. Absorptive capacity is a critical determinant of the sustainability of aid impacts. There are many reasons why absorptive capacity constraints emerge within a partner country. They include the efficiency of partner government systems, the capacity of other agencies dealing with aid delivery, and the policy stance of partner governments. The absorptive capacity component captures these conditions and includes policy quality and institutional performance, various governance measures such as voice and accountability, rule of law and control of corruption, basic measures of the efficiency of public fiscal management such as the predictability and control of budget execution, and measures of the quality of donor practices such as the extent of proliferation of aid-funded activities and the predictability of support. Recognising that Swedish development co-operation has often been delivered through, or in partnership with NGOs, these measures can be augmented with indicators of the capacity of these organisations to absorb Swedish aid. These indicators are obtained by qualitative investigation, seeking to establish whether, on development effectiveness criteria, more aid could have been delivered efficiently through NGOs, whether the amount of aid allocated through them was appropriate to their absorptive capacities, or whether too much aid was allocated in partnership with them.

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<sup>67</sup> Note that the McGillivray and Feeny (2009) paper is primarily concerned with fragile states, but it also provides evidence that absorptive capacity constraints apply in all aid recipient countries.

The **public sector financial management** component has profound consequences for the impact of donor aid and therefore warrants more thorough and additional investigation. While this component is also included under absorptive capacity (very generally and in the context of other key AC indicators), this framework acknowledges its crucial importance by applying more weighting to it as a standalone criteria. There is also overlap between this component and the use of country system indicators under the Paris Declaration. However these indicators are quite limited and do not sufficiently encompass many important PFM issues, such as those addressed by the sub-components discussed below. An important point to make with regard to the use of country systems is that while a donor may use them, if they are of a poor quality, aid impact will be less than if those systems were of a higher quality. As such this component of the AQEF attempts to measure the quality of PFM in the partner country; the Paris principles are used to assess the extent to which Sida used partner systems. The sub-components include internationally agreed measures of the orderliness of and participation in annual budget processes, the presence of a multi-year perspective in fiscal planning and the effectiveness of tax payment collection. The overall rationale for the inclusion of this component in the AQEF is that the absence of good quality public sector financial management constrains the extent to which a donor country programme can achieve intended development outcomes and ultimately affects the sustainability of development co-operation activities.

The consistency with **Paris Declaration principles** component is based the donor community agreed measures of progress in each of the following five principles:

1. *Ownership*: Developing countries must lead their own development policies and strategies, and manage their own development work on the ground;
2. *Alignment*: Donors must line up their aid firmly behind the priorities outlined in developing countries' national development strategies, they should use partner country systems, their aid must be untied and be predictable;
3. *Harmonisation*: Donors must coordinate their development work better amongst themselves to avoid duplication and high transaction costs for poor countries;

4. *Managing for results*: All parties in the aid relationship must place more focus on the result of aid, the tangible difference it makes in poor people's lives; and

Mutual accountability: Donors and developing countries must account more transparently to each other for their use of aid funds, and to their citizens and parliaments for the impact of their aid.

Ownership, alignment and mutual accountability are acknowledged to be important drivers of the sustainability of aid impacts and, therefore, of quality aid delivery. The incorporation of these principles in AQEF assessments serves to increase the framework's focus on sustainability. The application of these principles are nuanced to take into account the political evolution of a country over time, its fragility, and conflict and post-conflict situations, all of which are important aspects of the present evaluation. To reiterate a point made above, particular care needs to be taken in the retrospective application of these principles, keeping in mind that they are based on thinking on aid effectiveness that has evolved over time and much of which was not known or accepted until well into the 1990s or later.

The **partner country national sectoral priorities** component is concerned with the focus of a donor programme within the partner country under consideration. The basic idea behind including this component in the AQEF is that donor country programmes should be consistent with development needs in countries, and they should be sufficiently flexible to respond to changing development needs or priorities. These needs may or may not be recognised in partner development plans or priorities. As such the issue being addressed by this component is not necessarily one of alignment, in the context of the Paris principles. One approach is to adapt indices used to assess the consistency of global inter-country aid allocation to the relative needs of recipient countries to country level analysis. This would result in an index that would measure the extent to which the allocation of country programme funds, across sectors, is consistent with partner country achievement in these sectors. If, for example, a country was doing particularly poorly in health compared to all other sectors, the percentage share of total country funds to this sector should be larger than that to other sectors. The index would provide a quantitative assessment based on such consistency. Similar investigation can be undertaken for the geographic allocation of donor support within a partner country.



The **donor country programme strategy** component has been added to the AQEF for the specific purpose of this evaluation. The AQEF focuses on the prerequisites for effective, poverty-reducing aid. As such it does not focus directly on outcomes consistent with a focus on multidimensional poverty reduction or with other broadly developmental outcomes that donors might pursue. The inclusion of the donor country programme strategy component is intended to throw specific light on this issue. It is based on various assessments of what the country programme has achieved, assessed against the principal objective of these programmes, that being poverty reduction. Whether other objectives identified in country programme strategies have been achieved can also be considered.

# Appendix D: Statistical Figures

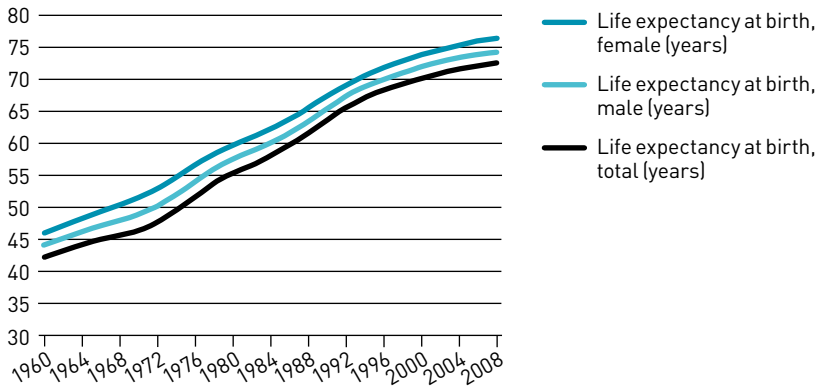


Figure D.1 Life Expectancy, Vietnam, 1960 to 2008

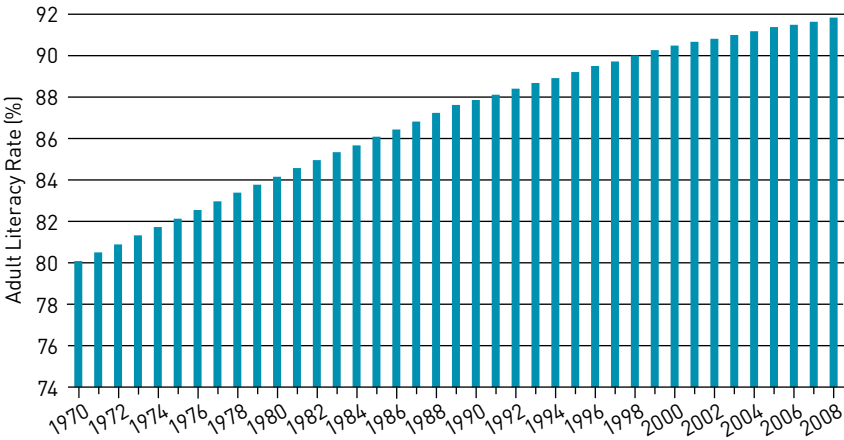


Figure D.2 Adult Literacy, Vietnam, 1970 to 2008

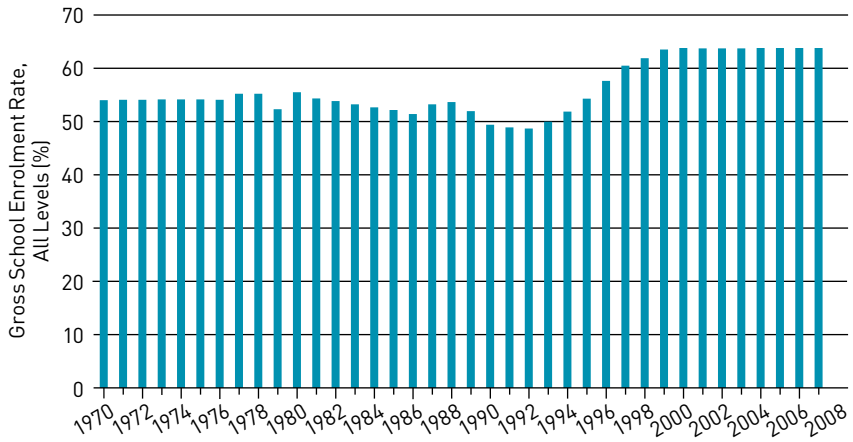


Figure D.3 School Enrolment, Vietnam, 1970 to 2008

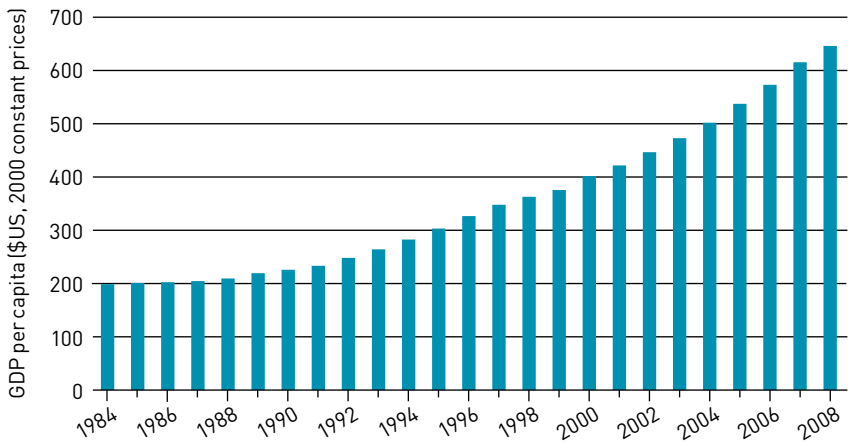


Figure D.4 Income per capita, Vietnam, 1984 to 2008

# Appendix E: Development Co-operation Programs and Projects Between Sweden and Vietnam

Specific Program	Sector	Period	Activity Expenditure
<b>Humanitarian</b>			
Humanitarian (War), Primarily through Swedish Red Cross	Humanitarian	1965	Not known
Medical Supplies and Equipment (through Save the Children and Red Cross)	Humanitarian	Mid 1960s	Not known
<b>Health</b>			
Family Planning (commodity imports)	Health	1970	
Family Planning	Health	1971–1974	12,000,000 SEK
Family Planning	Health	1974–1975	5,700,000 SEK
Child Hospital, Hanoi	Health	1975–1980	Not known
Hospital, Uong Bi	Health	1975–1980	Not known
Provision of Drugs (POD)	Health	1983	Not known
Yen Hung Rural Health Project	Health	1983–1986	Not known
Medical Equipment Project (ME)	Health	1986	Not known
Quang Ninh PHC Project (PHC I)	Health	1986	Not known
Health Support	Health	1983–1984	22,000,000 SEK
Health Support	Health	1984–1985	60,000,000 SEK
Health Support	Health	1985–1986	50,000,000 SEK
Health Support	Health	1986–1990	196,600,000 SEK
Health Programme	Health	1990–1993	175,000,000 SEK
Support to the Health Sector	Health	1993–1994	14,000,000 SEK (extension of programme)
Vietnamese-Swedish Health Cooperation (VSHC I)	Health	1994–1999	250,000,000 SEK
Vietnamese-Swedish Health Cooperation (VSHC II)	Health	1999–2002	90,000,000 SEK
Vietnamese-Swedish Health Cooperation (VSHC III): Health Policy and Systems Development	Health	2002–2007	104,500,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Health Care in the Central Highlands Project (through ADB)	Health	2004–2010	47,500,000 SEK
Community Based Drug Abuse Control Project in Vietnam	Health	2005–2006	Not known
Strengthened Leadership for an effective national response to HIV/AIDS (through UNDP)	Health	2004 –	10,000,000 SEK
National Health Project (NHSP) in Vietnam (through the World Bank) Financing of 3.component	Health	1996–2003	36,700,000 SEK
<b>Education</b>			
Research Cooperation, SAREC	Education	1976–	Not known
Research Cooperation, SAREC	Education	1982–1983	4,000,000 SEK
Research Cooperation, SAREC	Education	1987–1989	6,800,000 SEK
Research Cooperation, SAREC	Education	1990s	3,500,000 SEK/year
Research Cooperation, SAREC	Education	1997–2000	42,400,000 SEK
Research Cooperation, SAREC	Education	2000–2003	54,300,000 SEK
Research Cooperation, SAREC	Education	2004–2007	100,000,000 SEK
Strengthening Policy Research in Vietnam	Education	2002–2005	17,000,000 SEK
Joint Learning Initiative	Education	2003–2005	4,800,000 SEK
<b>Energy Generation and Supply</b>			
Energy: Electricity to Ho Chi Min City	Energy	1984–1985	Covered under Import Support (52,000,000 SEK)
Energy Support	Energy	1985–1986	15,000,000 SEK
Energy Support	Energy	1986–1987	45,000,000 SEK
Energy Support	Energy	1987–1990	60,000,000 SEK
Energy Programme	Energy	1991–1993	83,000,000 SEK
Support to the Energy Sector in Vietnam: General Backstopping and Support	Energy	1991–1994	12,500,000 SEK
Support to the Energy Sector (this programme also covers some of the below indicated projects)	Energy	1994–2002	259,000,000 SEK
Vietnamese-Swedish Energy Cooperation: General Backstopping and Support	Energy	1994 –1999	35,000,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Vietnamese-Swedish Energy Cooperation: Management Training	Energy	1991–1993	6,000,000 SEK
Vietnamese-Swedish Energy Cooperation: Sister Cooperation Project (Twinning)	Energy	1994–1999	10,000,000 SEK
Vietnamese-Swedish Energy Cooperation: Capacity Building of Construction Companies in Management and Tunneling	Energy	1994–1999	27,000,000 SEK
Vietnamese-Swedish Energy Cooperation: Support to feasibility Studies for the expansion of Hydro Power Generation (Se San)	Energy	1994–1998	18,000,000 SEK
National Hydropower Project	Energy	1998–2002	19,000,000 SEK
National Hydropower Project, II	Energy	2003–2004	12,700,000 SEK
Danang Distribution Project, Phase I	Energy	1995–2000	35,000,000 SEK
Power Distribution	Energy	1998–2002	67,000,000 SEK
Song Minh MPP	Energy	1996–2003	38,000,000 SEK
Energy Conservation	Energy	1999–2001	400,000 SEK
Energy Conservation, Women	Energy	2001–2003	3,800,000 SEK
Rural Energy Development	Energy	2003–2007	48,000,000 SEK
Electrification, Provincial Towns	Energy	1997–2000	110,000,000 SEK
Demand Side Management	Energy	1998–2003	30,000,000 SEK
<b>Government and Civil Society</b>			
Support to Strengthening the Rule of Law, Phase I	Governance	1991–1995	13,100,000 SEK
Support to Strengthening the Rule of Law, Phase II	Governance	1995–1997	13,000,000 SEK
Legal Sector Support: Strengthening the Rule of Law in Vietnam, Phase II	Governance	1997–2001	46,000,000 SEK
Support to Strengthening the Rule of Law, Phase III	Governance	2000–2002	48,000,000 SEK
Strengthening Legal Information (Sub-project)	Governance	2001–2004	11,000,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Strengthening Law Making and Law Implementing in Vietnam (Sub-project)	Governance	2001–2004	15,000,000 SEK
Support to the Legal Aid System in Vietnam (Sub-project)	Governance	2001–2004	11,500,000 SEK
Legal Education (Sub-project)	Governance	2001–2004	24,000,000 SEK
Strengthening Legal Education, Phase III (Sub-project)	Governance	2005–2009	71,500,000 SEK
Direct Support to the Economic Reforms and of Strengthening of the Rule of Law	Economic and Administrative Reform	1991–1994	Not known
Direct Support to the Economic Reforms and of Strengthening of the Rule of Law	Economic and Administrative Reform	1994–1997	60,000,000 SEK
Support to the Economic Reform Programme	Economic and Administrative Reform	1998–2000	62,000,000 SEK
Economic Reforms	Economic and Administrative Reform	2001–2004	20,000,000 SEK
Economic Management (Sub-project)	Economic and Administrative Reform	1991–1992	6,000,000 SEK
Support to Center of Management Education (Sub-project)	Economic and Administrative Reform	1992–1995	10,000,000 SEK
Support to NEU's Center for Modern Management Education (CMME) (Sub-project)	Economic and Administrative Reform	1995–1997	15,000,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Support to a Distance Education Course in Financial Economics at Master's Degree level at the National Economics University in Hanoi (Sub-project)	Economic and Administrative Reform	1993–1995	5,500,000 SEK
The Tax Project (Sub-project)	Economic and Administrative Reform	1991–1994	9,000,000 SEK
The Tax Project (Sub-project)	Economic and Administrative Reform	1995–1997	15,000,000 SEK
Cooperation of the Vietnamese-Swedish Tax Administrations (Sub-project)	Economic and Administrative Reform	1998–2000	Not known
Support to the Capacity Building of the Central Institute of Economic Management (CIEM) (Sub-project)	Economic and Administrative Reform	1996–1997	2,000,000 SEK
Support to General Statistics Office of Vietnam (Sub-project)	Economic and Administrative Reform	1995–2005	66,000,000 SEK
Further Development of Vietnam Statistics within the Framework of Public Administration Reform Program	Economic and Administrative Reform	2006–2010	15,000,000 SEK
National Assembly	Economic and Administrative Reform	1997–1998	10,000,000 SEK
Strengthening the Capacity of the Office of the Vietnam National Assembly	Economic and Administrative Reform	1998–2001	15,000,000 SEK
National Assembly, Phase II	Economic and Administrative Reform	2003–2007	20,000,000 SEK



Specific Program	Sector	Period	Activity Expenditure
Support of Public Financial Management Modernization in Vietnam (with IDRB)	Economic and Administrative Reform	2003	2,500,000 SEK
Strengthening the Legal Capacity in Vietnam (Through UNDP)	Governance	1994–1996	Not known
Support to Strengthening Financial Policies and Institutions in Vietnam (through UNDP)	Governance	1996–1997	4,250,000 SEK
UNDP Legal Facility	Governance	2003–2007	15,500,000 SEK
Policy Development Forum, Vietnam	Governance	2002–2005	2,997,000 SEK
Support to National Economics University (NEU)	Economic and Administrative Reform	1997–2000	35,000,000 SEK
Support to the Public Administration Reform (PAR)/ Government Committee on Organisation and Personnel (GCOP)	Economic and Administrative Reform	1996–1999	16,000,000 SEK
GCOP, Phase 2	Economic and Administrative Reform	1999–2004	35,023,000 SEK
Public Administration Reform (PAR)/ Prime Minister's Research Group (PMRG)	Economic and Administrative Reform	1997–1999	3,327,683 SEK
Public Administration Reform (PAR) – Quang Tri	Economic and Administrative Reform	1999–2003	20,000,000 SEK
Public Administration Ref, Provinces	Economic and Administrative Reform	1997–2000	46,000,000 SEK
Public Administration Ref, Adv. Group	Economic and Administrative Reform	1997–1999	3,000,000 SEK
Corruption Study	Governance	2002–2005	7,500,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Strengthening the Comprehensive Capacity of the Inspectorate System	Governance	2006–2010	16,000,000 SEK
Balance of Payment Support Programme (World Bank Structural Adjustment Credits)	Governance	1994–1997	60,000,000 SEK
RWI/HCMPA	Governance	1997–1999	2,000,000 SEK
RWI/HCMPA, Phase II	Governance	1999–2001	2,900,000 SEK
Democracy / MR projects	Governance	1997–2000	1,700,000 SEK
Human Rights Training	Human Rights	1997–2002	4,600,000 SEK
Human Rights Training	Human Rights	2004–2008	10,000,000 SEK
Strengthening the implementation of the rights of Vietnamese children in contact with the law and those at risk of being in contact with the law, 2005–2008 through UNICEF	Human Rights	2005–2008	23,500,000 SEK
Support to Women's Union	Gender	1987–2000	12,250,000 SEK
Support to Women of Vietnam	Gender	1991–1992	1,300,000 SEK
Support to Women of Vietnam	Gender	1992–1993	700,000 SEK
Support to Women of Vietnam	Gender	1995	1,300,000 SEK
Support to Women's Union	Gender	1993–1995	1,500,000 SEK
<b>Banking and Financial Services</b>			
Support to the Banking System in Vietnam (With the World Bank)	Private Sector Development	1992–1997	54,000,000 SEK
<b>Forestry</b>			
Bai Bang (Mill and Forestry) (Bai Bang projects)	Forestry	1974–1995	2.8 Billion (6.5 billion in 1996 prices)
VPPP – Mill + Forestry (Bai Bang projects)	Forestry	1985–1990	575,000,000 SEK
VPPP Vocational School (Bai Bang projects)	Forestry	1984–1987	
VPPP Vocational School (Bai Bang projects)	Forestry	1987–1992	20,000,000 SEK
VPPP Housing Area (Bai Bang projects)	Forestry	1984–1990	31,000,000 SEK

Specific Program	Sector	Period	Activity Expenditure
VPPP Transport project (Bai Bang projects)	Forestry	1984–1989	63,000,000 SEK
VPPP Plantation and Soil Conservation (Bai Bang projects)	Forestry	1986–1990	40,000,000 SEK
VPPP Plantation and Soil Conservation (Bai Bang projects)	Forestry	1990–1991	37,000,000 SEK
Cogido & Cogivina (Bai Bang projects)	Forestry	1985–1990	101,000,000 SEK
Thu Duc I (Bai Bang projects)	Forestry	1985–1986	37,000,000 SEK
Thu Duc II (Bai Bang projects)	Forestry	1986–1990	45,000,000 SEK
Vietnam—Sweden Forestry Cooperation Programme (FCP)	Forestry	1970s	
Plantation and Soil Conservation Project	Forestry		
Forestry, trees and People (with FAO)	Forestry	1986–1989	
Forestry Sector Review (with FAO)	Forestry	1989–1992	
Living Conditions Programme	Forestry	1990–1992	5,000,000 SEK
Renovation of Strategies for Forestry Development	Forestry	1993–1996	8,000,000 SEK
Forestry	Forestry	1990–1991	37,000,000 SEK
Vietnam—Sweden Forestry Sector Support Programme (FCP), Phase I	Forestry	1991–1995	140,000,000 SEK
Mountain Rural Development Programme (MRDP), II	Forestry	1996–2002	158,000,000 SEK
Ministry of Agriculture and Rural Development (MARD) – SIDA Co-operation Programme (MSCP)	NRM	2005–2008	39,600,000 SEK
<b>Environment and Natural Resource Management</b>			
IFAD, Tuyen Quang RIDP	Agric, Forestry, Environment	2002–2003	15,000,000 SEK
The Chia SE, Vietnam-Sweden Poverty Alleviation Programme	Agric, Forestry, Environment	2003–2009	310,000,000 SEK
Provincial Coastal Management (PCM), Phase I & II	NRM	1995–2000	11,500,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Vietnam-Sweden Cooperation Programme for Land Administration Reform (CPLAR)	NRM	1997–2003	65,000,000 SEK
Support to Ministry of Science Technology and Environment, MoSTE	NRM	1994–1996	8,000,000 SEK
Environmental Administration MOSTE	NRM	1997–1999	25,000,000 SEK
National Environmental Agency (NEA)	NRM	1997–2001	33,000,000 SEK
Strengthening Environmental Management and Land Administration (SEMLA)	NRM	2004–2009	200,000,000 SEK
Support to the Environmentally Sustainable Development Programme in Vietnam	Environment	2004–2008	25,000,000 SEK
Environmentally Sustainable Development Program (ESDP)	Environment	2008–2009	4,968,678 SEK
Reduction of Industrial Pollution in Ho Chi Minh City (Through UNIDO), Phase I	Environment	1995–?	?
HCMC Industrial Pollution, Phase III	Environment	2001–2004	4,500,000 SEK
Greater Mekong Subregion (GMS) Core Environment Program / Biodiversity Corridor Initiative (CEP/BCI). Regional Programme	Environment	?	?
EEPSEA in Cambodia, Lao PDR and Vietnam. Regional Programme	Environment	?	?
Environmental Fund	NRM	1997–2001	3,500,000 SEK
Environmental Fund	NRM	2002–2005	6,900,000 SEK
Environmental Fund	NRM	2006–2008	6,500,000 SEK
<b>Other Social Infrastructure and Services</b>			
Emergency Relief Assistance	Other	1987–1989	17,500,000 SEK
Swedish-Vietnamese Fund for the Promotion of Culture	Culture	1992–1996	4,000,000 SEK
Culture Fund	Culture	1997–2001	4,000,000 SEK
Culture Fund	Culture	2001–2004	4,500,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Culture Fund	Culture	2004–2007	4,500,000 SEK
Culture Sector Support	Culture	1999–2000	10,000,000 SEK
Culture and Media Support	Culture/ Media	1993–1995	8,000,000 SEK
Cultural and Media Sector Support	Culture/ Media	1996–1999	36,800,000 SEK
Cultural and Media Sector Support	Culture/ Media	2000–2004	39,000,000 SEK
Support to Media Sector	Culture/ Media	2004–2007	
Hanoi, 36 old streets	Culture	1997–1998	3,000,000 SEK
Development of Public Library Performance in Laos and Vietnam	Culture	2003–2008	
<b>Business and Other Services / Private Sector</b>			
Rehabilitation of Industries	Business	1987–1991	45,000,000 SEK
Import Management and Procurement in Vietnam, Phase II	Business	1995–1996	3,300,000 SEK (Financed under the Consultancy Services Fund)
Start and Improve your business Program (SIYB)	Private Sector Development	1998–2004	24,700,000 SEK
MPDF/IFC (Outside the Country Allocation)	Business	1996–2001	14,000,000 SEK
Environmental Improvement – mining (Outside the Country Allocation)	Business	1999–2003	8,100,000 SEK
Trade Promotion and Export Development	Trade	2004–2006	5,500,000 SEK
<b>Import and Commodity Support</b>			
Import Support	Other	1972–1978	660,000,000 SEK
Import Support	Other	1977–1979	120,000,000 SEK
Import Support	Other	1979–1980	100,000,000 SEK
Import Support	Other	1980–1981	60,000,000 SEK
Import Support	Other	1981–1982	100,000,000 SEK
Import Support	Other	1982–1983	50,000,000 SEK
Import Support	Other	1983–1984	165,000,000 SEK

Specific Program	Sector	Period	Activity Expenditure
Import Support	Other	1984–1985	100,000,000 SEK
Import Support	Other	1985–1987	50,000,000 SEK
Import Support	Other	1987–1989	100,000,000 SEK
Commodity Support	Other	1989–1990	138,000,000 SEK
Commodity Support	Other	1990–1993	350,000,000 SEK
<b>Other</b>			
External Debt Relief (mainly funded under the Import Support)	Other	1988–1990	7,450,121 SEK
Consultancy Fund	Other	1982–1983	6,000,000 SEK
Consultancy Fund	Other	1983–1984	
Consultancy Fund	Other	1984–1985	5,000,000 SEK
Consultancy Fund	Other	1985–1987	4,000,000 SEK
Consultancy Fund	Other	1989–1990	5,000,000 SEK
Consultancy Fund	Other	1990–1992	5,000,000 SEK
Consultancy Fund	Other	1994–1997	22,000,000 SEK
Consultancy Fund	Other	1998	10,000,000 SEK
Consultancy Fund	Other	1999–2006	86,000,000 SEK
Household Living Standard Survey Strategy in Vietnam (Through UNDP)	Other	2003–2005	4,000,000 SEK
<b>U-Credits</b> (Outside the Country Allocation)			
Ha Hinh Transformer Station	“U” Credits	1997–2002	39,200,000 SEK
Creditline Transformer Stations	“U” Credits	1997–2001	20,420,000 SEK
VNM Transformer Station II	“U” Credits	2000–2004	31,600,000 SEK
Bai Bang	“U” Credits	2001–2003	34,000,000 SEK

**Source:** Annex B, Country Report: Vietnam, Long Term Development Cooperation between Laos/ Sri Lanka/ Vietnam and Sweden, Part One: Documentation, 9 July 2010.

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# Evaluation Study of Long-Term Development Co-operation between Vietnam and Sweden

This report evaluates the contribution Sweden has made to development and poverty reduction in Vietnam from the inception of the development co-operation program in 1967 to 2011. The evaluation draws five main conclusions: (i) Sweden responded to important multidimensional development needs in Vietnam. (ii) There is mixed evidence of effective and efficient delivery of Swedish development co-operation in Vietnam. (iii) There is clear evidence that the Swedish development co-operation nurtured an environment in Vietnam that assisted in providing the pre-conditions for sustained poverty reduction. (iv) The evaluation points to three key lessons learned for future development co-operation. (v) The evaluation concludes that Swedish development co-operation with Vietnam has had strong poverty reducing impacts.

This report is one of three reports commissioned by Sida to evaluate countries in Asia (also Laos and Sri Lanka) where Swedish development co-operation is being, or has been, phased out. It is complemented by a synthesis report.

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