



**Australian Government**  
**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2017-18**

Vietnam

October 2018



## KEY MESSAGES

This report summarises the performance of Australia's aid program in Vietnam from July 2017 to June 2018 against the Vietnam Aid Investment Plan (AIP) 2015-16 to 2019-20. Overall, the Vietnam aid program is assessed as being on-track. The last year saw a continuation of the transition, commenced in 2015-16, away from a traditional donor-recipient aid relationship towards an economic partnership with the Government of Vietnam (GoV).

Australia's development assistance continues to be highly valued by Vietnam. Senior leaders regularly acknowledge (publicly and privately) Australia's longstanding support for Vietnam's economic development. All of our programs receive enthusiastic support and engagement from Government officials in each of our key sectors and at the senior political level. The elevation of our bilateral relationship to a Strategic Partnership has enhanced Australia's reputation. Our access to senior decision-makers and influencers is better than ever, in large part because we have shown a willingness to be flexible and responsive to requests for assistance in key reform areas.

The program is well-aligned to Australia's national interests. The Foreign Policy White Paper was well received in Vietnam, in particular for its messages about the paramount importance to Australia's national interests of a stable and prosperous Indo Pacific, Australia's support for ASEAN, and our strong stance on the South China Sea. The White Paper has been an excellent advocacy tool and a useful framework for assessing the relevance of our aid investments.

Three programs – the Cao Lanh Bridge construction project, the Restructuring for a more Competitive Vietnam (RCV) program, and the Integrated Coastal Management Program (ICMP) – were completed this year. Department of Foreign Affairs and Trade (DFAT) staff at the Australian Embassy in Hanoi completed designs, secured GoV approval, and commenced implementation of four new programs: *Aus4Transport*, *Aus4Reform*, the non-scholarship components of *Aus4Skills*, and *Aus4Equality*.


A further two programs did not commence in 2017-18 as expected. The GoV is yet to approve *Aus4Water* due to additional inter-governmental consultation required to approve the private sector delivery mechanism. The *Aus4Innovation* program design took a year longer than planned to complete due to a range of challenges including personnel changes at Post. Implementation is now expected to commence in early 2019.

Implementation delays experienced in 2016-17 and 2017-18 have meant that there were few formal evaluations or reviews undertaken this year. Consequently, we have drawn predominantly on the 2018 Aid Quality Check (AQC) reports to make judgements about effectiveness this year. The newly completed Performance Assessment Framework (PAF) and an increased number of scheduled evaluations in 2018-19 will provide a broader evidence base next year with which to assess performance. Notably, 100 per cent of investments were rated as performing satisfactorily on gender equality at the annual AQC, reflecting the effectiveness of the whole-of-Embassy Gender Equality Strategy and Action Plan.

Progress against the first objective of the AIP – *enabling and engaging the private sector for development* – has been rated as amber. This rating reflects that *Aus4Innovation* and *Aus4Water* did not commence implementation as planned. Other programs under this objective, including *Aus4Reform* and *Aus4Transport* are progressing well. Both were assessed during the annual quality check process as being highly relevant to Vietnam's development context and Australia's influence agenda. The *Australia World Bank Partnership Phase 2* (ABP2) is similarly well placed to impact on Vietnam's development pathway. DFAT's Office of Development Effectiveness (ODE) found that all three of these programs were making valuable contributions to the economic reform agenda and are well placed to address major barriers to economic transition in Vietnam.<sup>1</sup>

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<sup>1</sup> *Investing in Regional Prosperity: Positioning the Aid Program to Support Australia's Economic Partnership in Asia*, Office of Development Effectiveness



Progress against the second objective – *assisting the development and employment of a highly skilled workforce* – has been rated as green. Implementation of the non-scholarship components of the *Aus4Skills* initiative is progressing well following its launch in July 2017. A mid-term review of the program, currently underway, should help us to make any necessary adjustments to ensure it meets end of program outcomes.

Progress against the third objective – *promoting women’s economic empowerment, including ethnic minorities* – has also been rated as green with major investments back on track after delays in approval and implementation in 2016-17. Australia is the leader in gender equality programming and advocacy in Vietnam and is well-positioned to further influence gender-inclusive policy and legislative reform, particularly through our ongoing engagement on revising Vietnam’s Labour Code.

We faced a number of challenges to effective implementation this year. The first was ongoing difficulties faced by all donors in navigating GoV approvals for Overseas Development Assistance (ODA) projects following the revision of Decree 16 in 2016.<sup>2</sup> Investments over \$2 million require a three-stage approval by the GoV, including sign off twice (separately) by the Prime Minister. This has proven to be a cumbersome and complicated process to manage, and despite joint development partner advocacy (to which Australia was a central player) in the past year, Decree 16 continues to cause significant approval delays, including for our *Aus4Water* program.

A second challenge was that workloads for A-based staff throughout the year were unsustainably high. This was due to a number of factors: Vietnam’s Asia-Pacific Economic Cooperation (APEC) host year; more high-level visits than previously; a large proportion of programs in their first year of operation; and staff turnover within the Embassy.

A third, and related challenge, was program fragmentation. Between 2014 and 2016 the number of active agreements being managed by the Post was reduced from 116 to 47. This number rose to 54 during 2017 in part because delays in implementation of some of our larger programs prompted us to invest in several short-term activities to bridge implementation gaps. This fragmentation has complicated program monitoring and increased workloads for staff.

The final challenge is that we do not yet have agreement to a format for the proposed annual Ministerial-level Economic Partnership Meeting referenced in the Joint Statement on the Australia Vietnam Strategic Partnership that is proposed to replace the biennial aid high-level consultations (HLC), the last of which was held in March 2017. We will continue to push for agreement to a format and date for the first of these meetings in 2019, but may need to consider holding one final set of HLCs if we cannot secure an agreed date in the first quarter of 2019.

The AIP 2015-20 is now past its mid-point and a planned mid-term review was not undertaken in 2017-18 due to several signature initiatives still being at early stages of implementation following lengthy GoV approval delays. There have been significant changes since the AIP was published in 2015, including to the operating environment, the profile of Asia regional initiatives, and the bilateral aid budget for Vietnam. Whilst the three AIP objectives agreed in 2014-15 have been effective in supporting Vietnam’s transition to this point, planning for the next AIP will need to account for a different set of priorities that help build capacity to mobilise domestic resources, develop capital markets, and reform public financial management.

We propose to conduct an AIP review early in 2019 and then immediately commence development of a new AIP for 2020 and beyond. In line with current guidance, Post will aim to develop this AIP in tandem with an integrated country strategy. It should also take into account Vietnam’s next Socio-Economic Development Plan (SEDP) 2021-25 led by the Ministry of Planning and Investment (MPI).


## CONTEXT

Vietnam is transitioning rapidly to a middle-income country. It has enjoyed an average rate of growth of 6.5 per cent per annum since 2000 and has brought 40 million people out of poverty since it initiated

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<sup>2</sup> Decree 16 sets out provisions for the management and use of ODA, including concessional loans from international development partners.





market-oriented reforms in 1986. In 2017-18, Vietnam continued to implement its SEDP 2016-20, adopted a National Action Plan on Sustainable Development, and agreed to a medium-term plan for further growth, the (Australian-funded) *Vietnam 2035 Report*.

Record foreign direct investment in export-oriented manufacturing, low labour costs and using trade agreements to drive domestic market reforms have been critical components of Vietnam's growth to date. The signing of the TPP-11 and European Union-Vietnam Free Trade Agreement will allow further reforms.

A range of obstacles to continuing growth loom large, among them: low productivity; pockets of entrenched poverty; inefficient State Owned Enterprises (SOEs); vulnerability to climate change and natural disasters; weak institutions and constrained fiscal space; and the future of jobs, particularly for women in transition from labour-intensive to technology-intensive industries. Vietnam will graduate from Multilateral Development Bank (MDB) concessional finance at the end of 2018 at the same time as public debt approaches the legally mandated ceiling of 65 per cent of GDP, slowing spending on national development.

Vietnam has achieved impressive poverty reduction through sustained industrial development fuelled by mass employment in low-skilled sectors such as textiles and manufacturing. However, it faces many of the conditions that can lead to the 'middle-income trap'. The abundance of surplus labour will eventually run out, wages will increase, and the economy may lose its labour-cost advantage. Continued growth will require further structural shifts towards more specialised, higher-productivity manufacturing. Escaping the middle-income trap will need more sophisticated policies and institutions. As ODE has identified, "Government intervention is needed to stimulate entrepreneurship, attract new technologies, build human capacity, upgrade infrastructure, improve the business environment and manage rapidly growing cities."<sup>3</sup>

Vietnam's gender equality progress reflects a friction between the needs of industrialisation and the traditional status of women as carers. Women's labour force participation is high (73.2 per cent compared with 83.5 per cent for men), but the wage gap stands at 12.6 per cent and is widening.<sup>4</sup> While one of the current 'top four' political leaders is a woman (Chair of the National Assembly), only one Ministry is led by a woman (health). Women account for 26.7 per cent of National Assembly seats,<sup>5</sup> and comprise 15.8 per cent of Politburo members. Women spend an extra 120 minutes daily on unpaid care work. Vietnam's ageing population means the dependency ratio will peak in the near term, with the demands of elderly care adding to women's existing child care responsibilities. One in every three women have experienced lifetime sexual and/or physical violence from their partner, but few women (13 per cent) have ever sought help.<sup>6</sup>

Like other countries, Vietnam is also grappling with the profound changes associated with the shift to digitisation and automation. A signature initiative of Prime Minister Phuc is a directive to overcome Vietnam's skills shortages, and low value-add in manufacturing, so Vietnam can access the opportunities of Industry 4.0.

Our AIP 2015-20 intersects well with Vietnam's own plans for economic transition. In 2017-18, we accelerated new investments to enable the private sector, promote human capital development and women's economic potential, and ensure the benefits of growth reached the poorest. These new investments formed part of a broader shift away from a traditional donor-recipient aid relationship. Through the Strategic Partnership, Australia and Vietnam committed to formally integrate Ministerial oversight of our bilateral aid and trade cooperation into a single economic partnership forum to maximise our support for Vietnam's growth and development. In 2017-18, we were Vietnam's 6<sup>th</sup>-largest grant-based donor<sup>7</sup> and its 15<sup>th</sup> largest merchandise trading partner, a solid foundation on which we have built our growing partnership.

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<sup>3</sup> *Investing in Regional Prosperity: Positioning the Aid Program to Support Australia's Economic Partnership in Asia*, Office of Development Effectiveness, July 2018.

<sup>4</sup> Vietnam's Future Jobs: The Gender Dimension, World Bank, 2018.

<sup>5</sup> Inter-Parliamentary Union – Women in National Parliaments <http://archive.ipu.org/wmn-e/classif.htm?month=6&year=2018>

<sup>6</sup> Keeping Silent is Dying – Results from the National Study on Domestic Violence Against Women in Vietnam, Government of Vietnam, 2010.

<sup>7</sup> Australia's rank is an estimate based on 2017 MPI data regarding grant-based ODA. MPI does not disclose the spends of other countries, but Post estimates that Japan, the World Bank, the Asian Development Bank, the EU and France make up the top five.

## EXPENDITURE

Total ODA expenditure for 2017-18 is set out in Table 1. Expenditure was marginally lower than last financial year. Objective 1 saw a five per cent decrease due to completion of the *Cao Lanh Bridge* and *RCV* programs in 2018. As the new initiatives *Aus4Reform*, *Aus4Innovation* and *Aus4Transport* hit full implementation in 2018-19, Objective 1 expenditure should stabilise. Spending on Objective 2 remained largely unchanged reflecting *Aus4Skills* being a more mature program. Expenditure for Objective 3 remained low, however has seen a significant increase in comparison to last year, up by six per cent, albeit off a very low base. The key investment under Objective 3, *Aus4Equality*, was launched in November 2017 and completed the inception phase in July 2018. We therefore expect expenditure to accelerate in the next reporting period as this investment reaches full implementation. Funding for emerging initiatives on human rights, and contributions to new regional investments agreed at the Australia-ASEAN Special Summit program will likely increase expenditure next year. The Aid Management Steering Committee mechanism has been effective in closely monitoring expenditure and making decisions to reallocate funds to mitigate the impacts of low disbursement from delayed GoV approvals.

**Table 1 Total ODA Expenditure in FY 2017-18**

Objective	A\$ million	% of total ODA
Objective 1: Enabling and engaging the private sector for development	25.60	31%
Objective 2: Assisting the development and employment of a highly skilled workforce	25.60	31%
Objective 3: Promoting women's economic empowerment, including ethnic minorities	5.10	6%
<b>Sub-Total Bilateral</b>	<b>56.30</b>	<b>69%</b>
Regional and Global	20.00	24%
Other Government Departments	5.70	7%
<b>Total ODA Expenditure</b>	<b>82.00</b>	<b>100%</b>

## PROGRESS TOWARDS AIP OBJECTIVES

The amber rating for Objective 1 reflects ongoing delays in GoV approval processes for the *Aus4Water* program and difficulties in agreeing the modality for *Aus4Innovation*. Objective 2 has seen continued strong progress by *Aus4Skills* and has retained a green rating. Objective 3 saw a marked improvement with solid early results from *Aus4Equality* and Investing in Women (IW) after lengthy delays to implementation in 2016-17.

**Table 2 Rating of the Program's Progress towards Australia's Aid Objectives**

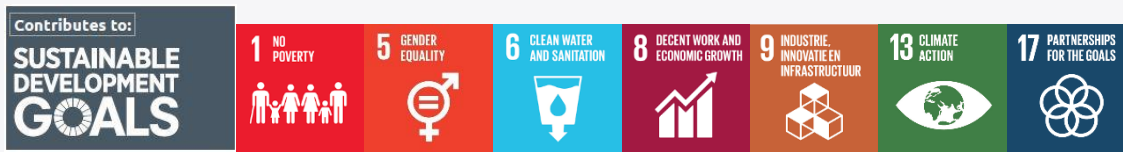
Objective	Previous Rating	Current Rating
Objective 1 - Enabling and engaging the private sector for development	Green	Amber
Objective 2 - Assisting the development and employment of a highly skilled workforce	Green	Green
Objective 3 - Promoting women's economic empowerment, including ethnic minorities	Amber	Green

**Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

**Amber.** Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

**Red.** Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## OBJECTIVE 1 – ENABLING AND ENGAGING THE PRIVATE SECTOR FOR DEVELOPMENT



Progress against this objective was mixed and has been rated amber. It contained the most diverse mix of investments in the portfolio. Some investments performed strongly against their benchmarks, while others commenced more slowly than expected. AQC highlighted the inbuilt flexibility of new programs, such as *Aus4Reform*, which better positioned Australia to respond to and influence evolving Vietnamese policy priorities.

Under this objective, Australia aims to enable the private sector to support Vietnam's development by improving market institutions and infrastructure, in line with Vietnam's SEDP 2016-20. We made a measurable contribution to improving market institutions in 2017-18, achieving three of the four related benchmarks set out in our PAF relating to deployment of climate smart technologies, economic policy, and increased access to clean water. Results against this objective were delivered through several major investments including: *Aus4Transport*, the *ABP2*, the Vietnam Climate Innovation Centre (VCIC), *RCV*, and *Aus4Reform*.

Australia helped make significant institutional reforms to improve Vietnam's competitiveness. Australian support, through the *RCV* and *Aus4Reform* programs, helped secure passage of a new Competition Law by the National Assembly. These programs provided technical support for the drafting of the law and policy framework as well as facilitated discussions between key law-makers and officials. Acting on the recommendations of these programs, the GoV also abolished 3,299 business conditions in order to make the Law on Enterprise and the Law on Investment more business friendly. It also compiled evidence on the impact of recent economic reforms on women-led SMEs that was used by MPI to build support for proposed gender specific revisions to the SME Law which were subsequently approved by the National Assembly. These programs helped expand Australia's influence on Vietnam's economic policy settings, as seen by the Ambassador's invitation to co-chair a high-profile Communist Party Economic Forum in late 2017.

Australia continued to promote innovation in the private sector, exceeding our formal targets on climate technology innovation and seizing opportunities to promote further innovation in financial inclusion and agricultural value chains. The *VCIC* has now assisted 34 SMEs (15 led by women) to commercialise and scale-up innovative climate-smart technologies and solutions, which helped 72,891 new beneficiaries have access to improved climate smart products or services (exceeding the original target by 57 times). New, more ambitious targets for *VCIC* will be established as part of a \$1.5 million project extension, currently being approved by GoV. Through the Business Partnerships Platform, Australia worked with MasterCard, The Asia Foundation (TAF) and the Vietnam Bank for Social Policies to deliver a mobile-banking platform for 4.7 million low-income customers, predominantly women. We expect this will translate into significant access to improved financial services for these customers in the coming year. With TAF and the 2017 APEC App Challenge winner, Ethical Trade Investments, we piloted a block chain-based mobile platform for dragon fruit, which will support export growth by enabling agricultural enterprises to meet consumer demand for information on food quality and safety.

Australia significantly exceeded its 2017-18 target on using the private sector to supply rural populations with water. Through our partnerships with the Australian Water Association and East Meets West Foundation, Australia provided over 20,000 rural poor in Son La, Ha Nam and Khan Hoa provinces with clean water – more than doubling our performance benchmark. These partners used innovative procurement approaches and new technology, which were intended to act as pilot programs for our forthcoming flagship private sector rural water supply program, *Aus4Water*. Despite the success of these pilots, the commencement of *Aus4Water* has been delayed by several months due to continued difficulties in securing GoV approvals for ODA under Decree 16.

We did not achieve the fourth benchmark of an approved design for a new *Aus4Innovation* investment, though this is expected before the end of the calendar year. Although only \$10 million over three years, this program proved challenging to design and delays were experienced as we carefully considered a number of implementation options. The GoV counterpart agency for *Aus4Innovation* is the Ministry of Science and Technology (MOST), a new counterpart for the Australian aid program. Our discussions with MOST have been helped considerably by the assistance of some Australian alumni in the policy area, and a pre-existing relationship with CSIRO. A design mission, involving CSIRO, the InnovationXchange (iXc) and DFAT representatives in March 2018, identified a clear pathway to implementation. We are confident that *Aus4Innovation* will formally kick off in early 2019, with CSIRO undertaking the role of program manager.

Australia made a significant contribution to improving infrastructure in 2017-18, though only partially achieved both targets under its benchmark on enabling value-for-money infrastructure development. We successfully opened the Cao Lanh Bridge, Australia's largest aid investment in mainland Southeast Asia, in 2018. The bridge is expected to have up to 170,000 daily users and connect five million people in the Mekong Delta with regional markets. Road use data will be gathered when Australia undertakes a comprehensive impact evaluation of the opening of the bridge in 2019-20.<sup>8</sup> It is expected to demonstrate substantial benefits to local producers and households, albeit with a lag due to delays in the opening of the (Korean-funded) Vam Cong bridge, the second part of the Central Mekong Delta Connectivity Project.

Australia's new flagship investment in the transport sector, *Aus4Transport*, commenced in 2018 and is on track to deliver detailed designs to fast track and improve infrastructure development in Vietnam. The program aims to grow the pipeline of new transport infrastructure projects and stimulate private sector investment. It did not achieve its ambitious target of a completed detailed design document in year one, however, the first project steering committee met in August 2018 and approved \$9.6 million in detailed design work, which will help leverage over \$400 million of road improvements in North and Central Vietnam in line with international best-practice.

## OBJECTIVE 2 – ASSISTING THE DEVELOPMENT AND EMPLOYMENT OF A HIGHLY SKILLED WORKFORCE



Progress against this objective remains on track in 2017-18 and has been rated as green. A mid-term review of the non-scholarships components of *Aus4Skills* undertaken in September 2018 should allow us to make more robust claims about effectiveness in 2018-19 and refresh the PAF accordingly. This objective is delivered primarily through the *Aus4Skills* program. *Aus4Skills* continues to align with Vietnam's human resource development (HRD) priorities in the HRD Master Plan by 2020. The *Aus4Skills* toolbox includes Australia Awards short courses, informal learning opportunities including study tours, and technical assistance. HRD contributions have also been made through human rights cooperation, the implementation of the alumni engagement strategy, and the Australian Volunteers program.

Based on the growing capacity of Vietnamese students to self-fund and the established international reputation of Australia's higher education system, we implemented a reduction in the number of Masters-level scholarships as planned (from 80 in 2016-17 to 60 scholarships in 2017-18). We have successfully transitioned the Australia Awards Scholarship (AAS) program to becoming a tool of influence by targeting agencies and institutions which require capacity building and engage our broader foreign policy interests. We also exceeded our Gender Equality Disability and Social Inclusion targets for the year. Of 60 Masters scholarships awarded on a merit basis, women accounted for 76.6 per cent (target of 50 per cent for other country programs). Fourteen awards (23 per cent of scholarships) were provided to members

<sup>8</sup> Usage data is only collected by the GoV for Toll or Build-Operate Transfer roads, therefore data is unavailable until we conduct the impact





of disadvantaged groups (program target of 20 per cent). We continued to capitalise on our scholarship investments, and other alumni with positive experiences of studying in Australia, through the Global and Post Alumni Engagement Strategies. The Post's strategy implementation received a positive endorsement in an independent review (March 2018), with ongoing commitment to the objectives of the strategy by stakeholders. We have implemented some recommended changes to further improve outcomes, including moving beyond networking to ongoing professional development and expansion of alumni professional groups. Implementation requires continuous refinement, particularly to identify and engage the most influential alumni for impact among the 60,000 and growing alumni base in Vietnam.<sup>9</sup>

In the first full year of implementation, non-scholarship activities were undertaken across five components to address key bottlenecks to Vietnam's skills development. These include: engaging industry in Vocational Education and Training (VET) to deal with the mismatch and low quality of vocational training; reducing barriers to Vietnam's northern mountainous regional population (particularly ethnic students) in obtaining access to relevant and quality university education; decreasing barriers to women exercising leadership roles; and contributing formal inputs to organisational processes. We drew on a range of Australian individual and institutional expertise to transfer skills and knowledge to Vietnam, focussing on pilot projects to influence Vietnam's reform agenda, and engaging the Vietnamese private sector as agents for change in the VET system domestically. We supported the establishment of a Logistics Industry Reference Council (LIRC) comprising Government, industry and VET institutions, demonstrating the benefit of a multi-stakeholder approach to VET at the sectoral level.<sup>10</sup> We have recently been advised by GoV contacts that the LIRC model is one that Vietnam will seek to replicate across multiple sectors, an outstanding result for a project that is only one year old. Working with the Australian Department of Agriculture and Water Resources (DAWR) and Meat and Livestock Australia (MLA), we designed and commenced implementation of a series of short courses to upskill Vietnamese abattoir managers and workers processing Australian live cattle in Vietnam.<sup>11</sup> DAWR and MLA report the program improved the quality, safety and animal welfare outcomes at the participating establishments and created linkages between Vietnamese meat-processing businesses in Vietnam. These pilot projects are innovative, but risky, and we will look to further engage whole-of-government representation to develop the next phase of the program to ensure that these projects continue to translate into outcomes in line with the AIP and Australia's broader policy objectives.

We created institutional linkages in support of Australia's International Education Strategy and built capacity in support of Vietnamese objectives to realise full university autonomy by 2020 through the Improving Quality of Universities in the Northern Mountainous Region (QUNIS) project.<sup>12</sup> Short courses and technical expertise have equipped the universities' management boards and teaching staff with knowledge and skills in university governance, strategic management, women in leadership, and curriculum development, which have led to courses that are more relevant for employability of graduates, links to industry and internships. QUNIS will make a major contribution to the development of one of the poorest regions in Vietnam and will provide educational opportunities for the significant proportion of ethnic minority Vietnamese that attend the target universities. A small investment to support a Masters-level course in Human Rights Law at the Vietnam National University, drawing on technical expertise from the Castan Centre for Human Rights Law at Monash University, improving teaching capacity and curriculum development on human rights issues in Vietnam.

In line with Post's Gender Equality Strategy and the AIP, we provided support to the Ho Chi Minh Political Academy (HCMPA) to deliver a 'Gender in Leadership and Management' subject as part of a two-year Diploma of Politics program.<sup>13</sup> The HCMPA is the principal training institute for the Communist Party of

<sup>9</sup> In 2017, two Australian alumni were appointed by Vietnamese Prime Minister Nguyen Xuan Phuc to his 15-member Economic Advisory Board, reflecting the high-quality knowledge and skills of Australian alumni, and providing Australia with good access and insight into Vietnam's planning and strategies on economic issues.

<sup>10</sup> In August 2018, as an immediate impact of the *Aus4Skills*-supported project, Memoranda of Understanding (MOUs) were signed between the six VET institutions participating in the project (comprising five public and one private) and logistics companies, and between GoV's Department of Vocational Education and Training and Vietnam Logistics Business Association to strengthen linkages at institutional level.

<sup>11</sup> This investment was requested by the GoV and industry to support their relatively new feed-lotting and modern meat processing industries. Improving the fragmented nature of the supply chain and assisting Vietnamese meat processors to market a higher value product provides a more stable supply chain for Australia's live cattle exports, worth \$245 million in 2017-18.

<sup>12</sup> Four MOUs to create cooperative relationships with Australian educational institutions have been signed by the three target universities of the *Aus4Skills* QUNIS project. Thai Nguyen University and Tay Bac University (TBU) have signed MOUs with Queensland University of Technology, and Thai Nguyen University of Agriculture and Forestry and TBU signed MOUs with the University of Sunshine Coast.

<sup>13</sup> See additional reporting under Objective 3.



Vietnam (CPV) and all Vietnamese officials seeking promotion to a senior executive-equivalent position must undertake this training at the HCMPA. By mainstreaming gender into the curriculum at the HCMPA, Australia's investment will reach officials destined for leadership positions throughout Vietnam. Other gender investments will be complementary in promoting workplace and legislative change. The connections with the HCMPA made through this investment have opened up a new avenue for dialogue between the Post and CPV leaders.<sup>14</sup> Our positive partnership experience with the HCMPA and desire to increase engagement on human rights issues with Vietnam will lead to an additional partnership with the Australian Human Rights Commission (AHRC) and the HCMPA to implement the Prime Ministerial directive to implement human rights education at all levels in Vietnam.<sup>15</sup>

We continued our high level of engagement on the Australian Volunteers program during the transition of providers,<sup>16</sup> targeting CPV and GoV institutions (such as Vietnam Women's Union, Ministry of Natural Resources and Environment, and Ministry of Agriculture and Rural Development) and high-priority development needs to ensure placements achieve the objectives of volunteers, Vietnam, and Australia. We enhanced people-to-people links between our volunteers, scholarship recipients, alumni and New Colombo Plan students, by facilitating networking opportunities and information exchanges between these groups to help them prepare for their assignments, projects and/or study. The flexible nature of the *Aus4Skills* program will ensure that we are in a position to respond to outcomes of the mid-term review. It will also allow us to align the program more closely with Foreign Policy White Paper objectives and Vietnam's changing development needs in the coming year.

## OBJECTIVE 3 – PROMOTING WOMEN'S ECONOMIC EMPOWERMENT, INCLUDING ETHNIC MINORITIES



Progress against this objective is rated green, with major investments back on track after delays in approval and implementation in 2016-17, and good progress in building the evidence base for gender-inclusive policy and legislative reform. This objective is delivered through several major investments that support women's economic empowerment in Vietnam (collectively known as *Aus4Equality*). This includes: the Gender Responsive Equitable Agriculture and Tourism program (GREAT); the multi-country *Investing in Women* initiative; the gender pillar of the *ABP2*; and the Women's Empowerment through Agriculture Value Chain Enhancement program (WEAVE).

Promoting women's economic empowerment is a defining aspect of Australia's development cooperation and reputation in Vietnam. The whole-of-government *Australia in Vietnam Gender Equality Strategy*, launched in November 2016, commits Australia to addressing regulatory and societal barriers to women's economic participation, and to increasing women's economic assets and leadership. A review of the Strategy's action plan in late 2017 found that 41 of 47 actions were 'on track'. Achievements included the launch of a dedicated course on gender equitable leadership with Vietnam's premier political training academy; a majority ratio of women awarded Australia Awards and ACIAR scholarships; and successful advocacy on the new SME Support Law, with 'women-owned business' defined for the first time in Vietnam. Of the six lagging actions, half were linked to delays in GoV approvals for investments.

Australia has a strong and growing reputation on gender equality in Vietnam, evidenced by increasing demand from GoV and development partners for Australia's expertise. In 2017, Australia and UN Women

<sup>14</sup> President of the HCMPA Dr Nguyen Xuan Thang, has invited Ambassador Chittick to extend cooperation between the Embassy and the CPV to more sensitive issues including executive leadership, maritime security, and cyber cooperation. Post will explore opportunities to make additional investments that support Vietnam's development and resilience, but also provide Australia with opportunities to enhance our understanding and influence with the CPV in the coming year.

<sup>15</sup> The Embassy and the AHRC signed a Human Rights Capacity Building Fund Agreement in August 2018. The AHRC will partner with the HCMPA to cooperate on human rights education. The AHRC and HCMPA are now working to agree a program of activities, implementation of which should commence next year.

<sup>16</sup> In 2018, delivery of the Australian Volunteer program transitioned from a combination of Scope Global and Australian Volunteers International.




partnered with GoV to improve gender equality in the reform of Vietnam's Labour Code. Australian technical expertise, delivered through the *IW* program, identified five policy priorities for gender-equitable reform of the Labour Code, including strengthened measures on workplace sexual harassment and removal of the list of 38 occupations prohibited for women. The Hanoi-based Ambassadors and Heads of Agencies Gender Policy Group, with a membership of over 30 development partners, adopted Australia's policy proposals as its advocacy agenda for 2017-18, ahead of the Bill being tabled in the National Assembly next year. Australia also provided support to Vietnam's APEC host duties in 2017, including Australian technical advisers supporting coordination of the Women and the Economy Forum Statement, and the production of Gender Integration Guidelines for APEC work-streams and committees. Vietnam regarded these as important, tangible outcomes of their host year, and formally acknowledged Australia's support.

In 2017-18, Australia contributed to the statistical evidence base on women and the economy in Vietnam. Through the *ABP2*, we provided technical assistance to Vietnam's General Statistics Office to update the set of National Gender Statistics, and delivered training in new online database software to provincial statistical officers from all 63 provinces. This dataset will generate trend data on women's experiences to track their economic and social progress. Our support through the World Bank also produced gender-specific analysis as part of the national Jobs Diagnostics commissioned by the GoV, completed preparatory work for Vietnam's first ever Time Use Survey on women's unpaid care work, and developed an e-learning platform for GoV officials on assessing the gender impact of legislation. Australia's concerted focus on gender equality in our partnership with the World Bank is driving strong gender outcomes. Notably, a review of six of the World Bank's lending operations in Vietnam resulted in an increased gender focus and improved gender analysis in project design and monitoring and evaluation frameworks across a USD 852 million portfolio.

After delays that led to an amber rating for this objective in the 2016-17 APPR, there was good progress in Australia's efforts to support inclusive economic growth in the ethnically diverse, mountainous north-west of Vietnam. Australia secured GoV approval for the *GREAT* program, fulfilling our performance target for 2017-18. *GREAT's* seven-month inception phase was completed on schedule and laid important foundations for the program, including completion of four baseline analyses of the socio-economic context and market systems, and approval of the program's formative provincial engagement, gender equality, and market strategies. In its second year of implementation, the *WEAVE* program delivered strong outcomes for rural women engaged in cinnamon, pork and banana value chains. The program provided training to 587 households (98 per cent of the target) on post-harvest processing, product marketing and budget management. The benefit of the training has been clear, with those project beneficiaries applying advanced farming or post-processing techniques reporting a 15 to 20 per cent increase in selling price for their products at the market, compared with the sale of raw materials. *WEAVE* is also successfully enhancing women's role in decision-making, with the number of women in leadership positions in farmer producer groups increasing to 71 per cent (from a baseline of 49 per cent).

There was success in Australia's efforts to promote women's leadership and participation. After delays in GoV approvals, the *IW* program launched in 2017 and delivered a number of key milestones in a short timeframe. This included meeting the program's performance target to establish the Vietnam Business Coalition for Women's Empowerment in January 2018, a significant achievement given the challenging legislative and policy environment for social enterprises in Vietnam. The eight founding coalition members are leading domestic and multinational corporations who have committed to attaining Economic Dividends for Gender Equality (EDGE) certification, an audit process that recommends policies to improve gender equality and profitability. All eight companies are on track for EDGE certification by June 2019. An independent review of *IW* in late 2018 will make recommendations for a possible second phase of the investment.

Finally, Australia expanded its approach and portfolio for this objective to address key barriers to women's economic participation. A chief example was entering into a partnership with GoV and UNFPA (United Nations Population Fund) for Vietnam's Second National Study on Women's Health and Life Experience, to be completed in March 2019, which will provide critical evidence on gender-based violence. Australia also commenced new programs with civil society, including one addressing victim blaming for gender-based



violence, sexual harassment and women’s safety in industrial zones, and one supporting marginalised young ethnic minority women to gain skills and improve their employment prospects through hospitality training. With another project commencing in 2018-19 (focusing on expanding access to essential sexual and reproductive health services in the north-west provinces), a key challenge will be to minimise fragmentation and further proliferation of projects and ensure efficient management of these investments.

## CLIMATE CHANGE



Australia continued support for Vietnam’s efforts to increase resilience to the impacts of climate change, focusing on the Mekong Delta and building on our long history of development cooperation in the field. Australia’s seven-year partnership with Germany, the ICMP, successfully concluded in July 2018 with the launch of an online Coastal Protection Plan for the Mekong Delta. The Plan is an online open-source decision-making tool that categorises different sections of the coastline in terms of priority for action, and details the feasibility of different coastal protection measures and estimated costs. The Plan is an important evidence-based planning tool for the Government’s sectoral and regional development plans that was formally handed over to Mekong provincial authorities in mid-2018.

Through the *ABP2*, we supported the high-level Mekong Delta Conference in September 2017, which was chaired by Prime Minister Phuc and included nearly 1000 participants from Government, development partners, non-government organisations, and the private sector. The Conference resulted in the issuance of Prime Minister Resolution 120, which establishes a new and much needed institutional and policy framework for climate-resilient planning and coordination across provinces in the Mekong Delta.

In November 2017, the south-central coastline of Vietnam was hit by Typhoon Damrey, a strong tropical cyclone that affected 15 provinces across the region and resulted in an economic loss estimated at USD 1 billion. Australia supported recovery efforts in Quang Nam and Thua Thien Hue provinces, in partnership with CARE International in Vietnam. Australia’s assistance provided shelter, clean water and livelihoods recovery for about 10,000 men, women and children in the affected region.

## MUTUAL OBLIGATIONS

The Australia Vietnam Strategic Partnership signed in March 2018 elevated the status of our bilateral relationship and provides the framework for a broad range of mutual obligations between the two countries.<sup>17</sup> The Strategic Partnership requires an increased frequency and level of bilateral discussions to strengthen cooperation across areas of mutual interest. As part of this, Vietnam hosted the inaugural Foreign Ministers’ Meeting in Hanoi during May 2018 with both Ministers agreeing to improve coordination regarding challenging regional issues and committing to deepen the economic partnership between Australia and Vietnam.

Both Governments have agreed that the Plan of Action 2016-19 signed by Foreign Ministers in October 2016 and referenced in last year’s APPR would remain in force.<sup>18</sup> This provides a comprehensive list of agreed cooperation activities between Australian Government agencies and their Vietnamese counterparts covering a wide range of sectors.

The last high-level consultation (HLC) on development cooperation was held in March 2017. This biennial dialogue has been the primary forum for Australia and Vietnam to discuss ongoing development challenges bilaterally and agree to the priorities for Australia’s aid program in Vietnam. The Strategic Partnership

<sup>17</sup> More information on the *Australia Vietnam Strategic Partnership* can be found on the DFAT website: <https://dfat.gov.au/geo/vietnam/Pages/joint-statement-on-the-establishment-of-a-strategic-partnership-between-australia-and-vietnam.aspx>

<sup>18</sup> More information on the *Plan of Action 2016-19* can be found on the Department of Foreign Affairs and Trade website: <https://dfat.gov.au/geo/vietnam/Pages/vietnam-country-brief.aspx>





proposes the establishment of an annual Ministerial-level Economic Partnership Meeting (EPM), that would bring together our trade, economic, and development interests under one umbrella and replace the HLCs on development cooperation.

We have yet to reach agreement with Vietnam on the format for this new forum given the various ministries involved. Negotiations are ongoing, but we are confident of reaching consensus and hope to schedule the first EPM in 2019 to discuss options to continue to strengthen the trade, investment, and development cooperation relationship.

Our current AIP remains consistent with Vietnam's primary development framework, the SEDP 2016-20. Preparation for the successor SEDP 2021-25 is underway and Australia will again have an opportunity to align our own development planning process in 2019 to ensure our assistance complements Vietnam's priorities. We will explore avenues to engage with Vietnam on the SEDP's development through our support under the ABP2, to ensure our program remains well targeted to Vietnam's needs and advocate for attainable economic, social, and development goals.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview


With designs of our major new initiatives largely completed during 2017-18, the PAF for the Australian aid program in Vietnam has now been finalised, replacing the interim PAF used since the commencement of the current AIP. The updated PAF will be the key vehicle to assess the progress of the AIP and, where possible, to measure the broader economic partnership objectives. The updated PAF is at Annex E. As new initiatives complete inception and move to full implementation, we will continue to refine the PAF so program-specific indicators are updated and amended to ensure the program can effectively track progress towards our strategic objectives.

AQCs continued to be an effective tool to monitor the performance of individual investments. The 2017-18 AQC round monitored six investments, comprising four AQCs, and two Final AQCs (FAQC) that assess performance across the life of the program and final outcomes. This rigorous process provided useful conclusions on what worked and what did not, helping inform management on how to maintain and improve performance of individual initiatives and the entire portfolio. The AQC process noted that the lessons documented from the RCV program were instrumental in influencing the design of the following phase, *Aus4Reform*.

The required GoV approvals for *Aus4Equality*, *Aus4Transport* and *Aus4Reform* were granted during the reporting period following longer than expected clearance processes. Together with *Aus4Skills*, four out of six new aid initiatives are now underway. The commencement of *Aus4Water* continues to experience delays due to the GoV's Decree 16 revisions that introduced restrictions to the disbursement of ODA to the private sector. Private sector engagement is a core principle of *Aus4Water's* design and this has meant lengthy negotiations with counterpart implementing agencies, the MPI, and the Ministry of Finance (both of which have responsibilities regarding the approval of ODA). The program has now received stage two approval by Vietnam's Prime Minister and we are confident full approval will be reached before the end of 2018.

As flagged in last year's APPR, with most major investments at early stages of implementation, only the partner-led (GIZ) evaluation of the ICMP was completed. The evaluation, completed a year before the program's conclusion, found that all three objective indicators were on track to be fully achieved by the end of the program, delivering outcomes for the Mekong Delta that strongly align with the GoV's development objectives. This finding was later reinforced by the related FAQC report conducted in 2018.

ODE conducted two major evaluations relevant for Vietnam in 2017 focused on Economic Partnerships and Climate Change. In Vietnam, the climate change evaluation focused on the *Vietnam Community-based Disaster Risk Management Program* and the *Vietnam Support to Respond to Climate Change Program*. It found that of the countries assessed, Vietnam demonstrated the strongest evidence of sustainable and strategic climate change outcomes. The *Investing in Regional Prosperity: Positioning the Aid Program to*



*Support Australia's Economic Partnership* report found 'knowledge-based assistance is making a useful contribution to supporting reform and improving national development expenditure' in Vietnam.<sup>19</sup> The report drew on results from *ABP2*, *RCV*, *Aus4Reform* and *Aus4Transport* to form this conclusion.

Looking forward, the mid-term review for *Aus4Skills* commenced in September 2018 (later than scheduled due to consultant availability) with the full report expected to be ready for publication in the first quarter of 2019. A mid-term review of the *ABP2* will also be scheduled for late 2019. The DFAT-led long-term impact evaluation (2016-20) for the *Cao Lanh Bridge* project is progressing well. Building on the baseline study completed in 2016, key milestones will be delivered in 2019 including a traffic survey, cost benefit analysis of resettlement, and a social economic benefit study. See Annex C for further details of evaluations completed during the reporting period and the forward evaluation plan.

Reducing the number of active investments to 16 in response to the Australian Government's efficiency target has remained a challenge. There are 17 active investments for this reporting period. Of these, initiatives under \$3 million (non-monitored) represent 35 per cent, initiatives from \$3 million to \$10 million represent 18 per cent, and initiatives above \$10 million represent 47 per cent. This reflects decisions by the Post's Aid Management Steering Committee to sustain some small-scale investments in the water sector and relating to women's economic empowerment in lieu of receiving GoV approvals for our major new designs. Now most of the new designs have come online, we expect there will be opportunities for further consolidation in the next reporting period.

### **Aid Quality Checks (AQC)**

Six investments were monitored under the 2017-18 AQC process. There were two FAQCs and four AQC. Results from the AQC process demonstrated continuous high performance of the Vietnam aid program. Of the six investments monitored, 100 per cent were rated satisfactory for Effectiveness, Efficiency, Relevance, Gender and Sustainability. Monitoring and Evaluation was the only area that required further improvement, with a decrease in satisfactory ratings (ie four or higher) from 100 per cent in the previous year to 66 per cent this year. Two of the six investments received ratings of three. For the *ABP2* this reflected the early stage of implementation for the program and adjustments required to harmonise both partners' monitoring and evaluation preferences. The *VCIC* investment was also marked as a three due to the challenges experienced in extracting country-specific information from the global monitoring system engaged through the program model (Vietnam is just one of seven Climate Innovation Centres). Management actions were recommended for both investments following the AQC and we are confident ratings will return to satisfactory levels in the next reporting period.

On gender equality the program set and reached its own ambitious target of 100 per cent of investments effectively address gender. With a well-engrained Post-led gender strategy, responsibility for the achievement of this target was distributed across the entire program to ensure all sectors focussed on gender equality through both the design and the implementation phase. The Strategy's action plan is reviewed and updated annually to maximise relevance across the broader aid program's objectives.

### **Performance of key delivery partners**

During this reporting period, three partner performance assessments (PPA) were conducted, including two assessments with multilateral banks (the World Bank and the Asian Development Bank), and one with a managing contractor (Coffey International). Overall, these partners performed satisfactorily across all areas of assessment.

Multilateral banks remained important partners for Australia's aid program in Vietnam, owing to our long and rewarding experience working with them, their political and economic influence, and proven record of accomplishment in Vietnam. The PPA with the World Bank is mainly based on our cooperation through the *ABP2*, an evolution of phase one to further promote Vietnam's development agenda and sustain achievements in priority areas. At the same time, we are working with the World Bank on the *VCIC*. Although *ABP2* was in its first year of operation, the Bank was seen as highly committed to delivering expected results,

<sup>19</sup> *Investing in Regional Prosperity: Positioning the Aid Program to Support Australia's Economic Partnership in Asia*, Office of Development



and responsive to our requirements on agendas that were important to DFAT (such as gender or communication work to serve our public diplomacy requirements). Working with the Bank demonstrated excellent value for money, given the opportunities to leverage a much bigger investment to maximise the impact in jointly-agreed priority areas, and to access high-level events. Nevertheless, there is room for further improvement, including a more robust monitoring and evaluation system to better track results.

The partnership with the Asian Development Bank (ADB) reached a high note with the successful opening of the Cao Lanh Bridge in May 2018. The bridge was delivered on time and on budget, which is a rarity in Vietnam. The collaboration between the ADB, the GoV and DFAT was close, and the ADB proved to be an effective and cooperative partner. A strong and effective communication mechanism was established and operated throughout the life of the project, ensuring all partners were fully informed and program concerns were addressed in a timely manner.

The collaboration between DFAT and Coffey in the second year of *Aus4Skills*' operation continued to be fruitful with concrete results. Coffey has been a responsive and proactive managing contractor, supported by a highly flexible and professional team. Coffey managed to deliver all the outcomes set for the reporting period, and adapted itself to a changing context through a thorough staff restructuring process. They maintained a collaborative approach, communicating regularly and effectively with DFAT staff. Visibility of the Australian Embassy in the *Aus4Skills* branding was achieved professionally. A mid-term review of the program (conducted in September 2018) will assess the performance of the managing contractor in order to further enhance deliverables.

At the policy level, following Australia's significant support to Vietnam's successful APEC host year in 2017 and with the elevation of the bilateral relationship to a Strategic Partnership, the Embassy continued to maintain excellent relationships with key ministries. Access to GoV's senior leaders and officials has become more frequent and easier to secure, in turn enhancing our ability to prosecute a more sophisticated and informed policy agenda. This was particularly evident during the Embassy's sustained advocacy on the Trans-Pacific Partnership that culminated in a meeting with the Prime Minister and ultimately with Vietnam signing the deal in early 2018.

## RISKS

Overall, the risk profile for the program is moderate and has not seen any major shifts since the previous reporting period. A risk on the debt ceiling in Vietnam has been added. Details on management of key risks is provided below.

**Table 3: Management of Key Risks to Achieving Objectives**

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating	Are these same risks in in Post's Risk Register (Yes/No)*
1. Slow progress of institutional reform by GoV despite DFAT's policy advocacy and due to the reliance on few individual champions to drive the change process, may lead to inability to sustain investment results and AIP strategic objectives.	All teams ensured this issue is accounted for in the design and implementation of new investments.	Sector teams continue active engagement with a range of institutions to identify other reform champions.  DFAT staff will look for opportunities to measure the impact of policy dialogue and influence.	Low	Yes



<p>2. Vietnam's implementation of international trade obligations (including TPP, WTO, and AANZFTA) is uneven, leading to reduced regional competitiveness, FDI, and direct trade.</p>	<p>Post engaged the World Bank through ABP2 T&amp;C Pillar to produce high quality modelling that assisted Vietnam make a decision to join TPP.</p>	<p>Support from <i>Aus4Reform</i> will provide outreach to the Vietnamese business community through VCCI regarding TPP obligations and opportunities.</p>	<p>Medium</p>	<p>Yes</p>
	<p>Through the <i>Aus4Reform</i> program Post has supported MOIT to amend the Competition Law to align it with international trade commitments and best practice.</p>	<p>Through <i>Aus4Reform</i>, Post will support GoV to implement the amended competition law and accelerate SOE reform.</p>		
	<p>Post has advocated directly with senior GoV leadership and officials on the strategic benefits of signing up to TPP-11.</p>			
<p>3. Insufficient fraud and corruption detection and control mechanisms at investment level may cause reputational damage for DFAT.</p>	<p>Sector teams include fraud and corruption detection as an agenda and reporting item for monitoring visits.</p>	<p>No further treatment required. Post currently has no active fraud cases suggesting the risk is low. Following the recent training, key aid management staff are well versed in DFAT's Fraud Control and Anti-Corruption framework.</p>	<p>Low</p>	<p>Yes</p>
	<p>Training was delivered to Post by Canberra's Fraud and Audit section in early June 2018.</p>			
<p>4. Delays in the GoV approval process for the <i>Aus4Water</i> design hinders the achievement of AIP strategic objectives.</p>	<p>DFAT Hanoi raised concerns with MPI about the new Decree on ODA and is engaging with line agencies to ensure the design proposals are approved.</p>	<p>Aid Management Steering Committee reviews the timeline for concept and design approvals on a monthly basis, and Counsellor EDC provides an update on progress.</p>	<p>Medium</p>	<p>Yes</p>
	<p>DFAT Hanoi has advocated directly with implementing agency MARD at Vice Minister level about the budget impacts of further delays to approval.</p>	<p>DFAT sector teams to intensify efforts with counterparts to develop a shared understanding about the benefits of the proposed designs and next steps in the approval process.</p>		

5. Pressures on Vietnam's debt ceiling prevent MDB disbursement for infrastructure pipelines that could include projects identified for support under <i>Aus4Transport</i> .	DFAT Post has raised the issue with MOT and requested the managing contractor AECOM map alternative options should there be no viable MDB projects prioritised by GoV.	No further treatment required until Post receives advice from MOT and AECOM on the status of relevant MDB pipelines.	Medium	Yes
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## MANAGEMENT ACTIONS

Annex A outlines progress in addressing the management actions identified in last year's APPR. Five out of a total of nine management actions are assessed as being complete.

The Vietnam program will prioritise the following management actions in 2018-19 to continue our transition to an economic partnership and further progress towards program consolidation:

1. Undertake a **review of the Vietnam AIP** and commence development of a new plan for 2020 and beyond, including consideration of the impact Vietnam's graduation from concessional finance will have on future programming.
2. **Establish the Ministerial-level Economic Partnership Meeting** (referenced in the Strategic Partnership) in 2019 so we can discuss with Vietnam options to continue to strengthen the trade, investment, and development cooperation relationship.
3. **Commence implementation of the *Aus4Innovation* program**, with a CSIRO Counsellor in place as head of a program implementation team headquartered in the Australian Embassy by early 2019.
4. **Focus on program consolidation**, further reducing the overall number of active agreements and sectors, to reduce the work burden at the Post. This will include making decisions on whether to support second phases of programs scheduled for completion (including key regional and global programs in Vietnam).
5. Analyse recommendations and **implement appropriate actions arising from mid-term reviews** of *Aus4Skills* and *ABP2* to ensure they remain on track to achieve end of program outcomes and meet Vietnam's rapidly changing development needs.
6. Drawing on mid-term reviews for *Aus4Skills* and *ABP2*, and new monitoring and evaluation frameworks following completion of inception phases for *Aus4Reform*, *Aus4Transport*, and *Aus4Equality*, **refine the PAF to improve strategic relevance** of performance data across the program and utility as a management tool.

## ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2016-17 APPR	Rating	Progress made in 2017-18
1. Establish a <b>new Ministerial-level Economic Partnership Meeting</b> to bring together trade, economic and development interests to be announced at an appropriate high-level opportunity	Not Achieved	Whilst high level political agreement to establish the meeting was secured and referenced in the Strategic Partnership, the relevant GoV ministries have been unable to finalise a format for the meeting given the logistical challenges of bringing together multiple ministers. A new format is currently under consideration (October 2018).
2. <b>Mobilise four new aid investments</b> , with Government approvals issued and all tenders completed by the end of the 2017-18 financial year.	Partly Achieved	Three out of the four aid investments - <i>Aus4Transport</i> , <i>Aus4Equality</i> , and <i>Aus4Reform</i> - commenced implementation in 2017-18. <i>Aus4water</i> has not commenced implementation due to delays in the GoV approval process.
3. Implement a <b>new PAF</b> by December 2017 to better measure the impact of our investments on influencing policy and achieving the Embassy's economic partnership priorities.	Achieved	A new PAF was finalised with all targets updated until 2019-20, following implementation of the three major new designs. This new PAF is primarily grounded on the three key objectives of the AIP, and takes into account economic partnership priorities where possible.
4. Launch the Embassy's <b>Innovation Strategy</b> to help us better innovate across the breadth of our cooperation and aid investments.	Not Achieved	While the Innovation Partnership was co-launched by Ministers in 2017, due to unexpected personnel changes, a strategy for helping us innovate across the breadth of our cooperation agenda is yet to be launched.
5. Deepen recognition of Australia's aid in Vietnam by applying the <b>Aus4Vietnam branding</b> to all existing and new investments in 2017-18 and developing an Aus4Vietnam website, online application and producing more short videos and animations. Bring to wider attention – across DFAT's Southeast Asia programs and more broadly – the path-breaking work that the Vietnam program has done on branding.	Achieved	The Aus4Vietnam branding has been rolled out across all programs
6. Increase our policy engagement on <b>global and regional programs</b> by identifying lead officers for each relevant initiative at Hanoi Post, allowing us to increase our influence and the strategic clarity of Australia's work in Vietnam.	Achieved	A consolidated list of global and regional programs active in Vietnam together with nominated points of contact (both A-based and local staff) was developed to ensure more effective communication and better engagement by Post in these projects.
7. Implement the measures outlined in the <b>Australia in Vietnam Gender Equality Strategy 2016-20</b> and internal Gender Equality Action Plan, so we can be influential on gender across all our work.	Achieved	A review of the Gender Equality Action Plan (GEAP) has been carried out on an annual basis to assess the implementation progress against the actions committed in the GEAP since the first annual review in October 2017, and to propose adjustments for the coming year if needed





Management actions identified in 2016-17 APPR

Rating

Progress made in 2017-18

- 8. Conduct a **mid-term review of the AIP** during 2018 to ensure our aid program remains relevant, geared to maximising opportunities for policy influence and targeted towards realising an economic partnership with Vietnam.
- 9. Following on from the 2017 Aid Capability Review, focus on the capabilities of our people at Hanoi Post and help staff acquire the **new skills, perspectives and agility necessary to be effective influencers** as we deepen the economic partnership with Vietnam. This work will provide lessons that other programs may benefit from in this vital area.

Not Achieved

A mid-term review of the AIP was not undertaken in 2017-18 because of implementation delays associated with GoV approvals for a critical mass of new programs. Given the mid-point of the AIP has now passed we recommend undertaking a final review of the plan and immediately commencing development of the AIP for 2020 and beyond.

Achieved

This is an on-going effort. Staff were provided training and professional development opportunities in aid management to help them do their jobs better. Capability assessments were conducted and ongoing skills requirements have been identified and embedded in individual performance agreements. The Embassy also held general workshops, talks and monthly staff meetings on relevant subjects to help enrich staff's knowledge and enhance their understanding regarding the role of aid management in the Embassy and bilateral relationship more broadly.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## ANNEX B – PERFORMANCE BENCHMARKS

### Progress towards Performance Benchmarks in 2017-18

Annex B reflects progress against the interim PAF provided in the AIP.

Aid objective	Overall benchmark	2017-18 benchmark	Rating	Progress in 2017-18
Objective 1: Enabling and engaging the private sector for development	1.1 Value-for-money transport infrastructure demonstrated and enabled	100 per cent of Cao Lanh Bridge construction complete; 170,000 daily users	Achieved	Construction of the Cao Lanh Bridge completed with an official launch in May 2018.
	1.2 Number of beneficiaries with access to new or improved climate smart products or services	1260 beneficiaries	Achieved	72,891 additional beneficiaries have access to new or improved climate smart products or services supported by VCIC. After two full years of implementation, VCIC has assisted 38 SMEs in incubating and commercialising climate innovative technologies and solutions. Thirty-nine percent of these SMEs are women-led.
Objective 2: Assisting the development and employment of a highly skilled workforce	2.1 Percentage of program participants demonstrating positive contributions to priority areas	80 per cent of program participants demonstrating positive contributions to priority areas	Achieved	99 per cent of program participants are currently demonstrating positive contributions to priority areas. This is based on cumulative Alumni Development Impact Survey (ADIS) data to date including the latest round in early 2018 [= sample of 200 participants].
	2.2 Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted work units	Baseline established by June 2018	Achieved	Organisational assessment of the selected work units was completed in June 2018, providing a baseline for the design and delivery of support to improve skill utilisation practices in the selected work units.

Aid objective	Overall benchmark	2017-18 benchmark	Rating	Progress in 2017-18
Objective 3: Promoting women's economic empowerment, including ethnic minorities	3.1 Number of households with increased incomes	587 households trained on agricultural production, marketing and economic literacy	Achieved	587 households were trained on agricultural production, marketing and household budget management, contributing to an increase of selling prices of agricultural products by 15-20 per cent for farmers who apply advanced farming techniques to produce high quality products or engage in post-processing compared to selling raw materials. The number of women in leadership positions in farmer producer groups has also increased (to 71 per cent, up from a baseline of 49 per cent), demonstrating that the program is helping women to have a greater voice in decision making within their producer groups.
	3.2 Number of firms actively implementing gender equity roadmap	Eight founding members of the IW business coalition sign up to program	Achieved	<p>The Vietnam Business Coalition for Women's Empowerment in Vietnam (VBCWE) was established in December 2017 with a secretariat staff in place, owned by eight high profile founding members, and led by two impressive chairwomen. VBCWE aimed to drive change for equal opportunities for both women and men within the Vietnam business community, leading the way on gender equality in their businesses and beyond.</p> <p>Three companies were undertaking Economic Dividends for Gender Equality certification - two on track to become certified in August 2018, and one in January 2019. Remaining five members are targeting February 2019 certification.</p>

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

## Performance Benchmarks for remainder of AIP

Aid objective	Performance Benchmark	2018-19	2019-20
Objective 1: Enabling and engaging the private sector for development	1.1 Value-for-money transport infrastructure demonstrated and enabled	170,000 daily users traffic volume; travel time from Ho Chi Minh to Long Xuyen reduced from 3 – 3.5 to 2.5 hours	170,000 passengers benefit daily; five million residents of An Giang, Can Tho and Dong Thao provinces benefit from improved regional trade
	1.2 Number of beneficiaries with access to new or improved climate smart products or services	20,000 beneficiaries	25,000 beneficiaries
Objective 2: Assisting the development and employment of a highly skilled workforce	2.1 Percentage of program participants demonstrating positive contributions to priority areas	80 per cent of program participants demonstrating positive contributions to priority areas	85 per cent of program participants demonstrating positive contributions to priority areas
	2.2 Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted departments/faculties/workplaces	Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted departments/faculties/workplaces (10)	Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted departments/faculties/workplaces (20)
Objective 3: Promoting women's economic empowerment, including ethnic minorities	3.1 Number of households with increased incomes	Two new contracts signed between farmer group and processing companies	8,263 households with increased incomes
		1,750 women report enhanced skills and stronger networks	
	1,663 women have better access to productive resources and inputs		
3.2 Number of firms actively implementing gender equality roadmap	Eight founding members of the <i>IW</i> business coalition complete Economic Dividends for Gender Equality certification		



## ANNEX C – EVALUATION PLANNING

### List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
N/A	Gender Equality Action Plan Annual Review	November 2017	N/A	N/A	N/A
INJ577	Integrated Coastal and Mangrove Forest Protection in the Mekong Provinces for the Adaptation to Climate Change (ICMP): Summary report of final evaluation and management response	31 July 2017	31 July 2017	3 August 2017	31 July 2017

### List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Aus4Skills Mid-term Review	INL487	September 2018	February 2019	To assess the program performance toward achieving intended outcomes. The evaluation will be used to make adjustments to end of program outcomes and the balance of components, if needed, to improve the relevance and sustainability of the investment, and inform design of a new phase in 2019/20.	DFAT led

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Aus4Reform Mid-term Review	INL939	August 2019	December 2019	To assess the program performance toward achieving intended outcomes. The evaluation will be used to make adjustments to end of program outcomes and if needed, to improve the relevance and sustainability of the investment.	Independent
Southern Coastal Corridor program Completion Review	INH651	October 2018	September 2019	To assess performance on completion of this co-financing project with the Asian Development Bank for road upgrades to link key economic zones in Vietnam, Cambodia, and Laos <sup>20</sup> .	Partner led
Australia-World Bank Partnership Phase 2	INL773	August 2019	December 2019	To assess the partnership's performance and to provide recommendations for any mid-cycle adjustments required to improve or adjust end of program outcomes.	To be determined with the World Bank
Gender Equality Action Plan (GEAP) Annual Review	N/A	September 2018	October 2018	To assess the implementation progress against the actions in the GEAP since the first annual review in October 2017, and propose adjustments for coming years if needed.	DFAT led

<sup>20</sup> This is a deferred evaluation due to the project end-date extension to ensure all activities could be completed.

## ANNEX D- AID QUALITY CHECK RATINGS

### AQC RATINGS

AQC investment performance over the previous 12 months (last year's AQC ratings included where available).

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Australia World Bank Partnership Trust Fund phase 2	\$25m	2018 AQC	5	4	4	3	4	4	-
	2016-21	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A	-
Cao Lanh M&E – Social Development, Diplomacy and Civil Work / Cao Lanh Detailed Design	\$156.6m	2018 AQC	5	5	4	5	5	5	-
	2011-21	2017 AQC	5	4	5	5	5	5	-
Vietnam Climate Innovation Center	\$4.65m	2018 AQC	5	5	4	3	4	4	-
	2013-20	2017 AQC	6	5	4	5	4	4	-
Human Resource Development Facility (Aus4Skills)	\$40m	2018 AQC	5	5	5	5	4	5	-
	2016-20	2017 AQC	5	5	5	5	4	5	-

# FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Integrated Coastal Management Program	\$16.6m 2011-18	5	5	5	5	5	4	5	N/A
Restructuring for a More Competitive Vietnam	\$3.6m 2014-17	5	6	5	5	4	5	4	

**Definitions of rating scale:**

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.



## ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK (PAF)

Intermediate Outcome	Indicator	2015/16 Targets	2016/17 Targets	2017/18 Targets	2018/19 Targets	2019/20 Targets
<b>Objective 1: Enabling and engaging the private sector for development</b>						
1.1 Value-for-money infrastructure demonstrated and enabled	1.1.1 Number of daily users of Cao Lanh Bridge	60 per cent of Cao Lanh Bridge construction complete	90 per cent of Cao Lanh Bridge construction complete	100 per cent of Cao Lanh Bridge construction complete; 170,000 daily users	170,000 daily users	170,000 daily users
	1.1.2 Number of new projects brought to market that include detailed consideration of social, environmental and engineering issues	No target set	Investment design completed and approved	One detailed design completed	Two feasibility studies and one detailed design completed	One detailed design completed
1.2. Businesses develop and deploy innovative climate smart technologies	1.2.1 Number of beneficiaries with access to new or improved climate smart products or services	No target set	525 beneficiaries	1260 beneficiaries	20,000 beneficiaries	25,000 beneficiaries
1.3. Private sector actors increase access to clean water	1.3.1 Number of Rural Water Supply Systems managed by private sector actors	No target set	Implementation commenced	Four additional enterprises	Six additional enterprises	Four additional enterprises
	1.3.2 Number of women and men with access to safe water	No target set	6,000 women and men	9,000 women and men	24,000 women and men	14,000 women and men

1.4. Improved economic policy is implemented	1.4.1 Number of instances where DFAT support has contributed to improvements in economic policy and/or its implementation	No target set	Investment design completed and approved	Approval and enactment of an improved Competition Law in line with Vietnam's international and regional economic commitments	Enactment of revised Land Law to ensure a more competitive market for land use	Establishment of an independent institution to exercise ownership rights in large SOEs to separate regulatory functions from ownership
1.5. Innovation outcome	1.5.1 Vietnam better prepared for a digital future under Industry 4.0 with an increased number of Australian institutions having effective ongoing relationships with Vietnamese institutions	No Target Set	No target set	Project design approved by DFAT/iXc and CSIRO	A complete report on Vietnam's Future Digital Economy Three pilot science commercialization models Three grants for pilot activities to address emerging challenges or opportunities in the innovation system	Three commercialization models up and run successfully Three more grants provided to address emerging challenges or opportunities in the innovation system At least six partnerships between Australian and Vietnamese institutions are established to support innovation in Vietnam
1.6. Private sector actors improve income and employment for women in agriculture and tourism	1.6.1 Private sector investment leveraged	No Target Set	No Target Set	No target set	USD 1.2m	USD 4.2m

Intermediate Outcome	Indicator	2015/16 Targets	2016/17 Targets	2017/18 Targets	2018/19 Targets	2019/20 Targets
<b>Objective 2: Assisting the development and employment of a highly skilled workforce</b>						
2.1 Program participants use skills and knowledge to make positive contributions to priority areas	2.1.1 Percentage of program participants demonstrating positive contributions to priority areas	75 per cent of alumni employed in position relevant to award skills after three years	75 per cent of program participants demonstrating positive contributions to priority areas	80 per cent of program participants demonstrating positive contributions to priority areas	80 per cent of program participants demonstrating positive contributions to priority areas	85 per cent of program participants demonstrating positive contributions to priority areas
2.2 Stronger workplace enabling environments for improved skill utilisation in priority areas	2.2.1 Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted work units	Human resource development scoping work undertaken	Project Inception phase commenced	Baseline established by June 2018	Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted work units (10)	Increase in number of improved skills utilisation practices implemented on an ongoing basis in targeted work units (20)

Intermediate Outcome	Indicator	2015/16 Targets	2016/17 Targets	2017/18 Targets	2018/19 Targets	2019/20 Targets
<b>Objective 3: Promoting women's economic empowerment, including ethnic minorities</b>						
3.1. Women are more economically secure	3.1.1 Number of households with increased incomes	Investment concept developed	Mobilisation of program; inception phase; baseline established	587 households trained on agricultural production, marketing and economic literacy  Women farmers who use advanced farming techniques have at least 15% more income	Two new contracts signed between farmer groups and processing companies  1,750 women report enhanced skills and stronger networks.  1,663 women have better access to productive resources and inputs	8,263 households have increased incomes through women's improved economic engagement
3.2. Women influence decision-making in the family, the community, workplaces and businesses	3.2.1 Evidence that the interests of women and girls have influenced decisions at the local level	Investment concept developed	Detailed investment design completed	Investment design approved by GoV	Longitudinal study that includes in-depth women's economic empowerment analysis launched in two provinces  All partnerships mainstream gender and at least three partnerships prioritise work on women's agency	Women report an increase in income, and control over how it is spent



	3.2.2 Number of firms actively implementing gender equity roadmap	Investment concept developed	Detailed investment design completed and approved	Eight businesses become members of the IW business coalition	Eight founding members of the business coalition complete Economic Dividends for Gender Equality certification	N/A
3.3. More inclusive policies, programs and service delivery	3.3.1. Number of instances where DFAT support contributed to the interests of women (including ethnic minority women) being incorporated into GoV's policies, programs and services	No target set	Mobilisation of program; inception phase; baseline established	0	At least 30 selected private sector and non-government actors implement plans with the goal of increasing income or jobs for women	Interim evidence produced for Government on the economic and social benefits of women's enhanced engagement in agriculture and tourism