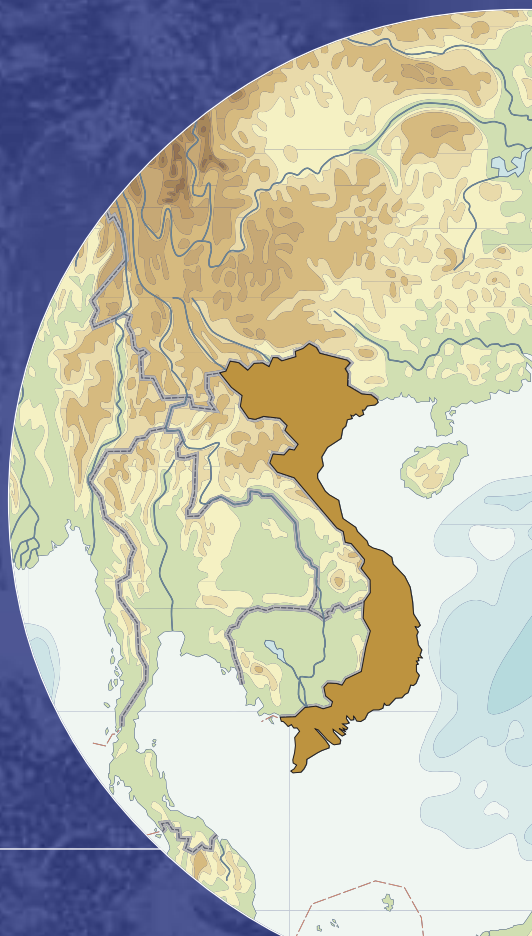


# Implementation of the 1999–2003 Country Strategy for Swedish Development Cooperation with Vietnam

Bob Baulch  
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## Preface

Sida's country strategies involve both the overall strategic orientation expressed in the five-year country strategy papers (CSPs) and the strategic detail worked out during the strategy periods. The strategies provide orientation for the planning and implementation of the country programme; they guide Sida's dialogue activities; and they form a basis for the allocation of the agency's administrative resources. Perhaps most importantly, successful country strategies help set a common agenda for the variety of stakeholder groups involved in the co-operation, mainly the different Sida departments in Stockholm, the Swedish Embassy, and partner organisations.

Since 1996, when the first Swedish country strategies were launched, Sida's Department for Evaluation and Internal Audit (UTV) has commissioned four country strategy evaluations. The first two, concerning Tanzania and Mozambique, focused mainly on the process by which the CSPs were prepared, the extent to which the CSPs cohered with the underlying country and results analyses, and whether the country programmes implemented during the strategy periods were poverty oriented.

In collaboration with the Asia Department, UTV has initiated two evaluations of the 1999–2003 country strategies for the co-operation with Vietnam and Laos. In contrast to the earlier evaluations, the focus of these two evaluations is on the way the strategy is being implemented, or rather on the strategic dimension of everyday decision-making. Thus, the studies examine the orientation of individual projects and programmes, the form and content of dialogue activities and the allocation of administrative resources with respect to their strategic implications.

The purpose of the evaluations is to feed lessons and insights into the formulation, implementation and follow up of the 2004–2008 country strategies for Vietnam and Laos. The evaluations are also expected to contribute to develop such country strategy processes in general within Sida.

Eva Lithman  
Director  
Department for Evaluation and Internal Audit



## Foreword

The evaluation team would like to thank all those who agreed to be interviewed and provided written materials during our fieldwork in Vietnam and consultation visits to Stockholm. We also thank the Sida staff that provided many detailed and useful comments on an earlier version of this report. Given the tight space constraint (the report “should not exceed 40 pages”) and focus imposed by our terms of reference, it has not been possible to reflect all of these comments in the text, but we hope that we have captured the main themes, issues and disagreements accurately.

This is an evaluation report that is intended both to provide a publicly available expert commentary on the Swedish development co-operation with Vietnam and to help improve the implementation of that program. So we have done our best to use language that is clear, direct and transparent. To this end, we have tried to avoid both phrases and terms that are likely to be viewed (a) as “un-diplomatic” or “over-critical” or (b) as so “diplomatic” that readers may have difficulty in deciding what we mean. Our intention is certainly not to criticise the many people in the Governments of Sweden and Vietnam who have dedicated many years of their careers to improving the lives of the Vietnamese people.

‘Strategy is the great work of the organisation ...  
Its study cannot be neglected’.

Sun Tzu, circa 200 B.C., *The Art of War*



# Table of Contents

List of Acronyms .....	v
Executive Summary .....	vii
1 Introduction .....	1
2 Form and Functions of the Swedish Country Strategy Process .....	3
3 The Vietnamese Context .....	8
4 The Swedish Context .....	11
5 Implementation of the Country Strategy .....	14
5.1 General influences on the implementation of the CS .....	14
5.2 Democratic governance and human rights .....	17
5.3 Rural development and the environment .....	23
5.4 Private sector development .....	27
6 Key Issues and Themes .....	32
6.1 There is an ‘elusive middle’ in the Sida CS model .....	32
6.2 What resources should be allocated in the CS? .....	32
6.3 The challenge of donor proliferation .....	33
6.4 Rolling over of projects .....	34
6.5 Sida’s comparative advantage in Vietnam .....	35
6.6 Sectoral portfolios and the multidimensionality of poverty ..	36
6.7 Language and dissemination of the CSP .....	37
7 Conclusions and Recommendations .....	38
References .....	42



## Annexes and Figures

Figure 1: Schematic Overview of the Country Strategy Process .....	4
Table 1: Vietnam's Major Aid Donors .....	10
Annex 1: Persons Interviewed .....	45
Annex 2: Amounts Allocated and Disbursed under Sweden-Vietnam Development Co-operation 1999–2003 .....	49
Annex 3: Partnership Groups in Vietnam in Mid 2002 .....	50
Annex 4: Terms of Reference .....	51

# List of Acronyms

AMAC	Agreed Minutes of the Annual Consultations
CA	Country Analysis
CCA	Country Co-operation Agreement
CP	Country Plan
CPLAR	Co-operation Program on Land Administration Reform
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CPV	Communist Party of Vietnam
CRP	Centre for Rural Progress
CS	Country Strategy
CSP	Country Strategy Paper
DFID	Department for International Development (UK)
FCP	Forest Co-operation Program
FDI	Foreign Direct Investment
GCOP	Government Committee on Operations and Personnel
GDP	Gross Domestic Product
GoV	Government of Vietnam
GSO	General Statistical Office
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
INEC	Department for Infrastructure and Economic Co-operation
IUCN	International Union for Conservation of Nature and Natural Resources
MARD	Ministry of Agriculture and Rural Development
MFA	Ministry of Foreign Affairs
MPDF	Mekong Project Development Facility
MPI	Ministry of Planning and Investment
MRDP	Mountain Rural Development Project
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
PAP	Poverty Alleviation Program

PAR	Public Administrative Reform
PRGF-PRSC	Poverty Reduction and Growth Facility-Poverty Reduction Support Credit
PSD	Private Sector Development
PWG	Poverty Working Group
RA	Results Analysis
SEF	Sida Environmental Fund
SEMA	Strengthening the Environmental Management Agency
Sida	Swedish International Development Co-operation Agency
SMME	Small, Micro and Medium Enterprise
SOE	State-Owned Enterprise
SYB/IYB	'Start Your Business'/'Improve Your Business'
UNDP	United Nations Development Program
VCCI	Vietnamese Chamber of Commerce and Industry
VDR	Vietnam Development Report
WTO	World Trade Organization

# Executive Summary

This report is one of a pair of studies commissioned by Sida to evaluate how the Country Strategies for Vietnam and Laos were implemented in the 1999 to 2003 period. The purpose of these evaluations is to provide recommendations that can be used by Sida to improve the effectiveness of Swedish development co-operation in general, and future co-operation with Vietnam and Laos in particular. In accordance with the Terms of Reference for the evaluation and our Inception Report, we have focused on a dynamic assessment of the implementation and operationalisation of the Country Strategy (CS) rather than a static assessment of program and project documents. This involved examining how the 1999 Country Strategy Paper (CSP) was translated into a portfolio of ongoing projects and programs via the three-year Country Co-operation Agreement, Agreed Minutes of the Annual Consultations and annual Country Plans. Following the wishes of the Swedish Embassy in Vietnam we have also focused on interventions within three sectors: democratic governance; rural development and the environment; and, private sector development and trade.

The implementation of the CSP for Vietnam 1999–2003 was influenced by four general factors that could not have been foreseen at the time that the CSP was prepared. These are the Swedish “financial squeeze” of 1999–2000 which led to a screening out of all new projects between 1999–2001), the limits on the extensions to projects announced by the Government of Vietnam in August 2000, the explosion in partnership groups and donor co-ordination in Vietnam, and the administrative and dialogue capacity of the staff in the Swedish Embassy in Hanoi. In addition, the dramatic growth in both the number of aid-donors operating in Vietnam posed (and will continue to pose) problems for the continuance of Sweden’s “special relationship” with the Government of Vietnam. In 1999 and 2000, Swedish aid accounted for just 2.2 per cent of the Official Development Assistance received by Vietnam. The additional sector specific influences on the operationalisation of the CS are described in the main report.

A number of key issues emerge from our review of the implementation (to date) of the 1999–2003 CS for Vietnam. The most important of these is that there is an “elusive middle” in the operationalisation of the CS. Despite the plethora of documents and fora involved in implementing the CS, some strategic decisions still appear to be made on an *ad hoc* basis, whose motivation and rationale it is difficult for the evaluators to discern.

Second, we find that the current CS model focuses largely on the use of financial resources with insufficient attention paid to the allocation of administrative resources and dialogue capacity. This is especially problematic in the context of politically sensitive interventions (for example in the areas of human rights, public sector reform and private sector development) that are increasingly prominent in Vietnam-Sweden co-operation. Meanwhile the proliferation of donors and aid projects poses challenges for Sweden's relationship with both the Government of Vietnam and other donors. Sida's comparative advantage in Vietnam is no longer as a source of investment capital. We also note how the "rolling-over" of some projects from one phase to the next has reduced the flexibility of the co-operation program, and the difficulties of translating Sida's multi-dimensional view of poverty into discrete sectoral portfolios.

Overall, Sweden's co-operation with Vietnam has been broadly consistent with the CSP adopted in 1998. However, a number of changes in content and focus of the co-operation program have inevitably occurred during the CS period. While changes in country context cannot be predicted in advance, our recommendations suggest that a number of actions could be taken to make the CS more relevant, clear and consistent. These are:

- Discussions involving strategic decisions during the strategy period need to be made more explicit in the CS documentation. The preparation of mini-strategies, along the lines of those prepared by the Swedish Embassy for democratic governance, private sector development, and partnership groups, is a valuable way to discuss and document strategic decisions at the sector level.
- Sida's strategy discussions should explicitly cover three categories of resources: financial, administrative and dialogue capacity. In some sectors, it is dialogue capacity rather than financial or administrative resources that is the key constraint.
- Implementation of the CS should take into account the level of ownership and capacity within Vietnam more explicitly, especially at the provincial level.
- Given donor proliferation in Vietnam, Sida's resources should be used in areas of distinct comparative advantage, such as governance, upland development, the environment, and process oriented projects.
- Given the different stakeholders involved and the flat organisational structure of Swedish development co-operation, the CS process should explicitly seek to build consensus among Swedish stakeholders.
- The "rolling-over" of projects should be recognised in future monitoring and evaluation efforts.
- Future CSPs should be disseminated more widely, in both English and Vietnamese, within Vietnam.

# Section 1

## Introduction

This report is one of a pair of studies commissioned by Sida to evaluate how the Country Strategies for Vietnam and Laos were implemented in 1999 to 2003 period. The purpose of these evaluations is to provide recommendations, based on the key issues and themes identified that can be used by Sida to improve the effectiveness of Swedish development co-operation in general, and future co-operation with Vietnam and Laos in particular. This is a timely activity as new Country Strategies for the two countries are to be prepared during 2002 and 2003.

This document contains the evaluation of the Sida 1999–2003 Country Strategy for Vietnam. Its findings and conclusions are based on three weeks of fieldwork in April/May by a joint IDS-SPM-CRP team, supplemented by interviews with Sida HQ staff conducted in March and June 2002, and a review of more than 200 internal Sida documents (please see Annex 1 and for a list of the more than 85 people interviewed and the references for the main documents consulted).<sup>1</sup> In accordance with the Terms of Reference for the evaluation and our Inception Report, we have focused on a dynamic assessment of the implementation and operationalisation of the Country Strategy rather than a static assessment of program and project documents. Following the wishes of the Swedish Embassy in Vietnam we have, however, concentrated on interventions within three sectors: democratic governance; rural development and the environment; and private sector development and trade.

The structure of this report is as follows. Section 2 discusses the concept of a strategy, the form of the Swedish Country Strategy process and the functions it performs. Section 3 provides information on the Vietnamese country context, which has been changing very rapidly in recent years. Section 4 then gives a brief account of the distinguishing features of Swedish development co-operation. In Section 5, the implementation of

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<sup>1</sup> The evaluation team consisted of Anuradha Joshi (IDS), Bob Baulch (Vietnam team leader, IDS), Hoang Xuan Quyen (CRP), Jan Rudengren (Project director, SPM Consultants), Mick Moore (IDS), Nguyen Chi Dung (CRP), Nguyen Cong Hong (CRP), Nguyen Thang (CRP), and Pham Anh Tuan (CRP). The report was written by the IDS team members with inputs and comments from SPM Consultants and CRP.

the Swedish Country Strategy for Vietnam since 1999 is discussed, starting with general influences on the Co-operation Program and continuing with detailed discussion of the three sectors we were asked to investigate. Section 6 draws out a number of key issues and themes from the implementation of the Swedish Country Strategy for Vietnam, while Section 7 concludes with seven recommendations to make future country strategies more relevant, clear and consistent.

## Section 2

# Form and Functions of the Swedish Country Strategy Process

Search through any management science textbook you will find that a simple yet important definitional distinction is made between strategies and plans or programmes. A 'strategy is not a detailed plan or program of instructions; it is a unifying theme that gives coherence and direction to the actions and decision of an individual or organization' (Grant, 2000: 4). In other words, a strategy should be seen as providing overall direction and guidance for deploying the resources of an organisation in accordance with broad objectives while a plan or program is more a detailed activity and work related schedule of how an organisation is to achieve specific objectives.

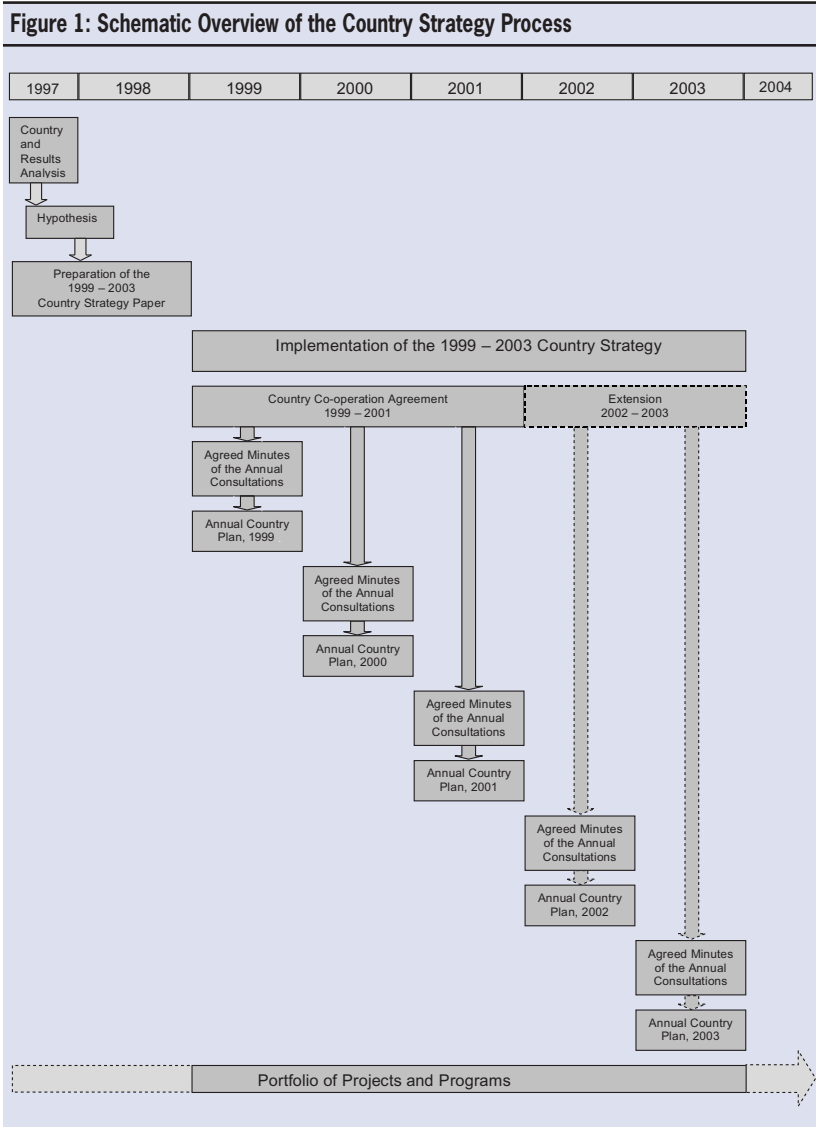
Management scientists are also keen to point out that strategy should be seen as a process, and that this process comprises both formulation and implementation elements, though there is disagreement on whether these elements should interact. One school (such as Bruce Henderson at the Boston Consulting Group) argue that strategies are the result of a rational, structured and logical process by senior management that are then passed-on for implementation by the different layers of an organisation. In their view of strategy making, the formulation of strategies is essentially technocratic and precedes implementation. Another school (associated with Henry Mintzberg and his colleagues at McGill University) argue that strategy formulation and implementation go in hand in hand. Mintzberg (1987) argues that typically only 10–30 per cent of an organisation's intended strategy is implemented (or 'realised') because it is necessary to adjust and revise it in the light of experience. In their view, a divide between strategy formulation and implementation is misleading; strategy development is more about 'crafting than planning'.

Whichever school is correct (we return to this matter briefly in Section 6), the Country Strategy (CS) process adopted by Sweden can be viewed as comprising two elements: the formulation of a Country Strategy Paper (CSP), which starts some 18 months prior to implementation; and



implementation where-by (recommendations in) the CSP is translated into an ongoing portfolio of project and programmes.

A schematic overview of the CS process is presented in Figure 1 below.



Prior to the drafting of the CSP, Sida prepares a Country Analysis (CA) and a Results Analysis (RA) along with a ‘hypothesis’ for development co-operation over the next five years.<sup>2</sup> These analyses and hypothesis<sup>3</sup> are discussed and debated with the Swedish Ministry for Foreign Affairs (MFA), and are then summarised at the beginning of the draft CSP. The CA and the CSP for development co-operation with Vietnam (January 1, 1999 – December 31, 2003) stress the importance of rapid growth and economic reforms since the late 1980s; the concentration of investments and infrastructure programmes on three ‘growth poles’ (with attendant implications for geographic equity); and the risks that rapid economic growth poses for environmental sustainability. The CA also notes how economic growth has not led to any noticeable changes in the political system, that the pace of administrative reforms has been slow, the absence of civil society (or indeed any counterweight to the Communist Party) and that corruption is a growing problem.

What emerges in the first part of the CSP is a summary of findings from the RA followed by a series of statements presented in the form of overall policy objectives and sector-specific targets, outlining how the Swedish government intends to address and prioritise its development co-operation over a five-year period. The current CSP for Vietnam states the overall policy objectives are: ‘to promote Vietnam’s capacity, on a long-term and environmentally sustainable basis, to increase its prosperity and reduce poverty’; and ‘to promote openness and development toward democracy and increased respect for human rights’.

The remainder of the CSP goes on to flesh-out the broad actions (including dialogue issues) required to achieve these overall policy objectives. The CSP for Vietnam specifies that development co-operation should be concentrated in five main areas: (i) support for strategic measures in the process of economic, administrative and social reforms with a view to promoting the transition to a market economy with a high rate of economic growth and an equitable distribution policy; (ii) measures targeted at particularly disadvantaged areas and groups; (iii) support for efforts to promote sustainable development; (iv) promotion of democracy and human rights through dialogue and direction measures and by pursuing the issues of openness, popular participation and equality between men and women; and (v) energy projects aimed at disadvantaged areas. In addition, the CSP states that special funds may be made available outside the Asia budget (either as grants or credits) to support democracy and human

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<sup>2</sup> This account of the Swedish CS process is based on Ministry for Foreign Affairs (2001), Sida (1998), and interviews with Ministry for Foreign Affairs and Sida personnel.

<sup>3</sup> Prior to the formulation of the hypothesis a “country strategy mission” is fielded with key decision-makers from Sida and the Swedish Ministry for Foreign Affairs.

rights, research co-operation, NGOs, industrial development, and balance of payments assistance.

Once a draft CSP has been adopted through a Swedish Government decision, it provides a basis for discussion with the Government of the country on the implementation of development co-operation over the coming years. In implementation of the CSP several additional core documents come into play, including a Country Co-operation Agreement (CCA), Agreed Minutes of the Annual Consultations (AMAC) and annual Country Plans (CP).

The CCA is a three-year development co-operation agreement based on the CS that contains a summary of the same overall policy objectives and five areas of concentration but also specifies the amount of funds that Sweden will allocate for development co-operation. In the case of the CCA for Vietnam, 1999 to 2001, this amount is 510 million SEK. The AMAC contains strategic discussions and analyses as well as specific details on the portfolio of projects and programmes for each year of development co-operation. The annual CP provides a month-by-month breakdown of the status of the portfolio of projects and programmes, and detailed information on staffing levels.

So, what we know of the CS process is that the point of departure is the preparation of the CSP that includes a summary of findings from the CA and RA; implementation of the CSP is initiated with a three-year CCA (with the option for a two-year extension) followed by AMACs and CPs and ends with a portfolio of projects and programmes.

From this discussion, we can discern six possible functions of the Swedish CS process:

1. Formulating general criteria for allocating scarce resources to guide future decision-making and make the decision-making process more efficient (and hopefully transparent and consensual).
2. As an extension of point 1, providing a clear list of the kinds of activities (sectors, type of funding, type of project, type of cost, etc.) that Sida will either not fund at all, or fund only in unusual and defined circumstances.
3. Building up a degree of consensus and understanding between various Swedish stakeholders about desirable and possible policies in the partner country.<sup>4</sup>
4. Building up a similar consensus and understanding between Swedish

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<sup>4</sup> We treat this intra-Swedish consensus as a separate issue because of the actual diversity of Swedish agencies involved and the fact that the relations between them are non-hierarchical, and have to be negotiated, sometimes with considerable effort.

stakeholders on the one hand, and stakeholders in the partner country on the other.

5. Providing a context in which the question of Sida's comparative advantages in development co-operation with the partner country can be thoroughly examined.
6. Providing Sida staff and other stakeholders with a clear sense of direction and purpose, and with the enhanced motivation that can follow from that.

We understand that the CSP for Vietnam concentrates on functions 1 and 3, with some attention to functions 2, 5 and 6. We recognise, however, that the ability of the CSP to provide an explicit list of projects that Sida will not fund (function 2) is constrained by the fact that it is owned by the MFA which has to be responsive to overall diplomatic development concerns. With reference to functions 3, the Swedish stakeholders include the MFA and Sida HQ in Stockholm, Sida and diplomatic staff in the Embassy of Sweden in Hanoi, and other Swedish organisations (e.g. NGOs, research institutes, individual consultants and consulting companies) who are involved in the development co-operation program with Vietnam on a long-term basis. We also recognise that the extent to which the CSP specifies Sweden's comparative advantage in Vietnam (function 5) and provides Sida staff with a clear sense of direction and purpose (function 6) is constrained by its consensus building function (function 3). Function 4 is at present not covered by the process leading to the CSP although the CA and AMAC clearly seek to build consensus between Swedish and Vietnamese stakeholders.

However, while the CSP, CCA, AMAC and CP documents tell us what decisions are taken, we know much less about how these decisions are taken, especially, how sector-specific targets are transformed into a portfolio of projects and programmes. Many of these decisions have a strategic as well as operational content. It is this issue, of how decisions have been and are being taken in the process of implementing the 1999–2003 CSP for Vietnam, on which we focus our attention in Sections 4, 5 and 6. First, however, it is necessary to provide some country context.

# Section 3

## The Vietnamese Context

Throughout the 1990s, Vietnam pursued a policy of gradual economic reform and political liberalisation. Following the *doi moi* (renovation) reforms announced in 1986 but enacted from 1989 onwards, a gradual opening-up of the economy to market forces occurred. During the 1990s Vietnamese economic growth was among the fastest in the world, with GDP growth rates averaging 8.4 per cent per annum between 1992 and 1998 (PWG, 1999). High rates of economic growth were accompanied by massive inflows of foreign direct investment, which exceeded 10 per cent of GDP in 1997. The East Asian crisis caused a fall in FDI (the East Asian crisis may have accelerated Vietnam's dramatic fall in FDI but, in fact, it was already in steep decline in 1997) and a halving of economic growth with GDP growth falling to 5.8 per cent and 4.8 per cent in 1999 (GSO, 2000). In 2000, GDP growth recovered but fell back again in 2001 under the influence of weak export demand (Vietnam Development Report, 2002).

Vietnam remains, however, a poor country with over 37 per cent of its population having expenditures below the poverty line, and 15 per cent having expenditures below the food poverty line in 1998. Poverty is regionally concentrated within the Northern Uplands and Central Highlands regions, where many ethnic minority people live. The Northern Uplands have the highest incidence but the Central Highlands the greatest depth of poverty (PWG, 1999). The Government and many donors are becoming concerned that Vietnam's exceptional growth performance is concentrated in a few, coastal and urban, growth poles. Although these disparities are not yet showing up in official statistics on inequality (for example, the Gini coefficient only rose marginally between 1993 and 1998), the spectre of an increasing gap between 'rich' and 'poor' is central to many debates on future economic policy (CPRGS, 4<sup>th</sup> draft).<sup>5</sup>

Gradual political and economic liberalisation has accompanied rapid economic growth and poverty reduction during the 1990s. Vietnam has made considerable efforts to adapt its institutions and laws to the chang-

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<sup>5</sup> Because of the periodic nature of household surveys, it is usual for indicators of inequality to lag those of other living standards. For example, in the case of China, the extent of the dramatic shifts in income distribution failed to appear in official statistics until the late 1990s, although anecdotal observation suggested that inequality was rising a staggering pace in the 1980s.

ing needs of a market economy. Moves towards public administration reform, fiscal transparency, decentralisation and improved procedures for petitions and complaints have all been introduced. The media, while still state-owned, has become a little more open. Meanwhile restrictions on domestic and international trade have been gradually reduced, and with the Vietnam-US free-trade agreement and possible accession to the WTO, tariffs are set to fall dramatically. Vietnam has also become much more open to outside influences with access to foreign newspapers, the Internet, and increasing numbers of tourists in recent years.

One of the distinguishing features of the Vietnamese context is the high level of national ownership of policies, programmes and projects. In contrast to many developing countries, Vietnam poses a substantial cadre of trained government staff who is able and willing to engage in policy dialogue with donors. Despite now receiving substantial quantities of aid (see below), Government agencies insist on engaging in extensive and frequent consultations at all stages of project preparation, implementation and review. The Government also operates strict guidelines concerning which types of activities and donors they will accept loans (as distinct from grant finance) from. It is not uncommon for negotiations with the major donors to be stalled for several years on matters of principle. For example, the PRGF-PRSC took more than four years to negotiate with the International Monetary Fund and World Bank.

To this end, Sweden has established long-term co-operation relations with a number of Vietnamese institutions, including the Government Committee on Organisation and Personnel, General Department of Land Administration, General Statistics Office, Ministry of Justice, National Environmental Agency, Office of the National Assembly and various university departments. These long-term institutional linkages provide Sida with a platform to provide advice and engage in policy dialogue with the Vietnamese Government on a number of politically and institutionally sensitive issues.

In recent years, there has been a dramatic growth in the number of aid donors operating in Vietnam and the amount of grants and loans received. From a situation in the mid 1980s, when Sweden was one of just three significant aid donors (with the UNDP and USSR), there are now 25 bilateral and 19 multilateral donors making grants and loans to Vietnam. In addition, there are some 350 international NGOs and over 8,000 donor projects. Net disbursements of Official Development Assistance (ODA) in 2000 were USD 1.7 billion and are estimated to have risen to USD 1.75 billion in 2001 (around 5 per cent of GDP). This has made Vietnam the largest recipient of ODA (both as a percentage of GDP and per capita) in Asia and indeed one of the largest aid recipients in the world. Loans, primarily from Japan and the multilateral banks, constitute

85 per cent of ODA disbursements. By 2000, Sweden ranked as the sixth largest bilateral donor after Japan, France, Germany, Denmark and Australia (Table 1). In 1999–2000, Swedish bilateral aid to Vietnam constituted 2.2 per cent of gross ODA receipts. As a consequence Sweden’s relative significance as a donor in Vietnam has declined while competition between donors in certain sectors (for example, governance, rural development and infrastructure) has increased.

**Table 1: Vietnam’s Major Aid Donors**

Official statistics until the late 1990s, although anecdotal observation suggested that inequality was rising a staggering pace in the 1980s.

<b>Donor</b>	<b>Gross ODA US\$ millions (1999–2000 average)</b>
Japan	809
Asian Development Bank	195
IDA	166
France	72
Germany	50
Denmark	40
Australia	38
Sweden	35
Belgium	26
Netherlands	15

Source: OECD (2002)

Note: ODA disbursements for the year 2001 are not yet available.

# Section 4

## The Swedish Context

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Sweden has a long history of development co-operation with Vietnam, being one of the few Western governments to have maintained diplomatic relations with Hanoi during the Vietnam-US war. Development projects began with the establishment of the Bai Bang pulp and paper mill in the 1970s, and have gradually changed their emphasis from ‘hardware’ to ‘software’, with an increasing focus on capacity building and institutional strengthening. Many debates about Swedish development co-operation in Vietnam are shaped by the particular history of Sweden as an early, committed ally of Vietnam during the 1965 to 1975 war with the USA and the post-colonial attitudes of other Western Governments (in particular, France). The important questions of whether this ‘special relationship’ endures, and in what sense it should be nurtured, are discussed in Section 5.2 and 6.4. We deal here with a different set of issues: the way in which Swedish development co-operation is organised, and the implications for any attempt to evaluate a CS, whether in Vietnam or elsewhere. Obviously, there is a great deal that could be said on this topic. Here we restrict ourselves to four inter-related factors of the organisation of Swedish development co-operation that we believe are especially significant:

1. Compared to most other aid donors, Sweden disperses its bilateral development assistance quite widely over many countries. Further, those countries tend to be very diverse in almost every sense of the term except that they do tend to be quite poor (Fuzzo de Lima, 2002; White and McGillivray, 1995).
2. Within the development co-operation program, authority is widely dispersed. First, it is shared between the MFA and Sida in Stockholm. This institutional division is replicated within embassies in partner countries. Second, within Sida, both sectoral and regional departments are relatively influential. Third, the development co-operation section of a number of embassies in a number of countries (including, since 1999, Vietnam) have ‘fully delegated status’ with respect to their activities. Partly as a consequence of the previous points, the occupants of individual posts within Sida often have considerable authority to shape policy and practice.



3. In contrast to many non-Nordic donor countries, the Swedish Parliament and the mass media are actively and continuously engaged in monitoring and discussing the development co-operation program. This increases the pressures on field staff in Embassies continually to take 'Stockholm' perspectives into account (Lancaster, 1999: 158).
4. Virtually all development co-operation specialists agree that an important constraint on aid effectiveness is the relatively short tenure of individuals from aid agencies in field postings. While precisely comparable figures are not available, the Swedish program is characterised by relatively short tenure in field posts. The Swedish norm is a two-year initial posting, while it is three or four years in many comparable bilateral aid organisations (e.g. the UK Department for International Development, the Netherlands Ministry for Foreign Affairs and the Swiss Development Co-operation agency).

The combination of these factors helps produce an operational environment that has the following features:

1. There are multiple 'strategies' (documents and processes): for the Swedish program as a whole; for sectors (e.g. democratic governance) and regions (e.g. Asia); for crosscutting issues (e.g. gender and poverty); and for individual partner countries (CSPs) within the Swedish program. Many of the Sida staff interviewed referred to the number of formal strategy statements and processes they were expected to take account of in their work. Some of the strategies are not fully consistent with one another and could, in principle, even cancel one another out. This leaves scope for field decisions that are only weakly influenced by strategic principles.
2. Actual operational policy in particular development co-operation/countries partners is often the subject of continuous negotiation between Sida and the MFA, between representatives within different parts of these organisations, and indeed between different individual perspectives.

We emphasise that the paragraphs above are not intended to imply any criticism of the organisation of Swedish development co-operation. There are many ways of organising such programmes, and we have no basis for suggesting that the Swedish approach is a particularly good or a particularly bad one. One can see strengths as well as potential problems in the operational environment sketched out above. In particular, it generates strong political support at home and permits considerable responsiveness to changing local circumstances in partner countries. It is important to recognise that any mode of organisation incurs trade-offs: it may make some things relatively easy, and others relatively difficult. However, these factors underlying the organisation of Swedish development co-op-

*Photo:  
Global Reporting/  
Victor Brott*



eration do make it relatively difficult for the Swedish agents involved (a) to agree to a CS for individual partner countries that is explicit in many details, and therefore either over-rides or is in total conformity with other (regional, sectoral, thematic etc.) Sida strategies, and (b) to make that CS authoritative in the implementation process. Instead, as our interviews with Sida staff indicate, the CS is likely continually to be modified in response to other pressures.<sup>6</sup>

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<sup>6</sup> The evaluation team only became aware of the significance of many of these issues while conducting the Vietnam CS evaluation. While, our Terms of Reference do not call on us to examine in detail the Country Strategy for Vietnam in the context of other Swedish development co-operation strategy documents or processes, we think it is important to make these points about the Swedish context.

# Section 5

## Implementation of the Country Strategy

The implementation of the Swedish CS for Vietnam 1999–2003 has been influenced by a number of factors that could not have been foreseen at the time that the CSP was prepared. This section enumerates the major influences on the implementation of the CS together with their consequences in terms of the Vietnam-Sweden development co-operation program. We first outline four general influences on the implementation of the CS before discussing in detail the three sectors (democratic governance and human rights, rural development and the environment, private sector development) defined in our terms of reference.

### 5.1 General influences on the implementation of the CS

As noted in Section 3, the country context in which the CS was implemented was a broadly favourable one. Unfortunately, the context of development co-operation within Sweden was not so favourable. Within six months of the launch of the CS, the Embassy was forced to recommend an across the board reduction of 10 per cent in the budgets of all going projects together with the extension of time of on-going projects by one year or more without additional budgetary allocations. This ‘financial squeeze’ was a consequence of two factors: the disbursement ceilings introduced by the Swedish Ministry of Finance in March 1999, and the simultaneous uncovering of a 30 to 35 per cent over-run of the Vietnam country frame allocation.<sup>7</sup> Although an additional SEK 30 million was subsequently allocated to the country frame in 2000, another Ministry of Finance decision to move the financing of most field staff from the Sida recurrent budget to the co-operation budget created further difficulties

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<sup>7</sup> A number of different estimates of the over-run of the country allocation are available. According to the planning schedules for April 1999, estimated disbursements for 1999 exceeded the country allocation + reserves by some 68 per cent. By June, with deferral of some SEK 80 million of expenditures from the 1999 to 2000 FY and utilisation of SEK 41 million of reserves, this figure had been reduced to 30 per cent, with projected overruns of 35 per cent expected in 2000 and 2001 (Joint Working Group Minutes, June 1999).

for the Vietnam program in the second half of 1999 (in 2001, a more flexible regional frame budgetary system, with indicative country allocations was introduced). While the actions taken over the next two years to adjust to these changed budgetary circumstances were sensible and pragmatic, one especially unfortunate consequence of the financial squeeze was that all new projects were 'screened out' from 1999 until 2001.<sup>8</sup>

The Swedish 'budgetary squeeze' also led to a hardening of the Government of Vietnam's management of Swedish aid. In August 2000, the MPI representatives on the Joint Working Group expressed a number of concerns regarding the balance between on-going projects, extended projects and new projects. Accordingly they announced limits on the extension of projects (for example, projects signed before 1999 were not to be extended beyond December 2001) and recommended that the preparation of new projects should be done independently from on-going ones. These limits on the extension of projects affected the timeframes for a number of projects in the energy, rural development and environment areas. However, the preparation of new projects does not seem to have been done independently of existing ones. Indeed, following requests from the individual co-operation partners, bridging phases for a number of projects came into effect in 2001 and 2002.

A third factor influencing the implementation of the CS was the explosion in partnership groups and donor co-ordination since 1999. At the time when the CSP was prepared, there were just two partnership groups in existence (the International Support Group in agriculture and the Health Working Group). By mid 2002, this has mushroomed to 26 partnership groups spanning almost every field of donor activity (See Annex 3). The explosion of partnership groups was an indirect consequence of the dramatic growth in the number of aid donors operating in Vietnam outlined in Section 3, and a direct result of multilateral donor initiatives such as the Comprehensive Development Framework (February 1999) and the Poverty Reduction Strategy Papers (September 1999). With a field staff of between 12 and 14 Swedish and national program officers, the capacity of Sida to engage in all these partnership and working groups was clearly limited. Indeed, it would be no exaggeration to say that if the Embassy had participated fully in all the partnership and working groups to which they were invited, there would have been little staff time left for doing anything else. On the other hand, attending partnership groups in areas where Sweden had a comparative advantage and substantial interests was important in order to exchange information, co-ordinate donor activities and, in some cases, leverage the outcome of joint donors' activities (e.g. the Legal Needs Assessment). Clearly, a bal-

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<sup>8</sup> A proposal by the Asia Department and Embassy in June 1999 to mandate the Embassy to exceed the country allocation by 10 per cent by 2002 to create some space for new projects was rejected.

ance needed to be struck between active involvement in key donors partnership groups and limited or non-involvement in those outside Sida's areas of special interest and comparative advantage.

Accordingly, in January 2002 the Embassy formulated a more strategic approach to involvement with partnership groups, by classifying the (then) 25 groups in 4 categories (high, medium, low and negligible priority) with corresponding levels of involvement by Sida field staff.<sup>9</sup> This document recognised that, as pointed out in the Swedish statement to the 2000 Consultative Group meetings, partnership groups vary considerably: from partnerships with clear government ownership and leadership to partnerships that are mainly donor owned and led. It recommended that the Embassy should promote those partnerships that are government led and owned, which are representative and non-exclusive, and which have clear objectives, targets and working arrangements.

In addition to its engagement with the partnership groups, Sida's involvement with the Vietnam 'Likeminded Group's study on 'ODA management, procedures and possibilities for harmonisation' deserves mention. This study, conducted in 2001, could have an important impact on aid modalities in Vietnam by simplifying donors' aid management procedures and building-up a common vocabulary of development co-operation. Yet, it was also a time-intensive process that could not have been predicted at the time the CSP was prepared.

A final factor influencing the implementation of the CS was the administrative and dialogue capacity of Sida's field staff in Vietnam. Despite having the largest Sida staff complement of all embassies in Asia, the 1999 CP indicates that the 12 staff then in the Swedish Embassy in Hanoi were responsible for the administration of no less than 34 grant financed projects, seven credits, four funds, and two evaluations. In addition, as described in the governance section below, Embassy staff was engaged in wide-ranging dialogue with the Vietnamese Government on various policy issues. With the increasing need for dialogue capacity due to the explosion of donors groups in 2000 and 2001, Sida field staff say they found themselves stretched to the limit. While Sida HQ in Stockholm approved some requests for additional sector staff time, others were turned down and this meant that certain important activities (e.g. Sida's active participation in the donor Poverty Working Group) could not be sustained. We shall return to this point about the need for the administrative and dialogue capacity of the Embassy to be commensurate with financial resources at various points below.

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<sup>9</sup>How to relate to and manage the 'trust-funds', partnership groups and similar arrangements', internal memo, Sida Hanoi, 15 January 2002.

The rapid turnover of Swedish field staff should also be noted. During the first two years of implementation of the current CS, four of the seven Sida staff in the Embassy were rotated, while the remaining three (including the Development Counsellor) changed in 1998 after the CSP was adopted. Such frequent rotation of field staff is bound to disrupt the continuity of dialogue activities with the Vietnamese Government, not to mention the implementation of Sida's project portfolio.<sup>10</sup>

## 5.2 Democratic governance and human rights

Democratic governance and human rights is one of the key areas for Swedish co-operation with Vietnam. Although the amount allocated to these areas under the CCA is just SEK 81.2 million<sup>11</sup>, in terms of staff it is the largest sectoral area with two Swedish Program Officers, one full time and between two and three National Program Officers in the Hanoi Embassy working on governance issues (although only one of these people works on governance full-time). It is also characterised by a multiplicity of projects with a large number of organisational partners.

Sida (and other donors') activities in the governance sector in Vietnam are constrained by several factors. First, despite continuing political liberalisation, development co-operation has to operate within the framework of a single party – the Communist Party of Vietnam (CPV). There is no indication that this situation is likely to change within the near future. Second, independent civil society is underdeveloped. Most non-political, non-governmental associations that exist are members of the CPV controlled umbrella organisation of the Fatherland Front. Third, several governance issues that donors would like to work on such as human rights and independence of the media are politically sensitive. Fourth, governance reform projects involve intensive, high-level policy dialogue that is time consuming. Fifth, a high degree of democratic centralism in Vietnam leads to a 'stop-start' nature of governance projects depending upon the current preoccupations of Vietnamese policy elite. Finally, the Vietnamese Government's cautious stance towards governance projects in sensitive areas as well as the high degree of centralisation of government results in a dominance of central level organisations in aid projects.

At the time of adoption of the CSP in 1998, the governance program consisted of six main components. The overall portfolio of projects consisted of many small projects with different kinds of project partners with

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<sup>10</sup> In direct contrast, many of the National Program Officers in the Hanoi Embassy have been in post for more than 10 years.

<sup>11</sup> SEK 61 million of this was inside the old 'Country Frame' and 20.2 million outside it. Note that prior to 2001, some governance projects (e.g., GCOP I and the Quang Tri Public Administrative Reform) fell under the 'Administrative and Economic Reform' budget head.

no apparent coherence – a sum of initiatives taken on a responsive basis. It should be noted that no (completely) new major projects were initiated during the CS period,<sup>12</sup> although a decision was taken (in line with the orientation of the CSP) not to initiate any further projects in the area of economic reform. During the strategy period there was also a deliberate attempt to mainstream governance issues, for example through support to the “grassroots democracy” (Decree 29).

- a) Economic reforms: A set of projects that supported the economic reform process including support to the Department of Taxation, the General Statistics Office, the National Economics University.
- b) Administrative reforms: This consisted of support in personnel management to the Government Committee on Operations and Personnel (GCOP), the Quang Tri PAR project and support to the Prime Minister’s Research Commission.
- c) Culture and media support: There were two main governance components to this support – training of journalists on reporting and support to radio programming and broadcasting, especially live broadcasting.
- d) Legal reforms: This project had four main components – support for law-making, legal education, legal information and legal aid. Apart from the legal aid project that took off after the CS was adopted, the components have been through earlier phases.
- e) Human rights training: Support to the Vietnamese Research Centre on Human Rights (a department within the Ho Chi Minh Political Academy) for training of Assembly members, judges, prosecutors and police in human rights.
- f) Gender and Environment Funds: These projects were established as a means of encouraging nascent civil society organisations in non-controversial sectors. The Swedish Environment Fund is discussed in the next section of this report.

The 1999 CSP states that one of the two main objectives of Sweden’s development co-operation with Vietnam should be ‘to promote openness and development toward democracy and increased respect for human rights’. The CSP put democratic governance and human rights firmly on the agenda, and enabled the assignment of an additional Swedish Program Officer to the Embassy on a temporary basis. In the remaining doc-

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<sup>12</sup> There have, of course, been some projects initiated since 1999, such as the corruption study, the local democracy project and the journalist-training project. However, none of these were entirely new projects. The Quang Tri PAR project, for example, had its roots in a proposal by GCOP in 1996 to fund PAR in Bac Thai and Quang Tri.

umentation related to the CS (the CCA, AMACs and CPs), there is almost no discussion of strategic issues related to governance. Given the sensitive nature of most issues related to governance, we are not surprised that there are no explicit statements of strategy in these documents. The sum of the trajectory of individual projects over the period between 1999 and 2002 makes it possible to discern an implicit strategy within the governance sector, however. Our discussion of this implicit strategy can be crystallised around six elements:

- a) *Continuing to work principally with the Government of Vietnam.* In the absence of credible civil society organisations that have the capacity to absorb aid, this is the only practical strategy. In Vietnam, most associations are controlled (and often funded) by the state. Independent civil society organisations in the Western sense do not exist. Although this situation is increasingly changing with the withdrawal of state funding for mass organisations, with the rapid increase in their number and variety, and with the increasing tolerance of criticism of government, all donors are rushing to support the nascent civil society organisations that exist. However, Sida has no particular comparative advantage in the sector. In contrast, Sweden's long history of co-operation with Vietnam through the difficult period of the "American war" has given it a close relationship with the Government that it has used to work on sensitive issues. The viability of the governance strategy depends on the future of this 'special relationship.'
- b) *Working with a multiplicity of partners and projects.* The implicit aim is to promote pluralism within the state apparatus by identifying and working through a multiplicity of institutions with reformist orientations to create several locations of power and capacity. There are at least ten major project partners in the area of governance. Given the high risk and uncertainty that characterises governance projects and the varied pace and absorption capacity of institutional partners, this is also a strategy of hedging risks: the governance program does not stand or fall on one large project. If progress in one project stalls, other projects could take up the slack.
- c) *Moving towards support of provincial and local governments.* In keeping with the strategy of promoting pluralism within the government, Sida is seeking to directly support provincial governments. This is only recently becoming possible within the governance area. In the public administration reform area, for instance, a significant success has been in support of the Quang Tri project that involves administrative reform, training and capacity building of provincial departments and the Provincial People's Committee.



- d) *Reorienting governance projects away from only strengthening the state apparatus.* This is really an extension or qualification of point (a). Sweden has sought to strengthen components of projects that promote political reform through the liberal political conception of democracy, such as citizen involvement in governance. For example, there is an emphasis on increasing accountability, transparency and access of citizens to information in the legal sector and PAR projects. In the media and culture projects, there was a deliberate decision not to create an institute for journalism on the grounds that it could make the state controlled media more effective. Instead, the project was focused on the training and networking of individual journalists. There has also been a shift from awareness raising to implementation as seen in the Quang Tri PAR project.
- e) *Encouraging twinning of Swedish institutions with Vietnamese institutions.* Several of the projects involve twinning arrangements with Swedish institutions, including twinning Hanoi Law University with the University of Lund; the Office of National Assembly with the Swedish Parliament Administration; and the Vietnamese Research Centre for Human Rights with the Raul Wallenberg Institute. This seems to fit the strategy of using comparative advantage – exploiting Swedish expertise and mutuality considerations. It cannot, however, be assumed that twinning will reduce demand on Sida staff capacity. The actual impacts of such a strategy on dialogue capacity needs to be empirically established.
- f) *Breaking new ground.* Within governance Sida seems to have played a strategic vanguard role, breaking ground in sensitive areas of governance and then moving on when the area has been opened up to reform. This is evident from the early role of Sida in legal sector reforms, personnel reforms in public administration, local democracy and the development of the role of the media. More recently, Sida is the only donor working in the area of human rights related to investigation, prosecution, court procedures and law enforcement. This has been possible partly because of Vietnam's willingness to engage in dialogue with Sweden on new and sensitive issues due to the longstanding co-operation between the two countries. Most observers agree that the governance program that has resulted from this strategy is a strong one.

In the future, the Sida governance program (and the future CS more generally) in Vietnam will have to respond to four main challenges:

- a) *The dialogue-capacity of Sida staff.* The ability of the co-operation program to use financial support effectively rests to a large extent on the dialogue capacity (absolutely and in relation to other donors) of Sida

field staff as well as of the Vietnamese government. The governance program by nature is dialogue capacity intensive, particularly if it pursues a strategy of promoting pluralism within the state and working with a multiplicity of organisations and partners. New provincial partners (e.g. the Quang Tri Provincial People's Committee) are particularly demanding in terms of Sida dialogue capacity particularly in the start-up phases. If Sida is to continue playing a vanguard role in sensitive areas and responding opportunistically to openings in democratic governance, this will place a greater demand on dialogue capacity. The increasing number of donors active in the government sector, and the need to engage in working and partnerships groups is likely to increase rather than reduce Sida's own requirement for dialogue capacity in the field.

- b) *Limited dialogue-capacity of senior Vietnamese officials.* The extent and pace of reforms in democratic governance are heavily influenced by Vietnamese commitment and capacity. At present the scarcity of high-level policy dialogue capacity is a pressing issue, in general and also from the perspective of the country program. Because most governance programmes are personnel intensive on the recipient side (involving training, research, policy development, technical assistance, study visits etc.) even a small governance project can increase the demands on government organisations and personnel. One result of this might be that dialogue capacity (and consequent impetus for reform) will be directed to areas of Vietnamese priority, particularly where strong arguments can be made for improved efficiency, effectiveness and legitimacy of the government and away from more sensitive areas such as corruption or human rights.
- c) *The 'stop-start' nature of governance projects.* The sensitivity of many governance issues combined with a high degree of government ownership and democratic centralism has caused many governance projects to have a 'stop-start' nature. Decisions have to be continuously approved by the political elite and can take a considerable time to be passed. Moreover, a change in the Government's priorities (depending on issues of political salience of the day), or the sudden urgency of an issue (for example, the directive to downsize government agencies) can shift attention away from on-going governance projects. Sweden will have to continue to respond with considerable agility and flexibility to this inherent 'stop-start' nature of governance projects.
- d) *The future of the 'special relationship'.* So far, the governance program has been mostly bilateral. This is not a criticism of the implementation of the CS, especially as the CSP explicitly states this orientation. There are good justifications for this position, in particular Sida's ability to

dialogue with the Government of Vietnam on sensitive governance areas (for example, reform within the Ho Chi Minh Political Academy) and the counterweight that Sida can offer the Government on issues where multilaterals are pushing their own international agendas. However, two issues need consideration. First, the 'special relationship' can lead to a number of projects that are based on dialogue with the Government that are difficult to evaluate in standard terms. Second, in an era when most donors are narrowing their governance agendas, Sida's small but highly diverse program leaves it open to the criticism of not being very efficient or professional. There are very real differences of perception on this issue. On the one hand, the Swedish view is that the Government of Vietnam asked for Swedish bilateral support for reviewing the sensitive area of corruption. Donors on the other hand see themselves as letting Sweden "take the lead" in this area in view of its 'special relations' with the Vietnamese Government. Donors do not, however, necessarily agree with Sida's approach of letting the Government drive the pace of reform. This places Sida in a dilemma: by pushing the Vietnamese Government too hard its 'special relationship' is threatened, and by not pushing hard enough, Sida endangers its credibility with other donors.

Recent initiatives at the Embassy level are responding to these challenges by attempting to make an explicit strategy for governance. In October 2001, the governance staff at the embassy undertook a project to develop a strategy for democratic governance in Vietnam. The project document acknowledges that at present 'the Embassy does not have any strategy or operational plan for promoting democratic governance'. The aim is to generate a document that will organise: (a) direct project support; (b) mainstreaming of democratic governance in all sectors and activities; (c) co-ordination of assistance through Swedish NGOs; (d) critical issues for political dialogue; (e) the relation to regional activities; and (f) Swedish involvement in donor co-ordination. The work on the strategy to date has focused on the opportunities and constraints offered in the Vietnamese context to further the goals of democracy, human rights, and good governance. The next steps would involve addressing internal issues such as comparative advantage, expertise, resources, and staff capacity in order to put together a coherent and logical program. In addition, there is an initiative to develop a strategy for engaging in donor partnership groups that can help Sida resolve issues related to dialogue capacity in the governance sector.

## 5.3 Rural development and the environment

Projects in the rural development and the environment sectors are the third largest area (both in terms of allocation under the CCA and disbursements in 1999–2001) in Vietnam-Sweden co-operation. This is also the area in which Sweden has its most long-standing involvement in development co-operation with Vietnam starting with the Bai Bang paper and pulp mill in the 1970s.

The 1999 CSP lists measures targeted at economically and socially disadvantaged areas and groups, and support for efforts to promote sustainable development among its five areas for concentration. Especially, it mentions assistance to help agricultural households improve their living standards, support for cross-sectoral research on the improvement of living conditions (in particular in Northern Vietnam where many ethnic minorities live) and support for primary health care services under measures targeted at disadvantaged areas and groups. The development of capacity and systems to facilitate compliance with environmental legislation and protect environmentally vulnerable areas (in particular coastal zones) and sectors are mentioned under measures to promote the conditions for sustainable development. An examination of the project portfolio since 1999 indicates that these are indeed the areas in which Sida has been active in the rural development and environment sectors.

Before making some brief comments on the project portfolio, it should be noted that the results analysis part of the CSP contains relatively little explicit discussion of rural development issues, although there is a more detailed discussion of environmental concerns. Instead, the document's focus on economically and socially disadvantaged areas/groups appears to stem from its analysis of the concentrated pattern of Vietnamese economic growth, and the associated inequities between rural and urban, between highland and lowland areas, and between different ethnic groups that were (and are) emerging.

The project portfolio in the rural development and environment sectors since 1999 has consisted of five projects of widely varying scale. These are:

- a) The Mountain Rural Development Project (MRDP) focusing on the development and testing of methods and systems for productive and sustainable land use (including forest management) in the upland areas, together with institutional development in the Ministry of Agricultural and Rural Development and its provincial counterparts. This large project also had rural finance, business development and various other components and in many ways resembled an integrated rural development project (SEK 158 million).

- b) The Co-operation Program on Land Administration Reform (CPLAR) whose overall aim was to develop laws, decrees and regulations for land use reform as well as strengthening the capacity and competence of the General Department of Land Administration. This was to be achieved via a twinning arrangement with the Swedish National Land Survey Organisation (SEK 67 million).
- c) Strengthening the Environmental Management Agency (SEMA) which aimed to enhance the capacity and policies of the newly established National Environment Agency, together with establishing an environmental inspection service. Another twinning arrangement with the Swedish Environmental Protection Agency, together with technical assistance from the IUCN, was involved (SEK 33 million).
- d) Provincial Coastal Management aimed at enhancing institutional capacity to manage and develop marine and coastal areas in the provinces of Nghe An and Quang Binh (SEK 11.5 million).
- e) The Sida Environmental Fund (SEF), a small and more or less self-administering project, evaluating and funding locally based mini-projects aimed at environmental awareness, promotion and protection (SEK 3 million).

In addition, during the CS period, the Swedish co-operation program has funded reports on environmental studies and research by the Upland Working Group.

It should be noted that all of these projects were already underway, at the time the Embassy's work on developing the 1999–2003 CS documents began: MRDP having started in mid 1996 and the CPLAR, SEMA and SEF in mid 1997. The Provincial Coastal Management project had begun in late 1995 and should have been completed in October 1998 but was subsequently extended until October 2000. The MRDP was also extended from a three-and-half to a five-and-half year project, finally ending in December 2001. Both CPLAR and SEMA, which were originally three-year projects, were extended until the end of 2001. Two factors drove these project extensions: the slow implementation of project activities, and the 'financial squeeze' caused by the imposition of a financial ceiling in early 1999 and the 35 per cent overrun of the Country Frame (see Section 5.1). These extensions together with the Joint Working Group's unwillingness for projects to be extended beyond December 2001, caused a major concentration of work for the two program officers (one Swedish and one Vietnamese) in the Embassy responsible for the sectors.

A number of wider issues concerning co-operation in the rural development and environment fields emerge from our examination of the current project portfolio.

First, the question of donor proliferation and collaboration needs to be addressed. The rural development sector has become one of the most crowded and competitive sectors in Vietnam. An audit of projects under implementation conducted by UNDP in 2000 revealed that there were over 430 donor projects co-ordinated by the Ministry of Agriculture and Rural Development. Many of these donor projects are managed by powerful departments or units within the Ministry, reflecting the priorities of the three ministries (agriculture, forestry and water resources), out of which they were formed in late 1995. Meanwhile donor activity in the environment sector is increasing while the responsibility for natural resource and environment management is split between no less than 14 ministries and 10 state committees/general departments (VDR 2001). The response that has emerged to such crowding among donors and their Vietnamese partners, is for donors to increasingly focus their activities on a few carefully selected areas/provinces and co-ordinate their activities via the rapidly expanding number of partnership groups. Sida (and MRDP) staff played an important role in establishing the International Support Group for Agriculture and Rural Development in 1998 and, more recently, the International Support Group for the Environment. Sida activities in the rural development and environmental sectors have, however, mostly concentrated on bilateral capacity building projects with selected agencies and provinces. Only in Ha Giang and Tuyen Quang, one of the MRDP provinces has there been co-financing with another donor (IFAD). While such bilateralism makes sense from the point of view of maximising the potential benefits of individual projects, there is a danger that Sweden may be seen as reluctant to engage in partnerships by the donor community (see Section 6). This is unfortunate as, in some areas, such as upland development and environmental management, other donors recognise Sweden's comparative advantage.

Second, no clear and transparent criteria for the extensions and renewals of projects have been established. When combined with the impact of the 'financial squeeze' of 1999–2001, this has led to considerable 'rolling over' of the project portfolio.<sup>13</sup> As noted above all five of the projects in the sector portfolio were already under implementation by 1997. Two of these projects (CPLAR and SEMA) are now in bridging phases, while following an independent critical (some would say "over-critical") evaluation the largest project (the MRDP) has been reoriented to be a provin-

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<sup>13</sup> It is important to note that this does not mean that the projects did not evolve. In the case of the MRDP, for example, it is clear from the mid-term review that the project significantly reoriented itself towards poverty reduction and community participation in local development during implementation. The Community and Village Development Funds pioneered by the project in 2000–2001 are regarded as highly successful and are being replicated by a number of other donor poverty focused projects.

cial Poverty Alleviation Program (PAP), operating in three provinces (two of which are former FCP/MRDP provinces). Discussions are ongoing concerning integrating coastal management issues into the second phase of the CPLAR and the PAP plus a Phase II for the SEF. In the documentation reviewed, the rationale for the granting of bridging phases and negotiating follow-on projects is rarely made explicit, although it is recognised that important activities have been conducted during bridging periods. As such the extent to which the CS was able to influence the rural development and environmental portfolio is unclear.

Third, the poverty focus assumed for many sector activities needs to be carefully examined. On one level, Sida's rural development projects may be considered well targeted towards the poorest provinces and districts (and to many poor and disadvantaged communes). On another – more disaggregated – level, the benefits of the co-operation may not have reached the poorest of the poor: who often lack the land, labour, skills and time to adopt the applied agricultural, forestry, fishery and business models developed. For example, while MRDP worked in five of the poorest provinces in the country, and around half of the 70 communes in which it worked are included in the government list of poor communes, many program benefits have not reached the poorest people living within these communes (Lindahl *et al.*, 2001). Similarly, the recipients of land registration certificates under the CPLAR are concentrated in lowland rural areas. Landless rural households (an increasing phenomenon in the Mekong Delta), owners of communal forest land, and most urban settlers have effectively been excluded from the program.<sup>14</sup> This is a common problem with poverty-focused projects and it is also common in other donor and indeed other countries' projects. Nevertheless, there should be awareness that upland development and land reform is not synonymous with poverty reduction.

Finally, some tough decisions will need to be taken in the near future within the environmental portfolio. The two agencies with which Sida works, the Ministry of Science and Technology and the National Environmental Agency, are both relatively young, have small budget allocations and limited mandates, and lack influence with other Ministries and agencies (VDR 2001).<sup>15</sup> Clear criteria and metrics for measuring and evaluating the success and cost-effectiveness of these (and other) capacity building projects have simply not been established. Yet under-performing

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<sup>14</sup> By late 2000, 90.5 per cent of household users of agricultural land had been issued with land tenure certificates compared to 49.5 per cent of household users of forestry land, and 14 per cent of urban households.

<sup>15</sup> After the completion of the fieldwork and the drafting of the reports, a new Vietnamese Ministry has been created that has the portfolio of land administration and the environment: the Ministry of Natural Resources and Environment. The Ministry was by mid October 2002 not completely established.

projects cannot be renewed and extended indefinitely, especially when their impact on capacity development and lower levels of Government (i.e., in provinces and districts) have not received independent verification. Clear criteria for judging whether projects are not performing as desired, together with appropriate exit strategies, are needed by Embassy staff. In contrast, there are some small projects (e.g., the Sida Environment Fund), which have been very successful at stimulating grass-roots initiatives and involved relatively little of the Embassy's scarce staff time.

To sum up, a review of the wider aspects of Swedish co-operation in the rural development and environment sectors seems overdue. There appears to be a need for a mini-strategy for support to the rural development and environment sectors to be prepared (along the lines of the strategies for support to governance and the private sector that have recently been drafted by Sida field staff). In addition to allowing Sida to take a more holistic view of co-operation in the sector at a time when the Swedish program officer in Hanoi changes, such a mini-strategy document could serve as a valuable input to the new CS process.

## 5.4 Private sector development

To date, Sida's private sector development (PSD) program in Vietnam has been both small and diverse.<sup>16</sup> The SEK 55 million allocated to PSD under the CCA is spread across three broad areas: support for reform of the State Owned Enterprises (SOEs); the promotion of small, micro and medium enterprises (SMMEs); and the promotion of trade and investment in particular between Sweden and Vietnam. This is in accordance with such explicit statements of PSD strategy as are available. The current CSP contains one brief but explicit reference to PSD, presenting it as a continuation of Sida's previous support to industrial development in Vietnam:

'Industrial<sup>17</sup> development should continue to focus on supporting the economic reform process by promoting the possibility of the private sector and reforms of the state sector. For example, assistance for the privatisation of state-owned enterprises and reforms of the financial sector might be considered.'

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<sup>16</sup> There are many definitions of the scope of PSD. Within the maximal definition, PSD is any policy or intervention designed to promote the private sector. Since virtually all aid recipient countries, including Vietnam, either basically follow market economy principles or are going rapidly in that direction, such a definition could encompass a high proportion of all aid activities. For the purposes of this evaluation, the maximal definition is not useful and mostly confusing. So when we talk of PSD, we refer therefore only to activities likely to fall within the domain of Sida's Department for Infrastructure and Economic Co-operation (INEC), i.e. relatively direct promotion of private enterprises.



In addition there is a statement of support for the principle of ‘mutuality’ that appears in part to signal a concern to expand trade and investment between Vietnam and Sweden.

The ambiguity and imprecision of these statements was deliberate. At the time they were written, it was not acceptable to the Vietnamese government to talk positively of the *private* sector. Both language and policy were strongly biased in favour of SOEs, and the Government of Vietnam showed no interest in having donors give direct support to the non-state sector. The situation has changed in important ways since the CSP was drafted. First, the reform of the SOEs has continued, albeit at a slower rate than most donors have urged.<sup>18</sup> Second and more important, the private sector has become more acceptable. A key event here was the new Enterprise Law that came into effect early in 2000. In addition, there are some signs of an increasing tolerance for private sector support organisations (notably, relatively informal local business clubs) not directly controlled by the state.

The CSP itself provides no clear guidance on a PSD strategy for Sida. Such decisions as have been taken over the current CS period have generally been pragmatic, *ad hoc* adaptations to (rapidly changing) circumstances. Indeed until January 2001, the PSD program was managed by the responsible sector department (INEC) from Stockholm with secondary input from the Embassy in Hanoi. The various decisions concerning the Swedish PSD strategy in Vietnam are little documented – indeed, barely mentioned – in the CCA, CPs and other documents that make up the wider CS. However, in comparing Sida policy in this sector with other sectors, our emphasis is less on the *ad hoc* nature of strategic decision making than on the fact that there has been low disbursements and few substantial decisions of any kind. This conclusion becomes clearer if we list the main points about Sida’s PSD projects and policy, in its various dimensions, over the current CS period:

The Sida project portfolio in PSD in Vietnam since 1999 has consisted of two main projects:

- a) The SYB/IYB (‘Start Your Business’/‘Improve Your Business’) project, which involves the training of private entrepreneurs and the dissemination of training materials. This project is implemented by

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<sup>17</sup> This term is used in the unauthorised translation of the CSP for – “Näringslivsutveckling”. However, the Swedish term encompasses a larger concept than industrial development as it included all business activities – private and public.

<sup>18</sup> Note that there are disagreements over how much reform has taken place, and of what type. Some observers argue that there has been considerable reform of SOEs, including much major restructuring, but this reform is locally-designed, does not meet the donors’ specifications, and is therefore to some degree either invisible to, or understated, by donors.

the local office of the ILO and, increasingly, by the Vietnamese Chamber of Commerce and Industry (VCCI) and by a number of local implementing organisations.

- b) The Mekong Project Development Facility (MPDF), where Sweden is a smallish partner in a multi-donor consortium. The MPDF was originally designed mainly to help individual enterprises access finance at a time when, for private firms in particular, local bank financing was difficult. Recently that constraint has eased somewhat, and given that MPDF interventions are relatively expensive, MPDF is reorienting itself to promote the local development of business services.

Both projects are small in financial terms, and neither of them (a) require much commitment of Embassy staff or (b) are likely to lead directly to larger financial or other commitments. In addition, a number of very small-scale PSD activities were initiated in the later 1990s, but have since been mainly closed.

Sida's PSD strategy activities have concentrated in three areas:

- (i) An attempt to engage with the Vietnamese authorities over the potential for Swedish support to the reform of an SOE, probably in Ho Chi Minh City, has run on inconclusively, and is now effectively abandoned. It appears to be accepted that engagement in SOE reform is better left to other aid donors who have the relevant expertise and are willing to get involved in the tough bargaining with the Government that is implied.<sup>19</sup>
- (ii) Attempts to produce a PSD strategy for Vietnam. This has been an internal Sida commitment, dating from 1999. Some personnel resources have been used for this purpose, with no final result. A further effort to deliver on this commitment was underway in the Embassy at the time this evaluation mission was in the field (May 2002).
- (iii) Sida has commissioned a number of consultancy reports relating to PSD in Vietnam and to Swedish-Vietnam trade expansion. These generally appear to be of high quality.

There are a number of reasons for Sida not moving forward more definitively in the area of PSD, some of which are external to Sida and some internal. These reasons include:

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<sup>19</sup> SOE reform is very problematic for a range of reasons. It seems likely that there has been much more reform than the aid donors concede, but that much of this reform is aimed at making SOEs more effective market operators (as defined by the GoV) rather than at the closures and privatisation, or near-privatisations, that many donors advocate.

- (i) Sida is normally responsive to the expressed concerns of the Vietnamese Government. However, the Government has not defined PSD as a priority area for Swedish assistance.
- (ii) The Vietnamese Government has moved slowly in establishing the government agency intended to support the private sector under the Enterprise Law. The fact that this agency will be located in the Ministry of Planning and Investment leads some observers to question whether it will be active or effective, and the delay in establishing it is sometimes read as a sign that PSD is still a politically sensitive issue in Vietnam.<sup>20</sup>
- (iii) There have been significant internal disagreements within Sida about the desirability and priority of expanding PSD activities.
- (iv) For some types of PSD activities, notably those involving SMMEs, it will clearly be difficult for Sida (and for other aid donors) to find effective partners and implementing agencies. Few people outside the Vietnamese Government expect that government agencies will be the right vehicles through which to support SMMEs. The main quasi-government agency in the business, the Vietnamese Chamber of Commerce and Industry, is already very heavily engaged with and dependent on aid donors, and does not yet have much local 'reach' outside the main cities. Independent business organisations are a very recent phenomenon, and often still informal. The evaluation was unable to identify a single case where an external agency is working to support SMMEs through what might be considered the 'normal' mode in most countries – i.e. locally rooted, independent formal business associations.
- (v) Partly because of this previous point, several of the numerous aid donors keen to become engaged in PSD in Vietnam define their potential contribution in terms of working with the Government at the policy level. Some of these donors have a much stronger claim than Sida for such contributions.
- (vi) Any operationally useful definition of a PSD strategy for Sida is likely to involve choices among very different kinds of objectives, and therefore some disappointments. It is possible in principle to pursue both the mutuality objectives set out above (expanding Vietnam-Sweden economic links) and the 'pro-poor' promotion of SMMEs. It will however be very difficult to pursue both objectives in the context of the same projects.

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<sup>20</sup> A similar message is implicit in the fact that the Vietnamese Government has not been actively involved in the Partnership Group for small and medium enterprise development. This group has, in general, not been active.

To conclude, Sida has so far spent little money on PSD in Vietnam, but has committed rather more in terms of field administrative personnel and dialogue capacity, without so far being able to develop a clear and workable strategy for substantial engagement in the area. This outcome is to a large degree the result of policy uncertainties and changes in Vietnam, allied to the tentative nature of Sida's engagements in the area and internal ambiguities about the wisdom of engaging in PSD. The question of whether it makes sense for the Embassy to develop a capacity to work in this area has yet to be resolved.



*Photo:  
Global Reporting/  
Victor Brott*

# Section 6

## Key Issues and Themes

A number of key issues and themes emerge from this review of the implementation (to date) of the 1999–2003 Vietnam CS.

### 6.1 There is an ‘elusive middle’ in the Sida CS

The Sida CS process encompasses a series of documents, dialogues and agreements. The most important of these are the CSP, the CCA, the AMACs, and the annual CPs. In the case of Vietnam, meetings of the Joint Working Group, annual project reviews, statements to the Consultative Group meetings, and other documents (such the Embassy’s strategy for engaging with partnership groups) also contain important information about strategic decision making during the operationalisation of the CS. Despite this plethora of documents and fora, some decisions still appear to be made on an *ad hoc* basis, whose motivation and rationale is difficult for the evaluators to discern. In short, we detect an ‘elusive middle’ in the operationalisation of the CS.

The lack of documentation concerning strategic choices and the logic behind them has negative impacts on Sida’s projects and programmes in Vietnam. First, decisions tend to be made on an *ad hoc* basis rather than consistently within the framework of an explicit overall strategy. Second, Vietnamese counterparts get mixed messages in the absence of clear indications of priority sectors and areas. Third, given the rapid turnover of Swedish staff within the Embassy, decisions can reflect personal priorities of staff and will change with turnover of key staff.

### 6.2 What resources should be allocated in the CS?

A second theme that emerges from the evaluation is how the current CS model focuses largely on the use of financial resources with insufficient attention to the allocation of administrative resources and dialogue capacity. We find this especially problematic in the context of the kinds of interventions that are increasingly prominent in Vietnam-Sweden co-operation. Many of these interventions concern issues that are politically very sensitive, involve considerable (but usually unspoken and unpublicised) differences within the Government of Vietnam, or are in areas

(such as private sector development or the promotion of civil society) where there are few local partners with adequate independence. These kinds of interventions also require a great deal of sensitive and patient dialogue with local partner organisations on the part of Sida field staff, which is very difficult to predict and plan in advance.

We feel that the CS process has not paid enough attention to the extent to which such policy dialogue work forms a significant part of development co-operation activities in Vietnam. In addition to stating the number of Embassy staff engaged in development co-operation (then six Swedish and five National Program Officers), the current CSP simply notes that:

‘Co-operation with Vietnam is work-intensive ... the dialogue on ways of supporting the reform process, which is not a large item in monetary terms, requires considerable strategic skill on the part of Sida and the Swedish Embassy.’

However, the work-intensity of co-operation activities is not followed through in the CCA and CPs. The CCA for 1999–2001 states only the volume of Swedish budgetary contribution without making any reference to administrative resources. And while the CPs for 1999, 2000 and 2001 give more information on the staffing arrangements in their annexes, this ‘manning schedule’ does not contain information on the time to be spent on different activities by Sida field staff.<sup>21</sup> Our discussions with Sida field staff indicate that dialogue activities are indeed an important part of their work, especially in the democratic governance field. Yet no planning document that we have seen gives an indicative breakdown of how much field staff time is to be devoted to the administration of projects vis-à-vis more general policy dialogue activities. Sida might also find it useful to have a system for monitoring how much time its field staff should spend on administering different projects. The information provided by such a system would permit timely decisions on the cost-effectiveness (or probable cost-effectiveness) of allocating staff-time to different activities.

### 6.3 The challenge of donor proliferation

There has been a rapid increase in the number of donors in Vietnam since the 1990s. From a situation in the mid 1980s, where Sweden was one of just three significant aid donors (the others were UNDP and the USSR), there are now 25 bilateral and 19 multilateral donors making grants and loans to Vietnam and over 8000 official aid projects. In recent

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<sup>21</sup> The Management Plans prepared by each sector team in the Embassy detail responsibilities, major events and milestones, and deadlines for the completion of (usually project related) activities. But these Plans do not specify the amount of time (in weeks or months) that project officers will spend on particular activities. Further these Plans do not seem to be used for planning by Sida HQ in Stockholm.

years, a growing consensus that effective partnership and co-operation between donors is desirable has led to a veritable explosion of partnership groups in Vietnam. Such donor proliferation poses both threats and opportunities for Sweden's mode of interacting with the Government of Vietnam.

Given its limited dialogue capacity, the Swedish Embassy in Hanoi has pursued a reasonable strategy of selective involvement in these working and partnership groups. However, Sweden's project portfolio with Vietnam has remained largely bilateral. In a period when most other donors are narrowing programmes to a few sectors or activities (see the minutes of 2000 and 2001 Consultative Group meetings in Hanoi) the diversity and scale of Sida's program leave it open to the criticism that it is not very focused or professional. Increasingly there seems to be a tendency for donor co-ordination efforts to be driven by donors whose professionalism and 'expertise' in particular sectors is widely acknowledged. When other donors ask Sweden to take a lead role in an area, this is often based on its 'special relationship' with Vietnam. This can leave Sweden in a vulnerable position – threatening its relationship with the Vietnamese Government if it pushes the donor agenda too hard, and yet criticised by the donor community if it does not push hard enough.

## 6.4 Rolling-over of projects

In our discussion of the rural development and the environment sectors we noted a tendency for projects to 'roll-over' from one phase to the next. A similar rolling-over of projects seems to have occurred in the energy and health sectors, while the 'financial squeeze' of 1999–2001 led to extensions and delayed implementation of many other projects (particularly in the energy sector). One consequence of this rolling-over is a striking continuity in Sida projects, some of which are now entering their second and third phases.<sup>22</sup> Our fieldwork interviews indicate that such continuity is valued highly by Vietnamese co-operation partners who favourably contrast Sida's evolutionary approach to projects with the goal and output driven agendas of other bilateral and multilateral donors. At the same time, the continuity of the project portfolio has reduced the scope for the Sweden-Vietnam co-operation program to respond to new opportunities and requests for assistance. Indeed, the 'budgetary squeeze' of 1999–2001 combined with the backlog of projects in energy, rural development and health, forced the Embassy to 'screen out' all major new projects until 2002.

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<sup>22</sup> Of the 46 budget lines in the financial annex to the 2001 Country Plan, 17 were for projects that had begun before 1999. Of the remaining 29 projects, seven were for the second or third phases of projects that were underway in 1999.

In our opinion, institutional factors and stakeholder interests (including those of Swedish consulting companies) have contributed to the rolling-over of projects. Sida has begun negotiations with the Government of Vietnam on the second or third phases of a few projects<sup>23</sup> on the basis of results analyses or project completion reports written by the implementing agencies and/or their co-operation partners. Since most Swedish program officers are seconded to the Embassy from Sida's sector departments in Stockholm, they are often urged to explore opportunities for follow-on projects with existing co-operation partners by their sector departments. This has led, in some cases, to a lack of new ideas and innovation in the objectives of follow-on projects.

## 6.5 Sida's comparative advantage in Vietnam

Sweden's long-standing development co-operation program gives it a special position as an 'old and trusted friend' of Vietnam. Sweden can engage in politically sensitive dialogue with the Vietnamese Government in areas where few other donors would be trusted. This can help put issues on the policy reform agenda earlier than would otherwise be the case. Sida/Sweden represents a valuable counterweight to the tendency of some other influential donors to combine and try to impose their own policy reform blueprints on the Vietnamese Government. It can be a rallying point for other independent minds in the local donor community. At the same time, Sida/Sweden has to pay close attention to the facts that (a) within a few years it has lost its position as a significant source of concessional investment capital to Vietnam, and (b) it now has critics within the donor community because of its independent stance. While Sweden has been active in the partnership process (with other donors and the Government of Vietnam), it is likely continually to be subjected to the criticism, from a few influential donors, that it is inadequately committed to donor partnerships.

Sweden also has a comparative advantage in implementing process projects involving institutional development, especially at the provincial level. Both the MRDP and Quang Tri PAR projects are good examples of this. Through its involvement in the FCP and MRDP, Sweden has also built-up a good deal of expertise in upland development. However, given the growth in lending by other donors, Sweden no longer has a comparative advantage as a provider of capital for investment in Vietnam.

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<sup>23</sup>For example, the CPLAR.



## 6.6 Sectoral portfolios and the multi-dimensionality of poverty

Sida's new strategy to promote development and reduce poverty states that the Sida CS process should be 'firmly based on a poverty reduction approach' that is multi-dimensional, context specific, relative and dynamic (draft Strategy, February 2002). Accordingly, the ideas memo for the new CS states that the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS), should be the starting point of the new CS. The CPRGS and its associated documents (the ten-year Socio-Economic Development Strategy and five-year Development Plan) are certainly government owned and involved a broad consultative process with civil society, donors and other stakeholders. On the other hand, the CPRGS says very little about issues such as governance and human rights that are an important part of Sida's priorities. The CPRGS also does not give a clear indication of the Vietnamese Government's priorities in certain sectors, e.g. rural development. So the new CS will need to supplement the CPRGS with additional sectoral and cross-sectoral analysis.

Sida's recognition of the multidimensionality of poverty also poses difficulties at the sectoral level. We note a tendency to try and recast some of Sida's long-standing projects in rural development and health as 'poverty alleviation' projects. However, a truly multidimensional approach to poverty reduction implies the need to transcend traditional sector boundaries. Thus Sida's current approach of retaining traditional sector projects but to try and dovetail activities (in for example rural development and health, or rural development and rural energy) together in particular provinces is problematic. From the point of view of poverty reduction, this may result in a piecemeal and inconsistent project portfolio that does not add-up to more than the sum of its parts.

## 6.7 Language and dissemination of the CSP

Once the Swedish government has approved a draft CSP, it is the responsibility of the Ministry for Foreign Affairs to translate it into the working language of the co-operation partner and to distribute it widely to interested parties, both inside and outside Sweden.<sup>24</sup> In the case of Vietnam, an official translation of the 1999–2003 CSP was not prepared, although the Swedish Embassy in Hanoi prepared an unofficial English translation

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<sup>24</sup> 'The design and printing of the Swedish edition as well as the translation into another language is taken care of by the Ministry for Foreign Affairs and the printed country strategy is distributed to a wide circle of agencies, actors and interested parties' (Ministry for Foreign Affairs, Guidelines for Country Strategies in Swedish Development Co-operation, pg. 18)

of the CSP. While this document was distributed as an Annex to the 1999 AMAC, only a handful of the Vietnamese co-operation partners interviewed had seen it. Furthermore, no translation (official or unofficial) of the CSP into Vietnamese, the working language of the Vietnamese Government, is available.

The fact that the current CSP has only been read by those fluent in Swedish or with access to the unofficial English translation (such as the National Program Officers of the Embassy and members of the Joint Working Group, and the evaluation team) is obviously inconsistent with the transparency and openness that underpins Swedish development co-operation. The failure to produce an official translation of the CSP into English seems to have been an unintended consequence of co-ordination failure between the Ministry for Foreign Affairs and Sida, which should not recur in the future. It is surprising, however, that little thought seems to have been given to the need to also translate the CSP in Vietnamese. Not only is this the official language of Government but many Vietnamese officials at the Central Government level, and most at the provincial level, are not able to read English at more than an elementary level.

# Section 7

## Conclusions and Recommendations

Overall, Sweden's co-operation with Vietnam has been broadly consistent with the CSP adopted in 1999. However, a number of changes in content and focus of the co-operation program have inevitably occurred during the period of implementation of the CS. In the absence of clear strategic guidance from the CSP, decisions within sectors have often been taken on the basis of seemingly *ad hoc* influences. The rapidly changing context within Vietnam has also made it difficult for Sida to 'plan' strategically in the usual way. While changes in country context cannot be predicted in advance, our assessment suggests that several steps could be taken to make the CS more relevant, clear and consistent. Our recommendations in this regard can be organised under the seven points below.

### 1 Discussions involving strategic decisions need to be made more explicit in the CS documentation

To counteract the 'elusive middle' in the Sida CS model, strategic discussions and decisions need to be made more systematic, explicit and consistent. We do not believe that it is realistic for a single document to bring together all the different levels of strategic decisions spanned by these documents, dialogues and agreements. It is also important to recognise that the CSP serves different purposes for different Swedish stakeholders, and that the CS process is one way in which conflicts between stakeholders' different objectives are exposed and consensus is built. Nonetheless, there is a need for Sida staff to have clearer guidance concerning the appropriate allocation of aid resources and for strategic decision making to be better documented. To this end, more information on strategic priorities should be included within the CCAs, CPs and other documents that collectively define the CS. The preparation of periodic mini-strategies (along the lines of the strategies for support to democratic governance, private sector development, and engagement with partnership groups recently prepared by the Swedish Embassy in Hanoi) is a valuable way to discuss and document strategic decisions at the sector and sub-sector level.

## 2 Sida's strategy discussions should explicitly cover three resources – financial, administrative staff and dialogue capacity

Sida's current CS model implicitly distinguishes two types of resources: (i) the financial (or budgetary) resources in the country allocation, plus (ii) the personnel (Swedish and local staff) who administer the country allocation. In countries such as Vietnam, where administrative, institutional and political reform is important, we believe it is more helpful to think of Swedish aid resource comprising three components: the aid budget + administrative personnel + dialogue capacity. In some sectors such as governance and involvement in partnership groups, it is dialogue capacity rather than the budget or administrative personnel that is Sida's scarcest resource. The CS and associated documents should deal with all of these resources, and ensure that administrative personnel and dialogue capacity are commensurate with the financial resources available to the Embassy.

## 3 Implementation of the CS should take into account the level of ownership and capacity within the country more explicitly

In Vietnam, Government capacity and ownership of the co-operation program is high relative to that in other countries. This means that development co-operation will always be a somewhat demand-led and dialogue intensive process, especially in areas where the Vietnamese perspective is somewhat different from the Swedish one (e.g. public administration reform, human rights, etc.). At the same time, the capacity of Vietnamese counterpart organisations (particularly at the provincial level) to produce project documentation that meets the normal standards for Swedish assistance may be very limited. The pace and content of progress within sectors and projects can also become unpredictable depending upon the changing priorities of the Vietnamese government. This suggests that the implementation of the CS needs to be inherently flexible and responsive. Outlining alternative scenarios for development co-operation with Vietnam according to different within country situations is one way to build greater flexibility and responsiveness into the CS documents.

## 4 The rolling-over of projects should be recognised in monitoring and evaluation

In our observations of the trajectory of projects in Vietnam, we found that projects in some sectors, once initiated, tend to roll over from one phase to the next. This is a consequence of stakeholder interests, an absence of clear and transparent criteria for judging success and, in some cases, the lack of independent project evaluations. Projects, particularly

those that focus on ‘soft’ areas such as capacity building, institutional strengthening or training, need to have clear priorities and criteria for monitoring performance since, once a project begins, it is often difficult for Sida to remove its support even when reallocation of resources makes development sense.

## 5 Sida resources should be used in areas of distinct comparative advantage

In a country like Vietnam with a growing number of donors and rapidly increasing volumes of aid, Swedish resources have to be strategically targeted in areas of comparative advantage. In areas, where Sweden does not have an obvious comparative advantage, co-operation with other donors should be the default mode of co-operation. While to an extent the current co-operation program is already doing this, there is a need to make comparative advantage explicit, particularly as it has changed (and will continue to change) over time. Current areas of comparative advantage would include the Embassy’s capacity to engage in dialogue in sensitive areas and sectors of Swedish expertise (such as governance or upland development, environment and process-oriented projects). There is a large (and growing) number of modalities of co-operation with other donors from the most basic partnership groups for exchange of information and discussion to models of co-financing. The choice of modality in different sectors could quite legitimately be driven by considerations such as the extent to which there is a consensus on approaches to co-operation within the sector and the extent of distinct Swedish comparative advantage. Such a focus on comparative advantage would not only make the Sweden-Vietnam co-operation program more focused, it would also increase Sida’s credibility within the donor community. Without such a focus, Sida risks spreading its limited resources too thinly without being able to make a significant developmental impact within particular sectors.

## 6 The CS process should seek to build consensus among Swedish stakeholders

The Swedish organisation of development co-operation involves a variety of stakeholders including the Ministry for Foreign Affairs, Sida-Stockholm staff (regional and sectoral), and Embassy field staff, all of whom hold a range of positions on the CS. The CS process is the main mechanism for building consensus among different Swedish stakeholders. Achieving consensus is important because Sida’s flat organisational structure means that most staff have a high level of individual autonomy and the ability to influence the implementation of projects. However, the frequent rotation of Sida field staff and their loyalties to sector departments means that, in practice, it is hard to obtain a clear consensus on sector

strategies. In order to achieve greater consistency and coherence in the CS, Sida's Asia Department might ask Embassy field staff and their counterparts at the sector departments in Stockholm to prepare mini-sector strategies (similar to those already prepared for democratic governance and partnerships groups, and underway for private sector development). These mini-strategies would then act as inputs into the hypothesis on future co-operation with Vietnam, the drafting of the CSP, and CS implementation.

## 7 The CSP should be more widely disseminated among all co-operation partners and stakeholders in Vietnam

Sida expends a considerable amount of time and staff resources on the preparation of the CSP and should aim to maximise its impact at all levels of the Vietnamese Government. In the interest of transparency, future Vietnam CSPs should be prepared in English (which would allow the National Program Officers in the Embassy and some key central Government actors to participate more fully in their development), and then translated into Swedish. To improve transparency, especially at the provincial level where Sida is increasingly working, it is also essential that the CSP should be translated into Vietnamese and distributed to local partner organisations at the earliest possible opportunity.



*Photo:  
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Victor Brott*

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# Annex 1

## People Interviewed

Nisha Agrawal, Principal Economist, World Bank Resident Mission, Hanoi

Jan-Olov Agrell, Assistant Head, Department for Democracy and Social Development, Sida, Stockholm

Ulrika Åkesson, Programme Officer, Department for Natural Resources, Sida, Stockholm

Henny Andersson, Consultant and former Economist, Swedish Embassy, Hanoi, Sida, Stockholm

Prof Le Qui Anh, Chair of Advisory Group, Sida Environmental Fund, Hanoi

Arne Arvidsson, Sida Advisor, General Statistics Office (GSO), Hanoi

Nguyen Huy Bai, Vice Director, Extension Centre, Yen Bai

Maria Berlekom, ScandiConsult, Hanoi

Jan Bjerninger, Assistant Director General, Asia Department, Sida, Stockholm

Anna Brandt, Director, Department for Asia and the Pacific, Ministry of Foreign Affairs, Stockholm

Dr Tran Tuan Cuong, Vice Director, Institute of Agriculture and Forestry, Yen Bai

Anette Dahlström, Programme Officer, Division for Democratic Governance, Department for Democracy and Social Development, Sida, Stockholm

Le Dang Doanh, Advisor to Minister of Planning and Investment, Hanoi

Mrs Dung, Swedish Embassy, Hanoi

Dr Nguyen Si Dung, Head, Information and Research Dept, National Assembly Office, Hanoi

Samuel Egerö, Country Manager, Asia Department, Sida, Stockholm

Bengt Ekman, Chief Controller, Sida, Stockholm

Hoang Ngoc Giao, Deputy Director, Centre of Legal Research and Services, Hanoi

Chris Gibbs, Rural Development Department, World Bank Resident Mission

Rose-Marie Greve, International Labor Office, Hanoi

Pham Nguyen Ha, Programme Officer, Swedish Embassy

Truong Hoang Ha, Head, Party Committee on Organisation, Quang Tri

## ANNEX 1

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Ms Trang Thi Minh Ha, International Relations Department, General Department of Land Administration, Hanoi

Göran Haag, Regional Programme Officer, Swedish Embassy, Hanoi

Hoang Dieu Hang, Programme Officer, Swedish Embassy, Hanoi

Ms Nguyen Thi Thu Hang, Institute for State Organisational Sciences, Government Committee on Organisational Sciences, Hanoi

Dr Pham Thi Thu Hang, Deputy Director, Vietnam Chamber of Commerce and Industry, Hanoi

Björn Hansson, ScandiConsult, Hanoi

Chu Thi Hao, Deputy Director, Agricultural Policy and Rural Development Department, Ministry of Agriculture and Rural Development, Hanoi

Åsa Heijne, Programme Manager, Private Sector Development Division, Department for Infrastructure and Economic – INEC, Sida, Stockholm

Mrs Hiep, Department of Agricultural and Rural Development, Yen Bai

David Holmertz, Swedish Embassy, Hanoi

Mrs Vu Thi Minh Hong, Legal Expert, Department of Law and Democracy, Vietnam Fatherland Front, Hanoi

Dr Le Manh Hung, Director General, General Statistics Office, Hanoi

Mr Huy, National Project Director, Start Your Own Business Project, VCCI

Ms Huyen, National Program Officer, Swedish Embassy, Hanoi

Christine Johansen, Swedish Embassy, Hanoi

Alan Johnson, Head, DFID Country Support Office, Hanoi

Robert Keller, Department for Global Development, Ministry of Foreign Affairs, Stockholm

Do Trong Khanh, Head, International Relations Division, General Statistics Office, Hanoi

Truong Van Khoi, Director, Department for Agricultural and Rural Development, Phu Tho

Le Van Khuyen, Chief Inspector, Department of Land Administration, Quang

Nguyen Minh Ky, Chair, Provincial Peoples Committee, Quang Tri

Mr Nguyen Tien Lap, Lawyer/Vice Chairman of Management Board, Invest-Consult, Hanoi

Karl-Anders Larsson, First Secretary (Development), Swedish Embassy, Hanoi

Mrs Linh, National Program Officer, Swedish Embassy, Hanoi

Mr Vu Tien Loc, Vice Executive President, VCCI, Hanoi

Mr Loi, Director, Department of Agricultural and Rural Development, Yen Bai  
Per Lundell, Counsellor, Swedish Embassy, Hanoi

Mrs Ta Thi Minh Ly, Director of National Legal Aid Agency, Ministry of Justice,  
Hanoi

Lars-Göran Malmberg, Project Coordinator, Hanoi Law University

Olof Milton, Director, Administrative Division, Regional Departments, Sida,  
Stockholm

Dr. Le Van Minh, Head, International Relations Department, MARD, Hanoi

Mr Minh, Swedish Embassy, Hanoi

Ola Möller, Programme Officer, Swedish Embassy, Hanoi

Mr Nguyen Huy Ngat, Director, International Law and Co-operation Dept, Min-  
istry of Justice, Hanoi

Mr Ngoc, National Project Officer, Swedish Embassy, Hanoi

Anna Olson, Desk Officer, Department for Asia and the Pacific, Ministry of For-  
eign Affairs, Stockholm

Nguyen Hoa Nam, Director, Department of Land Administration, Quang Tri

Alf Persson, Chief Technical Advisor, Government Committee on Organisation  
and Personnel, Hanoi

Torbjörn Pettersson, Director of Finance, Sida, Stockholm

Werner Prohl, KAS Representative, Hanoi

Mr Quy, Vice Director, Department of Agricultural and Rural Development, Yen  
Bai

Rini Reza, UNDP Program Officer for Governance, Hanoi

Dr John Sammy, Country Representative, Asian Development Bank, Hanoi

Rolf Samuelsson, Senior Programme Officer, Department for Natural Resources  
and the Environment, Sida, Stockholm

Helena Sangeland, Counsellor, Swedish Embassy, Hanoi

Göran Schill, Evaluation Officer, Department for Evaluation and Internal Audit,  
Sida, Stockholm

Jörgen Schönning, Head of Asia Division, Asia Department, Sida, Stockholm

Edwin Shanks, Consultant NMPRP, Hanoi

Maria Sigge, Consultant, Swedish Embassy, Hanoi

Marie Sjölander, Ambassador, Swedish Embassy, Hanoi

Dr Dang Kim Son, Director, Information Centre, Ministry of Agriculture and  
Rural Development, Hanoi

## ANNEX 1

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Vu Suu, Vice Chairman of Provincial People Committee, Yen Bai

Sven-Åke Svensson, Controller of Field Unit, Sida, Stockholm

Dao Duy Thanh, Director, Department of Taxation, Quang Tri

Tran Thao, Deputy Chairman, People's Council, Quang Tri

Mr Thong, Department of Foreign Economic Relations, MPI, Vietnam

Jerker Thunberg, Director, Department for Natural Resources and the Environment, Sida, Stockholm and former MRDP Team Leader, Hanoi

Dr Truong Manh Tinh, Deputy Director, National Environment Agency, Hanoi

Mr Phan Nguyen Toan, Manager Partner of LEADCO Law Firm, Hanoi

Nguyen Trang, Project Officer, Mekong Development Project Facility, Hanoi

Mr Truong Chi Trung, Deputy Director General, General Department of Taxes, Hanoi

Dr Bui Anh Tuan, Vice-Dean, Post Graduate Faculty, National Economics University, Hanoi

Dr Duong Duc Ung, Director General, Department for Foreign Economic Relations, Ministry of Planning and Investment

Mr. Pham Quang Vinh, Business Initiatives Development Project Director, VCCI, Hanoi

Professor Dang Hung Vo, Vice Director General, General Department of Land Administration, Hanoi

## Annex 2

# Amounts allocated and disbursed under Swedish-Vietnam Development Co-operation 1999–2003

Units: MSEK	Agreed Amount	Disbursements			Estimated Disbursements	
		1999	2000	2001	2002	2003
<b>INSIDE COUNTRY FRAME/ CO-OPERATION AGREEMENT</b>						
Administrative and Economic Reforms	229.0	36.3	31.6	29.7	48.2	41.7
Legal Reform, Democracy & Human Rights	61.0	10.3	11.6	7.2	8.5	7.8
Energy	437.0	45.5	102.5	43.1	58.1	26.8
Health	375.0	43.4	60.3	36.2	36.2	30.0
Natural Resources & Environment	243.0	51.9	51.3	42.0	24.3	99.5
Culture-Media	80.3	13.2	6.7	12.8	10.6	9.0
Consultancy Fund	54.5	10.4	4.2	7.0	20.0	10.0
SUB-TOTAL	1479.8	211.0	268.2	178.0	205.9	224.8
<b>OUTSIDE COUNTRY FRAME/ CO-OPERATION AGREEMENT</b>						
Environmental Protection	16.7	2.7	3.8	3.3	8.0	4.8
Research Co-operation	115.4	18.9	18.3	15.4	18.4	28.4
Enterprise-Business Co-operation*	55.4	17.0	11.5	9.3	13.4	14.4
Democracy & Human Rights	20.2	6.8	5.5	3.2	9.5	10.5
TOTAL (excluding credits/loans)	208.8	273.6	281.7	305.5	291.6	329.8

Note: \*Enterprise-Business Co-operation became part of Country Co-operation Agreement from 2001

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## Annex 3

# Partnership groups in Vietnam in mid-2002

Sector/Group	Sida Priority	Hanoi Embassy Involvement
<b>Economic Reform/Development</b>		
SOE Reform/Equitisation	3	Passive
Banking Reform	3	Passive
Trade Policy	2	Medium
SME Development (Private Sector)	2	Medium
<b>Poverty Groups</b>		
Poverty Working Group	1	Active
Poverty Task Force	0	No involvement
MARD Task Force – Poverty	1	Active
Urban Forum	0	No involvement
<b>Rural Development (incl. Environment Groups)</b>		
Forestry Sector Partnership	2	Medium
Poorest Communes Partnership	3	Passive
Food Security	0	No involvement
Natural Disaster Mitigation	3	Passive
Water Resources	0	No involvement
MARD SG Group	1	Active
Environment Partnership	1	Active
<b>Social Sectors</b>		
Health ISG	1	Active
Health Working Group	1	Active
Education Forum	0	No participation
<b>Governance</b>		
Public Financial Management (incl. trust-fund for PER/PFMP)	1	Active
Public Administration Reform (incl. trust-fund)	1	Active
Legal Needs Assessment/Reform (incl. trust-fund)	1	Active
Gender Group	2	Medium
Civil Society/Participation	1	Active
<b>Infrastructure</b>		
Transport	0	No participation
HCMC ODA Partnership	0	No participation

Source: Swedish Embassy, Hanoi

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# Annex 4

## Terms of Reference

Evaluation of the implementation of the 1999–2003 country strategies for the Swedish co-operation with Vietnam and Laos

### 1 Introduction

Preparations for two new five-year country strategies for the Swedish development co-operation with Vietnam and Laos will be initiated in 2002. In order to help improve the effectiveness of Swedish development co-operation in general, and of the future co-operation with Vietnam and Laos in particular, it has been decided that the implementation of the present (1999–2003) strategies should be evaluated.<sup>1</sup>

The present country strategies were approved by the Swedish Government in 1999, based on analyses of Vietnam's and Laos' development situation and priorities by that time (country analysis), as well as on retrospective analyses of the results achieved so far by Swedish financed development initiatives (results analysis).

The five-year country strategies are translated into shorter-term plans in a series of steps. A three-year *agreement* is normally reached with the partner government at the beginning of the strategy period, further specifying the priorities for the co-operation. Each consecutive year, annual *consultations* between Sida and its partners are held to cover progress made so far, and to agree on planning changes for the remainder of the strategy period.

The consultations are of three types: one with the partner government, normally the Ministry of Finance or the Ministry of Planning, concerning the overall country programme. Another consultation with line-ministries and other public sector partners. The third type of consultation covers various stakeholder groups within civil society. The second and third types of consultation focus mainly on sectors, programmes and projects.

The partner government formulates priorities and policies for the role of Swedish development co-operation within the context of full public sector response. The results of these consultations are summarised in *agreed minutes*. Based on the agreed minutes, Sida formulates priorities for the yearly country plan which specifies disbursement targets, priority activities, planned studies and evaluations, re-

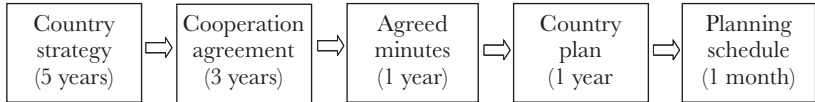
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<sup>1</sup> Two similar evaluation studies of the country strategies for the co-operation with Tanzania and Mocambique were commissioned by UTV in 1999 and 2000. The studies (Sida Evaluation 00/22 and 01/07) can be downloaded at [www.sida.se/evaluation](http://www.sida.se/evaluation).



sources and administration, the delegation of powers between Sida Stockholm and the Swedish Embassy, etc.

Finally, every month, the Swedish Embassy produces a *planning schedule* giving the current position of project disbursements as well as forecasts for subsequent periods of the strategy cycle. Note that the planning schedule is not really a strategy document in itself, but that it provides crucial background information for strategic priorities and decisions.



The mentioned documents and activities, from the overall country strategy to the planning schedules, are collectively referred to as the *strategic plan* in these terms of reference.

The development projects (and other types of interventions) financed within this overall strategic framework are supported by a range of operative planning documents, such as partner proposals, Sida’s decision memos, project agreements, and annual plans of operations. These documents are referred to as the *operative plans*:



Clearly, counterparts’ monitoring reports (in the last box) are not really *plans*. Such retrospective reports are however crucial to the evaluation because they are the best source of information about the activities that were actually carried out by individual projects. The actual activities are not always exactly the same as those foreseen in the annual plans of operation. Many projects adapt to changing internal and external circumstances while implemented, hence a potential discrepancy between planned and actual project activities.

As indicated, the strategic and operative plans are not only communicated through documents. Equally important for the common understanding of the strategic and operative choices and priorities is the recurrent *dialogue* between Sida and its partners (see Annex 2). In this dialogue, the plans are often interpreted, elaborated and finally agreed on.

Therefore, the strategic and operative plans mentioned in these terms of reference refer to *both* the strategic and operative documents, *and* the planning content of the dialogue between relevant stakeholders (including Sida) for elaborating and specifying choices and priorities for the co-operation.

In this respect, it is important to note that Sida does not just pursue dialogue with immediate respect to the specific country programme. There is also a complementary dialogue between Sida and partner representatives concerning matters which may only have an indirect bearing on Swedish-financed interventions, for

example concerning macro-economic reform, overall governance issues, military expenditure, etc. This complementary and indirect dialogue is also of interest to the evaluation.

## 2 Purpose of the evaluation

The purpose of the evaluation is to give Sida practically oriented recommendations that can serve as useful inputs to the process of elaborating *clear, coherent and relevant* strategic and operative plans for the Swedish co-operation with Vietnam and Laos 2004–2008. See Annex 1 for working definitions of clear, coherent and relevant plans.

## 3 The Assignment

To serve its purpose, the evaluation shall, for the co-operation with Vietnam and Laos respectively, assess the clarity, coherence and relevance of the strategic and operative plans for the 1999–2003 strategy period.

The following questions should be addressed and answered by the consultant:

### 3.1 Assessment of the strategic plan

#### 3.1.1 Clarity

To what extent were the choices and priorities as expressed in the strategic plan, from the overall country strategy to the planning schedule, and including the dialogue between Sida and other important stakeholder groups, explicitly, clearly and unambiguously communicated? To what extent did the strategic choices and priorities give specific and unequivocal directions for the co-operation during the strategy period? To what extent has the country programme changed in composition and direction during the country strategy period to better reflect the overall country strategy objectives?

The assessment shall focus on the country strategy, the annual country plans, and the monthly planning schedules (and other relevant strategic documents), as well as the accompanying and continuous dialogue between Sida, the partner government, the programme managers, consultants and other donors.

#### 3.1.2 Coherency

Are the different planning documents, the consultations, and the ongoing dialogue between important stakeholder consistent with regard to the strategic choices for the co-operation during the strategy period? Do the the documents, the consultations and the dialogue harmonise in terms of the priorities set for the co-operation? Any significant inconsistency should be analysed and explained.

#### 3.1.3 Relevance

Is the country strategy, as formulated in the strategy document, still relevant to

the present needs and priorities of important partner country stakeholders? How has the strategic plan been adapted to significant changes in partner needs and priorities during the strategy period? What other factors, such as Sida's own interests and capacity, have determined the adaptation of the strategic plan?

### 3.2 Assessment of the operative plans and their implementation

This part of the assignment concerns the individual projects (and other forms of support) implemented during the strategy period. Clearly, not all projects can be covered in detail by the evaluation. See Section 4 for a delimitation.

#### 3.2.2 Coherency

To what extent do the operative planning documents for the individual projects cohere between each other, and to what extent do they cohere with the overall strategic plan? To what extent are the implemented activities consistent with the operative plans?

#### 3.2.3 Relevance

Were the planned co-operation activities actually carried out? Were their results in terms of outputs and shorter-term effects, relevant to the needs and priorities of partners and target groups? How have the projects adapted to changing circumstances in terms of local needs and priorities during implementation?

In this respect, focus will be on implemented activities and delivered outputs. The evaluation is not expected to gather new information about shorter-term results, but to synthesise already existing information found in evaluation and related studies. The synthesis should be made in a way which will help facilitate the production of results analyses for the upcoming country strategy process.

### 3.3 Specific questions and issues concerning the Sweden-Vietnam co-operation

The evaluation shall in the case of Vietnam specifically analyse to what extent and how the following guiding principles and recommendations for the co-operation during 1999–2003 have been implemented:

- the focus on institution and capacity building,
- decentralised co-operation and local level targeting,
- the linkages between strategic support at central level to economic/administrative reform and the concrete project interventions,
- the mutuality aspects of the co-operation,
- the administrative consequences of the strategic plan.

Based on the analysis, the evaluation shall identify concrete and practically oriented lessons and recommendations for the future.

### 3.4 Specific questions and issues with respect to the Sweden-Laos co-operation

In the case of Laos, the evaluation shall:

- analyse to what extent and in which ways objectives stated in the country strategy have been reflected in the choice and design (including approach, methods and modalities of implementation etc.) of projects within the proposed sectors,
- analyse how and to what extent the following different strategic considerations have affected the project formulation, design of interventions, policy dialogue etc:
  - participation in decision making
  - capacity building and institutional development
  - sector co-ordination
  - efforts to economise with administrative resources
  - promotion of ‘ownership’
  - synergies in country programming
- examine how and to what extent the administrative resource component of the strategy has been adhered to.

### 3.5 Identification of useful lessons and recommendations

Based on the assessments outlined in sections 3.1–3.4, the evaluation shall analyse the importance of having clear, coherent and relevant strategic and operative plans for effective development co-operation in general and for the co-operation with Vietnam and Laos in particular.

The evaluation shall identify concrete and practically oriented lessons and recommendations for the process of formulating and implementing country strategies for Swedish development co-operation.

## 4 Scope and focus

The evaluation cannot cover the operationalisation of each and every intervention under the present strategy period. A feasible focus must be made.

In the case of Vietnam, the focus is on the following sectors or areas of co-operation: (a) democratic governance, in particular economic/administrative reforms and the legal sector, (b) rural development and environment, and (c) private sector development and trade.

In the case of Laos, the following sectors shall be analysed in-depth: (a) road sector development, and (b) natural resources and the environment.

## 5 Workplan, timetable and resources for the evaluation

The evaluation should be based on a review of relevant documents and on interviews with a range of stakeholder groups in Sweden and in Vietnam and Laos. The consultant should elaborate on a methodology for the evaluation.

In the inception report, the consultant shall elaborate on a specific approach and workplan for the assignment. The importance of a detailed theoretical and empirical approach to the tasks under 3.1–3.5 should not be underestimated. The inception report should be approved by the Swedish Embassies in Hanoi and Vientiane, the Asia Department and the Department for Evaluation and Internal Audit before the field visit phase begins.

Note that several of the required tasks can and should be carried out on a desk study basis in Sweden before the field visits.

Sida will help the consultant to identify key persons for interviews. In those cases where an official Sida contact is necessary to prepare a meeting, Sida will assist accordingly. As a general rule however, the responsibility for setting up meetings, copying, etc., rests with the consultant.

UTV and the Asia department reserve the right to take part in the field visits, partly in order to have an ongoing dialogue with the consultant regarding the assignment.

The evaluation should be carried out during the period February–October, 2002. The scope of work is estimated to require a maximum total of 60–70 man-weeks.

The tentative time schedule for the evaluation is:

October, 2001:	Tender invitation
February, 2002:	Signing of the consultancy contract
April, 2002:	Delivery of Inception Report
August, 2002:	Submission of draft report
October, 2002:	Submission of final report

## 6 Reporting

The following reporting requirements apply:

An inception report shall be presented to Sida no later than April 26, 2002. The inception report should be a deeper interpretation of the terms of reference with respect to the proposed approach and methodology. The report should also propose a detailed work plan for the assignment. It will be discussed with, and approved by, Sida before the subsequent steps of the evaluation process are taken.

A presentation of preliminary findings is to be held in Vietnam and Laos for the Embassies and relevant partner authorities before the consultants leave the country.

A presentation of preliminary findings, taking into account the results of the discussion meetings in Vietnam and Laos, is to be held for Sida in Stockholm within two weeks after returning from the field.

A draft report is to be submitted to Sida no later than August 30, 2002. The report will be disseminated by Sida to the Swedish Embassies in Hanoi and Vientiane, the Swedish Ministry of Foreign Affairs and relevant Sida departments for comments. If found relevant, the draft report will also be circulated to relevant stakeholders in Vietnam and Laos for comments.

Within 4 weeks after receiving Sida's comments on the draft report, a final version in 5 copies and on diskette shall be submitted to Sida. The evaluation report shall be written in English and should not exceed 40 pages, excluding annexes. Format and outline of the report shall follow the guidelines in *Sida Evaluation Report – a Standardised Format*. Subject to decision by Sida, the report will be published and distributed as a publication within the Sida Evaluations series. The evaluation report shall be written in Word 6.0 for Windows (or in a compatible format) and should be presented in a way that enables publication without further editing.

The evaluation assignment includes the production of a Newsletter summary following the guidelines in *Sida Evaluations Newsletter – Guidelines for Evaluation Managers and Consultants* and also the completion of *Sida Evaluations Data Work Sheet*. The separate summary and a completed Data Work Sheet shall be submitted to Sida along with the (final) draft report.

## 7 Specification of requirements

The following are compulsory requirements to be met by the tenderer (compare with the tender evaluation criteria specified in section 4.2 of the invitation to tender):

(A) Staff resources for performance of services:

- The tenderer shall have documented knowledge and experience in the areas of policy and project evaluation and rapid data collection methods; Swedish development co-operation practices, including country strategy processes and implementation; and Vietnam's and Laos' development processes.
- The tenderer shall have excellent and documented analytical and reporting skills.
- The tenderer shall specify the qualifications and competence of each team member and attach their individual curricula vitae (including name, address, education, professional experience and publications). Reference persons (with telephone numbers and e-mail addresses) should be stated.
- The tenderer shall specify any previous engagements of the proposed team members with the Swedish-Vietnam/Laos development co-operation.
- Some of the proposed team members should be able to read documents in the Swedish language.

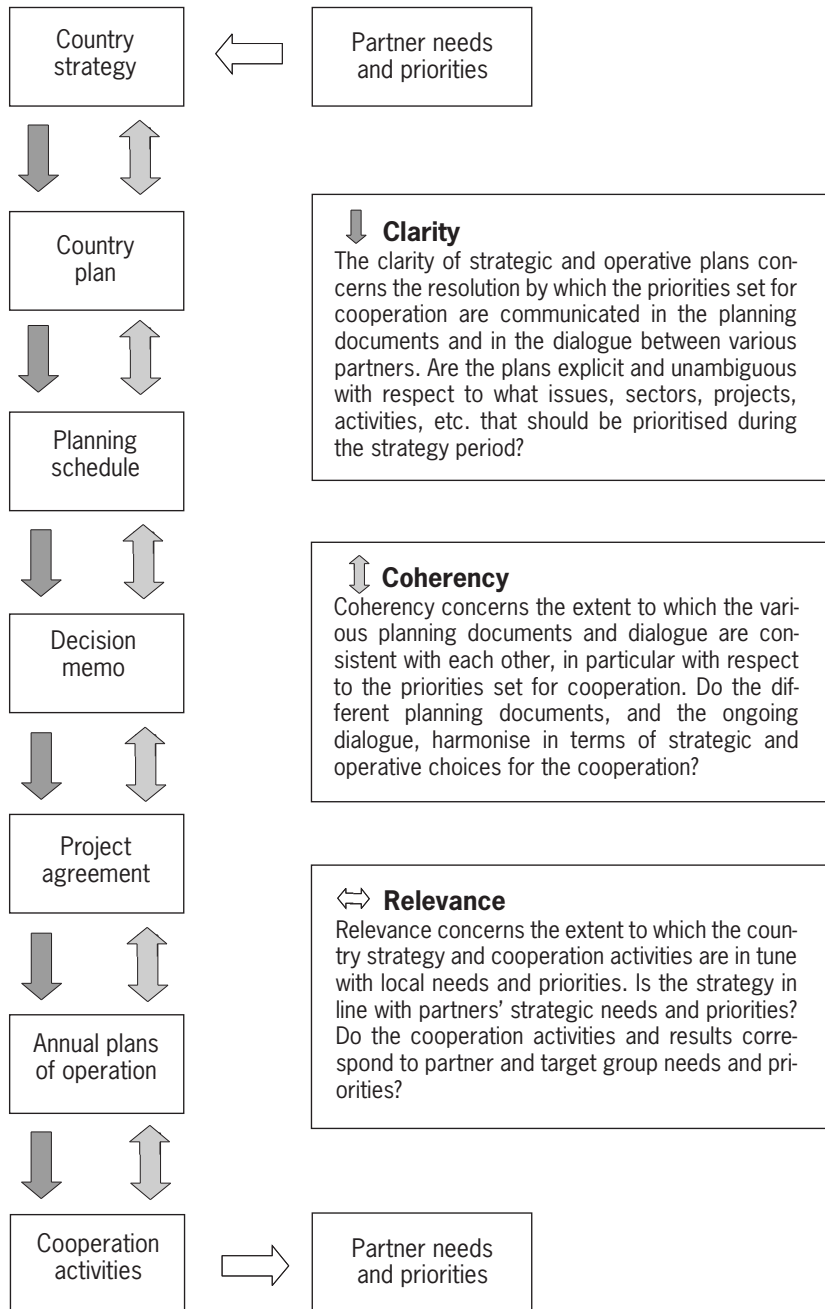
### (B) Technical proposal

- The tenderer shall present its understanding of the evaluation assignment.
- The technical proposal shall include a reasonably detailed description of the proposed study design and data collection methods.
- The tender must satisfy the requirements above regarding reporting.
- The tenderer shall provide a time and work plan for the evaluation, including a manning schedule specifying the tasks to be performed and the time to be allocated to each team member, and estimates of the time required for the different tasks of the assignment.

### (C) Price and other commercial conditions

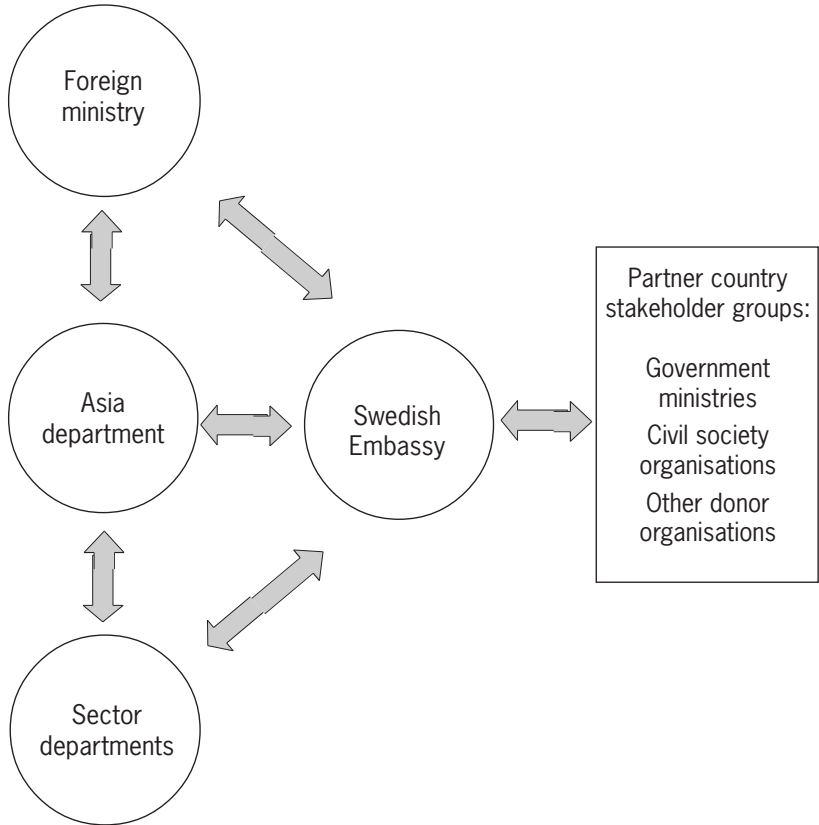
- The tenderer shall present a budget, specified for the different components of the assignment as well as for the different staff categories. Fees shall be distinguished from reimbursable costs. All fees shall be stated hourly. All costs shall be stated in Swedish Crowns (SEK), exclusive of (Swedish) VAT and (Swedish) social security charges, but including all other taxes and levies.
- The tenderer shall state any minor reservations on his her/own part against the draft contract and Sida's Standard Conditions, and propose alternative wordings, which may not imply significant changes, as well as complete the articles left open in the draft contract.

## Annex A1: Definitions of clarity, coherency and relevance





Annex A2: Who's talking to whom during the strategy period, how and about what?



### Annex A3: Agreed clarifications of the terms of reference and SPM's technical proposal (2002-02-13)

#### *UTV's clarifications regarding the objective and focus of the evaluation*

- The evaluation has its departing point in the current CS and its “steering force”. The main issue is to what extent (and in which form) the CS has influenced the implementation of the co-operation during the CS period. From this perspective some of the points made in the tender are not fully in line with the main issue of the ToR.
- The two CS are of a second generation of CS. They were prepared during 1997–98 and mirror the shortcomings from that period. Since the late 90's there has been improvements in methods and policy both in workmodes and perspectives in the CS process. To once again look into the shortcomings in the preparation of the second generation of CS would not add value to the current discussion on methods and policy development. It is extremely important that the assignment is consistently oriented towards the production of useful and relevant information to Sida staff responsible for the development of new country strategies for Vietnam and Laos. Such staff are the exclusive addressee of the evaluation process and reports. This means that the evaluation should not reproduce information that Sida is already familiar with, or information that is not relevant for current purposes and management decisions.
- Therefore the ToR does not focus on the process of preparation (1997–98) up to the government decision for the current CS. We are aware of the shortcomings regarding the consistency and coherence in and between the documents Result Analysis/Country Analysis/Country Strategy. But to assess the relations between these three documents would risk resulting in much information that is already known and out of date at the same time.
- The issue of relevance is of some concern to the assessment of the strategic plan. However, it is not central in the sense that we want a discussion on how some important issues are missing in the country analysis, in the results analysis, or in the CS itself, at their inception in 1997–98.
- The discrepancy between the tender and (at least the intentions behind) the TOR may be the result of lacking clarity in the latter. Section 3.1.3 of the TOR, in particular the first sentence of that section, is somewhat misleading. Focus of the assignment should, in this specific respect, be on the way the strategic plan (i.e. the successive operationalisation of the CS) has been adapted to changing needs and priorities of important partner country stakeholders, NOT if the 1998 CS should or even could have been formulated in a different way which would have made it more relevant in 2000 or 2001. In other words, we do NOT ask for a study that “inverts the typology of concepts” or that assesses the relevance of the CS at the inception of the strategy period.
- It is important that the assignment does not principally become a study of documents (in particular not of three of four year old documents), and of

what formulations these documents contain or do not contain. Rather, the evaluation should focus on the country programme and the Sida financed activities in the chosen sectors, and assess to what extent the successive operationalisation of the strategy has shaped and “informed” the implementation, character and orientation of these activities.

- It is equally important that the present evaluation does not become a repetition of the earlier country strategy evaluations of the co-operation with Tanzania and Mocambique. The scope for conclusions and recommendations from this type of studies that place emphasis on the relevance of five year old documents seems to have been exhausted. There is in any case no demand whatsoever in Sida for such repetition.
- On the issue of important policies underlying the CS process. Naturally, it is of importance to relate the implementation to major policy developments. However, one objective of the assignment is to assess implementation in relation to CS objectives. From this point of departure you can discuss implications from major policy shifts during the CS period but it is even more important to take stock of the country specific situation and policy developments in the country, as well as in Sweden and other donors. We have chosen not to single out any specific policy issues or policy document in the ToR due to the fact that policies change over time.

#### *SPM's response*

Many thanks for your clarification of the ToR. We believe that it is now clearer what we are aiming to evaluate and where the emphasis needs to go. To confirm that we understand:

- The focus of the research is to be forward-looking: while examining the experience of adopting and adapting the 1998 CS over the period 1998–2002, this is in order to identify lessons relevant to Sida staff who are developing the new country strategies. As part of this understanding, it is to provide lessons on the degree to which the previous CS document in each country guided actual implementation of Sida activities, and how the strategic and operative plans progressively evolved over the course of this period to reflect changing needs, priorities and availability of information in the country in question.
- It is not, therefore, to examine in any great depth the process that led to the *formulation* of the existing CS document, or the relationships between the CS document and earlier documents (the Results Analysis, Country Analysis, and Sida policy documents) which provided inputs to the CS.
- The key issue is therefore the degree to which the Sida's planning and management processes for the period succeeded in balancing the need for structure (to provide coherence, consistence and relevance in country programming) with flexibility (to ensure continued or improved relevance as circumstances changed or more information became available). Emphasis will be on the relationship between planning documents at different levels and stages throughout the period, and between these documents and decision-making

processes. The key question will be how far Sida staff reconciled the need for adaptation in the face of i) changing national priorities and ii) lessons learned during the course of implementation, with the need to define and communicate a coherent, strategic programme of action. Evaluation should focus on what aspects of the Sida policy process helped and hindered this balancing act, and how this may be improved in the next CS period.

- We understand that the evaluation is not simply to examine relationships between planning documents considered in isolation. Methodologically, this implies the need for i) a very good written record of how decisions were made over the course of the period under review and/or ii) good access to key staff of this period, and good recall on their behalf as to the content of dialogue and the dynamics of decision-making. (If many of the staff involved in key decisions over the last three years have now left the country and/or Sida, this will limit our ability to fully understand how plans and activities evolved: for this reason we attach considerable importance to initial phases of the evaluation, and early liaison with Sida both in Vietnam and Laos and in Stockholm.) In conducting this evaluation, there is a considerable literature on the analysis of policy processes which can be drawn on for theoretical structure and methodological approach (e.g. Sutton 1999; John 1998; Hill 1997).
- It is thus our understanding that we are to look not only at strategic plans but also at the processes of dialogue, more detailed specification, adaptation, and incorporation of new information which followed the production of the 1998 CS. On the basis of this understanding, we would suggest that the subject matter for the study should be defined as the strategic and operational *planning processes* or as *CS implementation*. Although the ToR clarifies that “strategic plan” and “operational plan” each refers to a *range* of documents, plus the associated dialogue, these terms do seem to imply a discrete plan associated with a particular document.

#### *Additional agreements*

- Due to the consultants’ time constraints, it has been agreed that Mr. Rudengrens proposed inputs in the inception phase will be shared with Mr. Lars Rylander of SPM. This sharing of responsibility will however not affect the total amount of man-weeks put into the inception phase, nor will it in any way affect the budget for the assignment.
- It has been agreed that Mr. Baulch, who has team leader responsibility for the Vietnam study, will participate in the inception phase in the same way as Mr. Vadnjal who is team leader for the Laos study.
- It has also been agreed that, during the inception phase, UTV and the Asia Department will further clarify any major outstanding aspects regarding the scope and focus of the evaluation in a way which (a) corresponds to Sida’s interests in the evaluation, and (b) is feasible within the frame of SPM’s technical and financial proposals.

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# Implementation of the 1999–2003 Country Strategy for Swedish Development Cooperation with Vietnam

What happens after the five-year country strategy paper has been approved? How is that strategy translated by Sida into strategic decisions for projects and programmes, for dialogue activities with partner organisations, and for the allocation of Sida's administrative resources?

These are the main questions investigated by this evaluation of the 1999–2003 country strategy for Vietnam, based on a case study of the co-operation in the areas of democratic governance, rural development and the environment, and private sector development and trade.

Sida invests substantial resources in preparing country strategy papers, but less attention is paid to documentation of the strategic decisions that are made throughout the strategy period. According to the evaluation this has important consequences: the various stakeholders involved in the co-operation find it difficult to act in concert, projects and programmes risk being planned and implemented in a sub-optimal way, and the allocation of Sida's administrative resources tends not to match the dialogue activities performed by the agency during strategy implementation.

The evaluation was carried out by a team of consultants from SPM Consultants KB, SPM London Ltd and the Institute for Development Studies, and jointly supervised by Sida's Department for Evaluation and Internal Audit and the Asia Department.



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