



# Aid Program Performance Report 2012–13 Vietnam

## Key messages

This report summarises the aid program's progress from January 2012 to 30 June 2013 in Vietnam.

Australia is the sixth largest donor to Vietnam. Australian official development assistance in 2012–13 is estimated to be \$153.1 million. Bilateral programs are complemented by regional development assistance including through Association of Southeast Asian Nations (ASEAN) and the Mekong River Commission, as well as other Australian Government agencies such as the Australian Centre for International Agricultural Research.

Key achievements in 2012–13 include:

- > helping an additional 115 000 people access clean water
- > providing increased access to basic sanitation for an additional 155 000 people
- > constructing 13 kilometres of rural roads
- > awarding 452 tertiary scholarships to Vietnamese students, of which 61 per cent were women
- > commencing six new community-based climate change action grants that will directly assist 270 000 people to build resilience to climate change and natural disasters.

## Context

Vietnam is considered a development success story. Political and economic reforms launched in 1986 have transformed Vietnam from one of the poorest countries in the world with per capita income below USD100 to—within a quarter of a century—a lower middle-income country. Per capita income at the end of 2010 was USD1130. The poverty rate has declined from 58 per cent in the early 1990s to 14.5 per cent in 2008 and below 10 per cent by 2010. Most indicators of welfare have improved. Vietnam has already attained five of its 10 original Millennium Development Goal (MDG) targets and is well on its way to attaining two more by 2015.

Despite Vietnam's achievements over past decades, there are growing concerns about the economy's competitiveness and the sustainability and inclusiveness of its recent development path. Infrastructure gaps, weak labour skills and inefficiency in government systems contribute to high costs of doing business. Sustained growth is threatened by inefficient and unsustainable use of natural resources and by areas of environmental damage.

Vietnam has experienced high and sustained rates of economic growth over the last two decades. However, over the past few years, the rate of economic growth has slowed, in part due to external factors, but also as a result of recurring bouts of high inflation and macro instability. Gross domestic product (GDP) growth slowed to five per cent in 2012, the slowest in 13 years, as fiscal and monetary tightening in 2011 continued to have an impact. Vietnam started to articulate a series of structural reforms in 2011 that aimed to get the economy back on a path of rapid and sustainable economic growth. GDP growth is forecast at 5.2 per cent in

2013, increasing to 5.6 per cent in 2014 if progress is made in strengthening the banking sector and recovery in major industrial economies gathers momentum. Sustaining foreign direct investment inflows and maintaining competitiveness requires intensified efforts to reform banking, state-owned enterprises and the business environment.

Economic growth has not lifted all people out of poverty. The World Bank and Government Statistics Office have constructed a new poverty line, which reports that in 2010, 20.7 per cent of the population lived in poverty and eight per cent lived in extreme poverty. Poverty is greatest in rural areas with ethnic minorities accounting for 47 per cent of the total poor. Poverty inequities have increased between rural and urban areas, between ethnic minorities and majority groups, and between regions. Rising inequality undermines poverty reduction. The pace of poverty reduction has slowed, with poverty now heavily concentrated among ethnic minorities. Vietnam's economy and its households are also increasingly vulnerable to macroeconomic instability and adverse climatic shocks.

While Vietnam has made good progress on gender equality in general, ongoing areas of concern include HIV/AIDS, gender violence, poverty among elderly women in rural areas, and primary education enrolment rates among particular ethnic minority groups. There is a lack of reliable data on people with disability in Vietnam, with the reported figures tending to underestimate the number of children and adults with disability. The Ministry of Labour, Invalids and Social Affairs estimates that there are 1.3 million children with disability. The literacy rate among people with disability aged 15 to 24 years was 69 per cent, significantly lower than for people with disability (97 per cent).

## **Program objectives and strategy**

The Vietnam–Australia Joint Aid Strategy 2010–2015 has four strategic objectives:

- > improving the quality of Vietnam's human resources
- > developing better transport infrastructure and policy to support economic integration
- > increasing rural access to clean water and sanitation
- > advancing climate change adaptation and mitigation.

Assistance to help Vietnam modernise its institutions so they are able to support the next phase of Vietnam's development underpins this thematic engagement.

These objectives remain relevant to Vietnam's development needs and are aligned with the key priorities in Vietnam's Social and Economic Development Plan 2011–2015. With slower economic growth, updated poverty analysis, and the large number of people living just above the poverty line, it is timely to give further consideration to the adequacy of Vietnam's social protection strategies. The Department of Foreign Affairs and Trade (DFAT) has commissioned research on social protection approaches in the Mekong region including in Vietnam, and this will help determine whether a stronger social protection dimension to the Vietnam program should be developed.

Vietnam's development partners pledged USD6.5 billion for 2013 at the December 2011 Vietnam Consultative Group meeting, compared to USD7.3 billion for 2012. While official development assistance is received from many sources, total assistance accounts for less than four per cent of GDP.

Australia is the sixth largest donor to Vietnam with an estimated \$153.1 million provided in 2012–13. Other major donors include the World Bank, Asian Development Bank, Japan, Germany, the United States and European Union. A number of bilateral donors are phasing out official development assistance, including the United Kingdom, Denmark and the Netherlands. Others, including Australia, are continuing their programs.

Australia recognises Vietnam’s ownership and leadership of the development agenda. We are supporting the Government of Vietnam to strengthen its monitoring and evaluation systems for official development assistance and public investment through a program of technical assistance implemented by the Ministry of Planning and Investment.

Australia provides assistance through the Government of Vietnam’s national systems and partners with other multilateral and bilateral donors and non-government organisations to deliver programs. We are supporting climate change adaptation in the Mekong Delta through a delegated cooperation arrangement with Germany, and have formed a country level partnership with the World Bank to leverage the assistance programs of both DFAT and the bank to support Vietnam’s development program.

## Expenditure

Financial expenditure is reported in two periods—January 2012 to June 2012, and for the 2012–13 financial year.

Table 1A: Expenditure 1 January to 30 June 2012

Objective	\$ million	% of bilateral program
Objective 1: Improvement in the quality of Vietnam’s human resources	15.28	19.48%
Objective 2: Better transport infrastructure and policy to support economic integration	27.03	34.46%
Objective 3: Increase rural access to clean water and hygienic sanitation	15.94	20.32%
Objective 4: Advance climate change adaptation and mitigation focusing on the Mekong Delta	18.37	23.41%
Previous country strategy objectives	0.12	0.16%
Other crosscutting initiatives	1.72	2.19%
<b>Total</b>	<b>78.44</b>	

Source: Aidworks 2011–12 annual program performance report<sup>1</sup>.

Table 1B: Estimated expenditure in 2012–13

Objective	\$ million	% of bilateral program
Objective 1: Improvement in the quality of Vietnam’s human resource	27.60	26.59%
Objective 2: Better transport infrastructure and policy to support economic integration	16.41	15.82%
Objective 3: Increase rural access to clean water and hygienic sanitation	28.04	27.02%
Objective 4: Advance climate change adaptation and mitigation focusing on Mekong Delta	23.89	23.01%
Other crosscutting initiatives	7.85	7.57%
<b>Total</b>	<b>103.8</b>	

Source: Aidworks monthly end of financial year forecast 2012–13.

## Progress towards objectives

The Vietnam program uses a performance assessment framework (Annex F) that provides milestones against which performance is assessed each year. As well as promoting rigour in

<sup>1</sup> Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports

judging program implementation, the framework also promotes strategic focus. The ratings presented in this section are a combination of actual progress towards milestones and future challenges and issues that could hinder progress. The ratings are informed by periodic discussion with partners around program performance, for example the joint annual review of the national target program on rural water supply and sanitation, and high-level consultations on development cooperation between Australia and Vietnam.

In 2012–13, progress in three areas—human resource development, rural water supply and sanitation, and climate change—confirmed that country strategy objectives are on track to be achieved by the strategy end in 2015. The fourth area—economic integration—is expected to only partially meet country strategy objectives within the timeframe despite a number of successful activities. Four of the top five planned results for 2012 (Annex E) were achieved.

Table 2: Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1: Improvement in the quality of Vietnam's human resources	Green	Green
Objective 2: Better transport infrastructure and policy to support economic integration	Amber	Amber
Objective 3: Increase rural access to clean water and sanitation	Green	Green
Objective 4: Advance climate change adaptation and mitigation	Green	Green

Note:

 Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

 Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

### Strategy objective 1: Improvement in the quality of Vietnam's human resources

Vietnam development goal: To meet human resources needs associated with progression to an industrialised country by 2020

Objective	Current rating
Objective 1 Improvement in the quality of Vietnam's human resources	green

#### Annual milestone targets 2012

- > Start developing delivery strategy for human resource development (achieved).
- > Award 225 Australia Awards, 18 Australian Leadership Awards and between 50 and 60 Australia Awards Fellowships (achieved).
- > Update monitoring and evaluation framework (achieved).
- > Provide comprehensive reintegration support for alumni (achieved).
- > Complete an institutional impact assessment of scholarships program on key central government agencies (achieved).

Vietnam's Socio-Economic Development Plan 2011–2015 identifies human resource development as one of three key breakthrough areas to achieve Vietnam's development goals. Key current challenges are the low quality of education, particularly at the tertiary level, low research capacity, and a mismatch between training and labour needs.

Improving human resource quality through demand-based training and enhancing capacity of policy makers, entrepreneurs and skilled workers are identified as priority areas. Training

eight million Vietnamese at undergraduate level and 300 000 at postgraduate level, and having 30 per cent of university lecturers with doctorate degrees, are goals the Government of Vietnam aims to achieve by 2020 as articulated in its Master Plan for Human Resource Management 2011–2020.

To date, no reports are available on implementation of this master plan, although there is some progress. During 2012, many provinces developed and approved their own plan for provincial human resource development to implement the national plan. In January 2013, the government convened a national videoconference to launch its Education Development Strategy 2011–2020, which is considered one of the fundamental tools to underscore the human resource master plan. In 2012, the government commenced its new PhD overseas training program (Program 911) and its first selection round is currently open for 1100 awardees, 50 of who will study in Australia. In March 2013, the Ministry of Education and Training withdrew permission to 27 Vietnamese academic institutions to provide PhD-level education, as they did not meet quality standards.<sup>2</sup>

DFAT's Vietnam Country Strategy commits to improving the quality of Vietnam's human resources across the strategy's objectives—to build individuals' skills and impact, strengthen public institutions, and promote Australia–Vietnam linkages through knowledge and experience exchange. DFAT's support is reaching the public and non-government sectors and continues to prioritise support for disadvantaged areas.

The human resource development pillar's performance assessment framework milestones for January 2012 to June 2013 have been fully achieved. Development of the Human Resource Development Delivery Strategy 2014–2020 has commenced and is scheduled to be finalised in late 2013. This strategy will help keep Australia's current and future human resource interventions outcome-focused, sharpen DFAT's overall human resource development strategic objective, and clarify how we will deliver assistance and engage in the sector.

### **Improving individuals' skills and impact**

Improving individuals' skills and impact through the Australia Awards program remains the flagship of DFAT's human resource development support for Vietnam. Australia remains the largest scholarship provider to Vietnam, which ranks second after Indonesia for Australia Awards recipient countries. The Vietnam Australia Awards 2012 annual report indicated that overall, Australia continues to contribute significantly to enhancing Vietnam's professional, technical and leadership skills through postgraduate scholarships.

In 2012–13, 452 tertiary scholarships were awarded to Vietnamese candidates, 61 per cent of who were women. This puts DFAT on track to meet our performance assessment framework 2015 target to provide 1380 postgraduate scholarships, with around 20 per cent (275) for PhD degrees. Twenty-two outstanding awardees were chosen to take part in the Australia Awards Leadership Program, representing 11 per cent of the global program.

Two people with disability received awards, the same number as the previous year. DFAT recognises the need to increase access and support for people with disability through the Australia Awards program and by June 2013 a dedicated Equity of Access Fund will be established to provide better support to, and facilitate more successful awardees for, people with disability and those from disadvantaged areas.

The Government of Vietnam aims for women to account for 40 per cent and 20 per cent of Master and PhD holders respectively by 2015, from the current level of 30 per cent and 17 per cent. The aid program conducted a study in 2012 to assess the impact of the Australia Awards Scholarships program on gender equality in Vietnam. The program's limited (and

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<sup>2</sup> Ministry of Education and Training Department for Higher Education.

only recent) prioritisation for Vietnamese working in the gender sector led to the impact being assessed as modest. The two recommendations from the study—increased targeted marketing to gender agencies and establishing a formal gender network—are being incorporated into the program.

In response to the 2012–13 performance assessment framework, DFAT developed a reintegration strategy for scholarship recipients and commenced a pilot to improve reintegration efforts before and on return to Vietnam. New in-Australia workshops were added to help awardees plan their reintegration into the workforce and help with the transition from student to employee up to three months before completing their studies. This new activity now complements the existing workshops offered to recently returned awardees. The pilot concluded in late 2012 and will become a standard support package for awardees from 2013, pending results in the 2013 monitoring and evaluation report.

The Vietnam Australia Awards Scholarships program's monitoring and evaluation framework was updated in 2012—another performance assessment framework milestone for 2012–13. The new framework is centred on the revised program logic. It reflects the program's updated goal and the addition of a new objective focused on alumni linkages to Australia. Strengthened indicators will allow DFAT to better assess the program's performance and articulate how the program is tracking towards delivering development outcomes.

### **Strengthening public institutions**

Strong and effective public institutions are needed if Vietnam's ambition of becoming an industrialised and competitive country by 2020 is to be realised. In 2012, the Australian aid program aimed to provide 40 per cent of Australia Awards to central government agency candidates. Although promotion efforts were enhanced and applicants from this category received high prioritisation, there was a shortfall in applications and successful candidates in the 2012 selection round. The shortfall is likely due to only including people from central government agencies, with research institutes being allocated to the category that includes universities. Support for central government agencies will be considered in the human resource development delivery strategy to be developed in 2013–14.

Over 60 per cent of Australian Government-funded alumni are working in the public sector. In 2012, as part of its performance assessment framework commitment, the department completed an impact study focused on the State Bank of Vietnam and the Ministry of Planning and Investment. These agencies are in charge of Vietnam's monetary and economic policies and represent the two central government agencies with the most Australia Awards alumni. Fifty-three per cent of alumni working in the bank and 40 per cent of alumni in the ministry are holding senior or management positions. The vast majority of these reported having contributed to policy development by doing research, developing concept papers, joining working groups, and providing direct policy advice. While it is difficult to assess the impact of Australia Awards at the organisational level, the State Bank of Vietnam believes its performance had improved in recent years, citing specific examples of alumni contributions at the organisational level, as well as strong alumni unity. The study suggests that support from other donors for organisational restructuring and resource planning has helped the bank to capitalise on alumni skills and knowledge.

Improving the quality of teaching and research programs in Vietnamese universities, including in Teachers of English to Speakers of Other Languages teacher training, is one of the objectives of Australia Awards in the Vietnam program. A department cluster study in 2012 on alumni working in the English language training sector revealed that of those currently working in Vietnam, 21 per cent hold senior or management positions, including nine rectors and vice-rectors, and 27 deans and vice-deans. The National Foreign Language 2020 Project and all major universities delivering the project in Vietnam also have significant concentrations of Australia Awards alumni. Three out of four dean positions in the teaching

English division of the University of Languages and International Studies (Vietnam National University) are occupied by Australia Awards alumni. This is the leading institution in English teaching in Vietnam.

### Promoting Australia–Vietnam linkages

Vietnam remains the third largest recipient of Australia Awards Fellowships. In 2012, a total of 185 fellowships were awarded to Vietnamese scholars for training and work attachments in Australia. This fulfils the program’s fellowships performance assessment framework commitment for 2012–13.

The Public Sector Linkages Program aims to develop long-term partnerships between Australian and Vietnamese institutions. Under the program, five capacity building projects for Vietnam commenced in 2012 in the areas of climate change, hospital data management, and small medium enterprises. Under the Public Sector Linkages Program’s successor, Government Partnerships for Development, a high-level of interest—14 applications—was received for the first round.

Australian volunteers make a valuable contribution to building the capacity of individuals, organisations and communities through skills and knowledge exchange. In 2012, 79 volunteers including 37 men and 42 women were placed in Vietnam through Australian Volunteers for International Development (AVID). This maintains Vietnam’s position as the third largest recipient of volunteers through this program. In 2012–13, the department’s Office of Development Effectiveness undertook an independent evaluation of AVID across three countries, including Vietnam. The Vietnam program will consider the review’s recommendations, which are not yet finalised, when assessing how best to use the volunteer program to support human resource development.

In 2013 DFAT will deliver one of the key events to celebrate the 40th anniversary of Australia–Vietnam diplomatic relations. Planning of the first national alumni conference in December 2013 has commenced. The conference is expected to help enhance linkages (alumni to alumni, and institutional), provide policy advocacy opportunities, strengthen professional networking, and allow prominent alumni and Australian institutions to share research experiences.

## Strategy objective 2: Better transport infrastructure and policy to support economic integration

Vietnam development goal: Increase economic activity (national and cross-border) in targeted regions

Objective	Current rating
Objective 2 Better transport infrastructure and policy to support economic integration	amber

### Annual milestone targets 2012

- > Cao Lanh Bridge detailed design completed (achieved).
- > Total of 415 kilometres of rural road will be completed by end June 2013 – an additional 179 kilometres (not achieved – additional 40 kilometres completed)\*.
- > 50 per cent of civil works completed by end June 2013 for Southern Coastal Corridor (exceeded – 71 per cent of civil works completed).
- > Evidence that recommendations of the three and five-year reviews of economic integration funded under the Beyond World Trade Organization (WTO) Program are reflected in the new government resolution on economic integration (partly achieved).

\*The World Bank informed us in April 2013 that the targets that had been provided in previous reporting cycles were inaccurate, overestimating rural road kilometres to be constructed under this project. Performance assessment framework milestones for the coming reporting period reflect this issue.

This strategic objective has been rated amber in terms of the likelihood of its achievement during the country strategy period. While our transport sector initiatives are progressing well, progress with economic reform activities have been mixed primarily due to inefficiencies in the design of the Beyond WTO Program. This is discussed further in the economic reform section below.

### **Context – transport sector**

There have been some reforms in the transport sector over this reporting period. In December 2012, the Government of Vietnam established the Road Fund to operate and maintain Vietnam's transport infrastructure assets. While the details of how this fund will be managed remain unclear, this appears to be an attempt by the government to better institutionalise operations and maintenance and it is likely to improve the transparency and predictability of expenditure in this area.

A tight fiscal situation prompted the government to squeeze investment in transport infrastructure, which has driven efforts to increase private sector investment. While Vietnam's expectations for mechanisms like public private partnerships in the transport sector are very ambitious, this situation has stimulated some useful reform to the legal and regulatory environment for, and strategic oversight of, such partnerships in Vietnam.

### **DFAT's engagement in the transport infrastructure sector**

DFAT's key investment in this sector, the Cao Lanh Bridge project, progressed well over this reporting period. The detailed design was completed and resettlement and income restoration plans were prepared and approved by the Asian Development Bank and the Australian Government. The Asian Development Bank and the Government of Vietnam have appraised the detailed design and are in the process of approving financing for the civil works phase. Key areas where DFAT exerted significant influence include:

- > Ensuring an appropriate allowance was made in the detailed design for climate change impacts. This required high-level engagement from Post as it was met with resistance due to the policy precedent setting impact (a positive policy precedent) it is likely to have on other large infrastructure projects in Vietnam. This achievement will ensure the road is less prone to increased flooding in the Mekong Delta, which is predicted due to a combination of sea-level rise and increased rainfall.
- > Improving design of treatments for soft-soil conditions to ensure the road is safer and easier to maintain. These improvements resulted from lessons learned on the Southern Coastal Corridor Project that the Australian Government also co-finances with the Asian Development Bank, and can be applied by Vietnam to other projects in the Mekong Delta.
- > Ensuring that management structures for implementation of the social development aspects of the project are robust and provide scope for DFAT influence.

With the Cao Lanh Bridge Project moving into the civil works phase, Post has increased its resourcing to manage this. A senior program manager: social development position has been established and is responsible for managing DFAT's engagement on social development aspects of project implementation, including resettlement, livelihoods restoration, and HIV/AIDS mitigation. DFAT has also successfully lobbied the Asian Development Bank to strengthen its in-country management of this project. As a result, senior transport and resettlement specialists have been deployed to the bank's resident mission in Hanoi.

DFAT's investments in the Southern Coastal Corridor project (co-financed with the Asian Development Bank) and the Mekong Transport Infrastructure Development Project (co-financed with the World Bank) continue. Both projects are progressing well.

For the Southern Coastal Corridor project, 71 per cent of civil works were completed at 30 June 2013, exceeding our performance assessment framework milestone of 50 per cent. Additional financing to cover the costs of improved soft soils treatment (reported in last year's annual program performance report) has been approved and road designs have been modified accordingly. Recent media reporting in Vietnam has emphasised the importance of the Southern Coastal Corridor as a key regional trade link and highlighted the link between a planned major deep-water port and the corridor.

Australia is co-financing Component C of the Mekong Transport Infrastructure Development Project, which is upgrading secondary feeder roads to link poorer and more distant producers to the main supply corridors. Activities have been carried out in 10 out of 13 provinces and an additional 40 kilometres of rural roads were completed in 2012. The initiative's HIV/AIDS mitigation project has demonstrated particularly good results over this reporting period. A total of 1500 construction workers and 1700 local people have benefited from a communication campaign and targeted activities for increasing awareness of HIV/AIDS and its prevention.

Since the campaign began:

- > the proportion of respondents who felt that they were at risk of contracting HIV or a sexually transmitted infection increased from 11 per cent at the baseline to 60 per cent at the end-line, indicating a greater awareness of the risks
- > general knowledge about HIV/AIDS and sexually transmitted infections among the construction workers improved markedly. Awareness of antiretroviral medicines rose from 27.7 per cent to 79.3 per cent, awareness about the difference between HIV and AIDS increased from 27.1 per cent to 58.7 per cent, and understanding of the definition of sexually transmitted infections increased from 73.5 per cent to 92 per cent
- > awareness of how HIV can be transmitted increased compared to the baseline survey: from an HIV positive mother to child – 52.8 per cent to 81.3 per cent, from unprotected sex – 91.7 per cent to 96 per cent, and from injecting drug users – 44.4 per cent to 74 per cent.

The Vietnam Country Strategy identifies as a priority Australia's assistance to develop alternative models of infrastructure financing to help meet Vietnam's pressing infrastructure needs. Public private partnership financing constitutes one important way of attracting private sector investment into infrastructure. As highlighted in the transport sector context section above, the legal, regulatory, institutional and political environment for these partnerships in Vietnam is improving. DFAT's investments in this area are implemented with the World Bank and the Ministry of Transport. DFAT's approach to assisting the government is two pronged:

1. support to develop a public private partnership transaction to build an expressway in Vietnam. If this transaction is successful, it will provide a model that can be drawn on to establish a working regulatory and legal framework for such partnerships. It will also demonstrate to international investors that Vietnam is capable of developing international good practice public private partnership transactions
2. an activity to build the capacity of the Ministry of Transport to identify, prepare and manage public private partnership transactions in the transport sector.

The expressway transaction is progressing well and is expected to be put to the market in the second half of 2013. The capacity building activity has been slow in progressing. A key development that has impacted on this activity was, ironically, the establishment of a public private partnership department within the Ministry of Transport. This is a positive and necessary development but teething problems have slowed down approvals. However, this

development means we now have a stable and dedicated counterpart for our public private partnership investments with the ministry. This department is inexperienced and lacking in expertise, so getting the capacity building activity up and running is a priority. We expect progress to accelerate substantially over the coming reporting period.

### **Economic reform**

2012 marked five years since Vietnam's accession to the World Trade Organization. In assessing its performance in the area of economic integration over the last five years, Vietnam acknowledges that some important domestic policy and institutional reforms have been slow—state-owned enterprise reform being a notable example—as a result of the need to deal with unstable global conditions. But Vietnam is seeing positive impacts such as expanding export markets for its agricultural goods and improving competitiveness and professionalism in its manufacturing and agricultural sectors. This five-year assessment was undertaken by the Central Institute for Economic Management and funded by Australia's Beyond WTO Program.

Jostling between the Communist Party of Vietnam and the Government of Vietnam has impacted on the institutional and policy environment in the area of economic integration. The government's resolution on integration remains in draft form. The communist party, on the other hand, approved its resolution on integration in April 2013.

Vietnam's banking sector is heaving under the weight of bad debts, constraining access to much needed capital for the private sector. The government and party have recognised this problem and have this year taken tentative steps to addressing it. Vietnam agreed to and underwent a Financial Sector Assessment Program (conducted by the World Bank and International Monetary Fund), the findings of which have not yet been released. The willingness of Vietnam to release the report will be a key signal to international and domestic stakeholders on its commitment to reform.

Land use and land management is another critical policy reform area of ongoing debate. The land law revision process has been drawn-out as can be seen from previous annual program performance reports. However, there are some encouraging signs of possible changes that should support more efficient allocation and use of land in Vietnam. These changes will help establish a level playing field between the public and private sectors and ensure fairness in the way land is acquired by the state for public interest projects like major transport infrastructure.

### **DFAT's engagement on economic reform**

Ongoing instability in the policy and institutional arrangements for economic integration in Vietnam has impacted on our engagement. Entrenched inefficiencies in the design of the Beyond WTO Program, as detailed in last year's annual program performance report, have also hampered effectiveness. A mid-term review of the Beyond WTO Program in 2012 found that it has achieved some good discrete results that are likely to have a lasting impact, but that its effectiveness has been compromised by a broad agenda and a large number of diverse projects of varying scale with few linkages or collaboration between different agencies. While the mid-term review did provide some options for reforming and continuing with the initiative, the Vietnam program has decided to close it and work towards building a smaller, more focused engagement on important economic integration issues that draw on the program's lessons and build on some of its notable achievements. This transition will be a key management action over the coming reporting period.

Notable achievements of the Beyond WTO Program during this reporting period include:

- > supporting state-owned enterprise governance reform by funding a study and consultations on a decree to strengthen governance and performance by separating state ownership and management responsibilities. The new decree, which was issued in November 2012, is an important step to building the policy and regulatory reform environment

- > helping farmers by improving their understanding of export regulatory standards and value chain opportunities. This will help improve their incomes by moving to higher value niches in the market, such as higher quality rice
- > supporting land use and management reform by funding consultations with the public and private sectors and civil society on the revision of the land law. Key areas of focus for these included strengthening land use rights and reducing inequities and corruption
- > supporting take-up of new opportunities in a global marketplace by supporting World Trade Organization centres in Danang and Ho Chi Minh City. These centres support local authorities and the business community to identify opportunities and challenges presented by Vietnam's membership of the World Trade Organization.

The performance assessment framework milestone for the Beyond WTO Program was partially achieved. Elements of an assessment funded under the program were included in a resolution on integration issued by the communist party. The government resolution has not yet been issued.

As foreshadowed in last year's annual program performance report, support is being provided under the DFAT–World Bank country partnership for improved economic management and banking and financial sector reform. In 2012–13, work commenced on banking governance reform, developing an insolvency and creditor rights framework and strengthening financial inclusion to provide better access to credit across the full breadth of the economy. This work is only in the early stages but, in combination with the Financial Sector Assessment Program, is helping build an understanding of weaknesses in the banking and finance system and providing international experience to help the government address these.

The DFAT–World Bank program is also undertaking analytical work to inform a USD750 million policy-based budget support operation led by the World Bank. This work will help identify economic management policy triggers and help the government and donors understand the impacts—both positive and negative—of policy actions that the operation will support. A good example is a piece of analytical work that looks at the social impacts of policy actions aimed at making state-owned enterprises more efficient, including unemployment and social security.

### Strategy objective 3: Increase rural access to clean water and sanitation

Vietnam development goal: Reduced incidence of waterborne diseases

Objective	Current rating
Objective 3 Increase rural access to clean water and hygienic sanitation	green

#### Annual milestone targets 2012

- > A total of 80 per cent of rural population has access to hygienic water (achieved), 55.5 per cent has access to hygienic latrines (achieved), 80 per cent of rural primary schools have access to hygienic water and latrines (achieved), 90 per cent of commune clinics have access to hygienic water and latrines (achieved).
- > Ministry of Agriculture and Rural Development to issue a standard procedure for monitoring and supervision of Vietnam's National Target Program for Rural Water Supply and Sanitation Phase 3 (partly achieved – procedure has been drafted but not yet issued).
- > Update and revise the rural water supply and sanitation procurement manual (delayed as this cannot be finalised until the Ministry of Planning and Investment undertakes its broader revision of the public procurement law).

- > Work with Ministry of Health and Women's Union to increase output-based sanitation approaches (achieved).

At the end of 2012, 19.5 per cent of the rural population still did not have access to hygienic water and 44.5 per cent of rural households lacked hygienic latrines. This lack of access combined with poor knowledge about hygiene means waterborne diseases remain an issue affecting people's health, with associated impacts on education outcomes and rural economic growth. In March 2012, the Government of Vietnam launched its National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3, confirming its commitment to achieve MDG7 on environmental sustainability by 2015.

Australia is providing \$65 million to this program, delivered through a combination of targeted program budget support (80 per cent) and technical assistance (20 per cent). Total bilateral donor support from Australia, Denmark and the United Kingdom is estimated at USD100 million or about 5 per cent of the total planned budget. Donor funding is combined with the state budget and allocated to individual provinces to implement water supply and sanitation programs. Provincial steering committees oversee delivery of the program. Australia also provided funding for the second phase of the program, which ran from 2006–2011.

Sustainability is a great challenge given the sector is directly and indirectly affected by issues such as natural disasters and climate change. There have been significant changes in water resources especially in relation to contamination of underground and surface water. The functionality of the water supply schemes are very much affected by natural disasters such as landslides and flood, as well negative impacts by large investment projects such as hydro-electricity plants. Investment in coming years needs to be prioritised to enhance the program's sustainability, water quality and functionality rather than simply to increase coverage. In addition to this, continued attention to sanitation and hygiene is required if MDG targets are to be met by 2015.

Off-budget technical assistance is provided by Australia, Denmark and the United Kingdom. With agreed labour division amongst the three donors, Australia plays a lead role in working with the Government of Vietnam on the improvement of water quality, fiduciary risk management, budget and planning, and investment sustainability elements of the program. Australia will need to increase involvement on sanitation elements of the program as other donors exit in 2013 and 2014, and is well placed to do this.

The Government of Vietnam formally approved the National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3 in late March 2012, allowing only nine months to implement the 2013 plan. Despite the shorter timeframe, the following results were achieved by 31 December 2012, well ahead of targets set by government, especially on sanitation:

- > 80.5 per cent of rural population having access to hygienic water (an additional 1 645 000 people had access to hygienic water in 2012)
- > 56 per cent of rural households having hygienic latrines (an additional 491 447 households built new hygienic latrines in 2012)
- > 81 per cent of schools equipped with water supply and sanitation facilities (5700 water or sanitation facilities were newly built or upgraded in 2012) and 91 per cent of clinics equipped with water supply and sanitation facilities (1335 water or sanitation facilities were newly built or upgraded in 2012).

Australia funded seven per cent of the program's 2012 budget (including the state budget, provincial budget, donor contributions, loans from the Social Policy Bank, and people's contributions). This enabled an additional 115 000 people to have access to clean water and provided an additional 155 000 people with increased access to basic sanitation.

To align with the above strategy of assistance, in addition to increased access to water supply and sanitation services, DFAT policy dialogue and technical assistance to the previous program—the National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 2—resulted in the following areas of significant improvement in 2012–13:

- > A significant change in the program’s design between phase 2 and phase 3 was establishing a separate sub-project on sanitation. This was important to enable a greater focus on sanitation with significant increased allocated budget in phase 3.
- > The Ministry of Finance has issued a circular on rural water supply and sanitation asset management and ownership. This is an important basis for better and more systematic asset management with clearly defined ownership enabling funding for future operation and maintenance of these assets.
- > A draft supervision and inspection manual for phase 3 of the program has been prepared to reflect the Ministry of Agriculture and Rural Development’s intention to improve these aspects, thereby increasing efficiency and transparency.

As well as our support for National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3, DFAT has been promoting new approaches in rural water supply and sanitation through output-based aid. The civil society organisation East Meets West Foundation ran a successful pilot of this approach in two provinces—Tien Giang and Dong Thap—with \$1.6 million from the Australian Government’s first Civil Society Water, Sanitation and Hygiene Fund in 2010. The organisation has now received USD10 million from the Bill and Melinda Gates Foundation under the Community Hygiene Output-Based Aid program to scale up its output-based aid pilot in eight provinces. In 2012–13, the Australian Government funded the Ministry of Health and the Women’s Union in eight provinces to implement output-based aid with East Meets West Foundation and to ensure that the program helps implement the sanitation component of the National Target Program for Rural Water Supply and Sanitation. East Meets West Foundation has again received funding through DFAT’s second Civil Society Water, Sanitation and Hygiene Fund to implement output-based approaches.

In 2012, the World Bank launched a new USD200 million Program for Results to help increase access to better water and sanitation in the Red River Delta as part of the National Target Program for Rural Water Supply and Sanitation in these provinces. Program for Results is a new lending instrument which provides funding linked to the achievement of agreed results. Under the DFAT–World Bank country partnership, DFAT is contributing \$8 million for technical assistance to support Program for Results and maximise its effectiveness. DFAT is working with the Ministry of Agriculture and Rural Development and the World Bank to ensure that the technical assistance is well designed, coordinated with other assistance being provided to the National Target Program for Rural Water Supply and Sanitation, and that lessons learnt from Program for Results are introduced to the water and sanitation program and vice versa.

#### **Strategy objective 4: Advance climate change adaption (focusing on the Mekong Delta) and mitigation**

Vietnam development goal: Reduced human, economic and environmental losses associated with climate change, including natural disasters

Objective	Current rating
Objective 4 Advance climate change adaptation (focusing on the Mekong Delta) and mitigation	green

### **Annual milestone targets 2012**

- > Six new community-based climate change action grants commenced in 2012 that will directly assist 270 000 people to build their resilience to climate change and natural disasters (achieved).
- > Climate change and coastal ecosystems program baseline established and implementation plans agreed with each province (achieved).
- > National mechanism to enhance disaster risk reduction/climate change adaptation coordination is established (ongoing – to be launched by end 2013).
- > Completion of Asian Development Bank Climate Change Impact Study in the Mekong Delta (achieved).
- > CSIRO down-scale projections commenced in partnership with the Ministry of Natural Resources and Environment's science institute (achieved).
- > Value chain analysis on low-carbon pathways in agricultural production (achieved).

Climate change continues as a pressing development issue in Vietnam where rising sea levels, salt water intrusion and flooding are already affecting vulnerable coastal communities, particularly in the Mekong Delta region. In 2012 natural disasters—which are anticipated to become more intense with a changing climate—continued to impact on Vietnamese livelihoods and infrastructure, with 258 recorded deaths and an estimated damage bill of USD780 million.

Over the last 18 months there has been a sustained effort to move forward on the Government of Vietnam's commitment to address climate change through its policies, programs and investment. Key policy developments during this period were the establishment of the National Committee for Climate Change in January 2012, which is chaired by the prime minister to strengthen the inter-ministerial coordination required for a comprehensive climate change response. The committee endorsed an action plan in October 2012 for the National Climate Change Strategy.

DFAT has been engaged in these policy developments through a process of structured dialogue with the government under the Support Program to Respond to Climate Change. This has been undertaken together with Japan, France, South Korea, the World Bank and Canada. The program is a platform for donors and government to work together on a prioritised roadmap of policy actions. The Australian Government released its first \$8 million contribution to the program in 2012, which was earmarked for climate change planning and investment. This followed a joint donor evaluation confirming satisfactory progress against the 2011 policy cycle, including the establishment of the National Climate Change Strategy.

The Australian Government joined contributing donors in the evaluation of the 2012 policy cycle that has confirmed significant progress on key policy actions including finalisation of the National Action Plan to Respond to Climate Change, the Law on Natural Disaster Prevention and Mitigation, and establishment of a financing mechanism that allows additional funds to be mobilised for priority climate change investment projects. There are still some outstanding policy actions that need to be addressed before funds are released later in 2013. This includes establishing a platform to facilitate stakeholder coordination for disaster risk reduction and climate change adaptation, which now looks like it will be launched in October 2013 (2012–13 performance assessment framework milestone). DFAT is continuing to monitor the completion of outstanding actions before we release our next contribution under this multi-donor program, including mobilising funds for targeted technical assistance to support priority policy actions.

### **Building community resilience to the impacts of climate change**

DFAT's recently approved Vietnam Climate Change Delivery Strategy (2011–2016) includes a focus on building community resilience as the poorest in communities are often living in areas that are the most exposed to weather related disasters. These are likely to intensify with a changing climate. The Australian aid program mobilised a new program of community-based climate change action grants in 2012 to help build the resilience of vulnerable communities to climate change. We are also continuing our partnership with Germany under the Climate Change and Coastal Ecosystems Program to work directly with the provincial governments on adaptation measures to protect and promote people's livelihoods.

Australia and Germany's partnership under the Climate Change and Coastal Ecosystems Program in Vietnam's Mekong Delta region has been mobilised over the reporting period. Significant work has been undertaken to consolidate the lessons learned from the initial pilots in Kien Giang, Bac Lieu and Soc Trang and to agree on approaches for promoting the expansion into the two new provinces of Ca Mau and An Giang. All 2012–13 performance assessment framework milestones for the program have been met:

- > baseline surveys have been completed to confirm the current situation, including policy conditions, the status of protected forests, the socio-economic situation, the level of climate change awareness, and gender dynamics
- > operational plans have been agreed to in all five provinces and at the national level to guide implementation.

The late signing of the implementation agreement between German aid agency GIZ and the Ministry of Agriculture and Rural Development in early 2013 has delayed full mobilisation of the national level component that is designed to draw on provincial experience to inform national policies and resourcing decisions. However, this has not impacted greatly on the continuation of activities at the provincial level, with the two new provinces moving forward on the institutional arrangements and preparation activities.

A key challenge has been in transitioning from the pilot projects to a program that successfully brings together the various activities under a coherent approach. DFAT and GIZ have jointly undertaken an independent progress review that has made a number of recommendations around:

- > aligning DFAT and GIZ reporting and commitment phases
- > strengthening institutional arrangements
- > clarifying coordination arrangements between the five provinces and the national component
- > consolidating the main intervention areas to facilitate scale up.

DFAT will continue to work closely with GIZ in addressing these recommendations.

While it is too early to report on program level outcomes, there are positive signals that our expanded partnership with Germany will achieve the intended results:

- > in Kien Giang there is already evidence that the livelihood demonstration activities under the pilot are being adopted more broadly in vulnerable coastal communities
- > a new variety of coconut has proven to be more salt resilient and the fruit is being sold at a much higher value (more than 50 per cent) compared to traditional varieties. Farmers are preparing to plant an additional 20 hectares with support from local government, including the establishment of a nursery providing 15 000 seedlings for farmers use
- > other livelihood activities are being replicated with government and community resources, including an additional 37 households that are preparing to engage in sustainable fish farming of a variety that has proven to increase income up to 40 per cent

- > provincial governments in Kien Giang, Bac Lieu and Soc Trang have also dedicated their own funds to adopt the low cost coastal protection measures developed under the pilots, resulting in an additional 10 kilometres of fences being built to help reduce coastline erosion.

These examples highlight that provincial government and the community have the ability to mobilise additional resources once the benefits of an activity have been demonstrated under the project. The Climate Change and Coastal Ecosystems Program will continue to use this demonstration approach by working alongside provincial authorities and stakeholders to promote broader adoption of proven models.

A key performance assessment milestone achieved in 2012 has been the mobilisation of six community-based climate change action grants valued at around \$15 million which will help vulnerable communities in Vietnam manage the impacts of climate change. Six organisations and their partners have been awarded community-based climate change action grants including:

- > four climate change adaptation partnerships led by the Australian Red Cross, Care, Oxfam and Save the Children, which will help to promote an integrated approach to climate change adaptation and disaster risk reduction at the community-level
- > two climate change mitigation partnerships led by the Environmental Defense Fund and the SNV Netherlands Development Organisation which will help build the capacity of smallholder rice producers and provincial agencies to reduce greenhouse gas emissions and improve benefits from rice production in Vietnam's Mekong Delta and central regions.

These activities will directly assist 270 000 people to build their resilience to climate change and weather-based disasters, contributing to the 750 000 target under the Joint Aid Program Strategy Performance Assessment Framework. The overall target will also be supported through our flood and drought mitigation partnership with the Asian Development Bank that will start in 2013–14. DFAT has facilitated communication between our non-government partners, GIZ and the Asian Development Bank where they are working in the same provinces to encourage sharing of community experience to inform provincial-level adaptation approaches.

### **Promoting low-carbon growth**

Vietnam launched its first Green Growth Strategy in September 2012, which sets out voluntary targets for reducing greenhouse gas emissions by eight to 10 per cent by 2020 compared to 2010 levels. This new strategy has a particular focus on the energy sector and will further Vietnam's commitment to join international efforts in mitigating the future impacts of climate change while promoting a low-carbon model for sustainable economic development. Aligned with the priority tasks under the Green Growth Strategy, DFAT has continued to develop our program of assistance to help Vietnam harness opportunities for productive green growth through the application of clean technologies and low carbon measures in the energy sector.

Under the DFAT–World Bank country partnership, DFAT has identified energy efficiency as an area for collaboration to support Vietnam's Green Growth ambition. DFAT is funding the technical assistance component under the World Bank's Distribution Efficiency Project to build the capacity of Vietnam's power corporations and regulatory authority. This includes the introduction of measures that increase efficiency and help regulate energy use during peak times, including through the use of smart-grid technologies. Reducing power losses through a well-regulated distribution system will also help address avoidable greenhouse gas emissions. DFAT is also exploring further opportunities to partner with the World Bank on its energy efficiency program for commencement in 2013–14.

DFAT entered into a partnership between Australia's then Department of Resources, Energy and Tourism and Vietnam's Ministry of Industry and Trade to help Vietnam develop and implement lighting and appliance energy efficiency standards, registration, labelling, testing, compliance and monitoring mechanisms. Australia has over 20 years experience in appliance labelling and is providing technical assistance to the ministry to implement its ambitious plan for a mandatory labelling scheme to promote the use of energy efficient appliances throughout Vietnam.

Another area of engagement identified in the delivery strategy is the promotion of clean technologies. With the reorientation to a more resource efficient economy, the Government of Vietnam considers the development, deployment and transfer of emerging climate and clean energy technologies as crucial to achieving its Green Growth objectives and stimulating investment and private sector activity. In 2013, DFAT agreed to support the establishment of a Climate Innovation Centre in Vietnam that will support business development of clean technologies. The initiative has been welcomed by the Government of Vietnam and is attracting interest from the United Kingdom to co-fund its establishment.

### **Enabling an effective climate change response: climate change projections and research**

In addition to direct support for climate change adaptation and mitigation, Australia is also working with the Government of Vietnam and relevant research institutions to help build knowledge and understanding of climate change. In 2012 the Australian Government began funding a new partnership between Australian and Vietnamese climate scientists to better understand and plan for the impacts of climate change, building on the existing relationship between the CSIRO and scientists from Vietnam's Ministry for Natural Resources and Environment and the Hanoi University of Science (2012–13 performance assessment framework milestone). The project will provide updated and detailed climate change projections for a range of high and low emission scenarios throughout Vietnam that will inform the next update of the National Climate Change and Sea Level Rise Scenarios in 2014. Plans are underway to pilot the application of these more detailed projections to inform planning and investment decisions at the provincial level, drawing on our partnership with Germany under the Climate Change and Coastal Ecosystems Program.

In 2012, two Australian Government-funded studies were completed to support our climate change engagement identified in the performance assessment framework milestones for 2012–13. The Australian Government co-funded a study with the Asian Development Bank to undertake a climate change risk and vulnerability assessment for Ca Mau and Kien Giang provinces that is being used to identify prioritised adaptation options for future investment. The Asian Development Bank has worked closely with Climate Change and Coastal Ecosystems Program with a view to complement the coastal protection measures that have been developed under the program. The second study was undertaken to support Vietnam's vision of reducing greenhouse gas emissions in the agriculture sector by applying a value-chain approach to identify low-carbon opportunities in tea and rice production. This study has been shared with donors and government and is being used to inform the DFAT-funded low-carbon rice projects with the Environmental Defense Fund and SNV under the Community-based Climate Change Action Grants.

The Australian Centre for International Agricultural Research is continuing its work in piloting climate adaptation in rice-cropping systems (the CLUES project). Rice breeding activities led by the Mekong Delta Rice Research Institute have shown some promising results in identifying varieties that cope with stress environments such as salt water intrusion and continual flooding. The Climate Change and Coastal Ecosystems Program is engaging with CLUES on this research, including by expanding the trials in Bac Lieu province with the dissemination of rice varieties and adaptation practices through farmer groups supported by the program.

## Quality at Implementation ratings

The Vietnam program uses a performance assessment framework (Annex F) that provides milestones against which performance is assessed each year. Quality at Implementation (QAI) assessment and reporting is a key component of DFAT's system for monitoring and improving the quality of Australian aid. It provides managers with a tool to review how well initiatives are performing against the quality criteria for Australia aid, drawing on ongoing performance information.

The Vietnam program completed QAI reports for 16 initiatives in 2012–13, which accounts for 93.6 per cent of the 2012–13 bilateral program expenditure. The aid program's Quality Performance and Results Branch moderated these reports. These quality assessments rated 15 of the 16 Vietnam program monitored initiatives as very high, good or adequate in terms of effectiveness. One initiative was rated as 'needs improvement'. Most of the 2012–13 performance assessment framework milestones were achieved. A summary table of QAI ratings for 2012–13 is provided in Annex B. The table also provides a comparison with 2011 ratings.

QAI reports were completed in both the 2011 and 2012 QAI rounds for nine initiatives (Annex B). Of these, two improved in quality and moved into a higher rating (including INH507 Vietnam: delivering better health, which improved from its previous 'needs improvement' rating), six remained static and one declined (but was still of adequate quality). All seven initiatives which had QAI assessments prepared for the first time were rated adequate quality or higher.

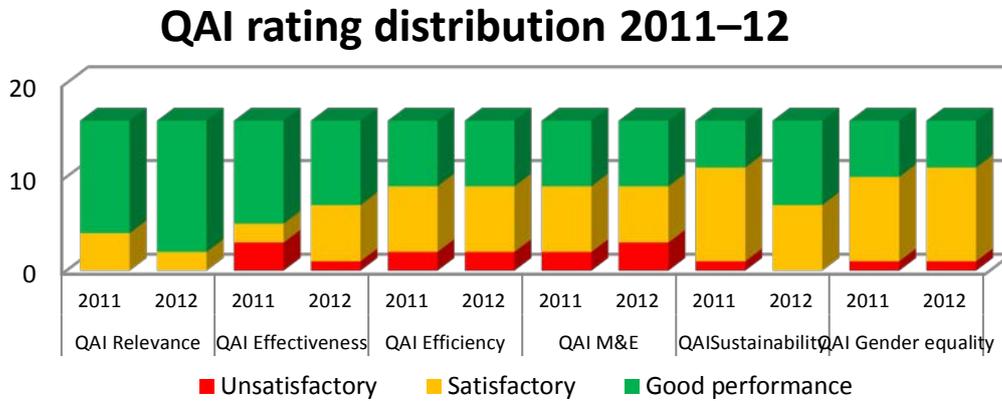
The Beyond WTO Program was again categorised as 'needs improvement'. A mid-term review of the program in 2012 found that it has achieved some good discrete results that are likely to have a lasting impact, but that its effectiveness has been compromised by a broad agenda and a large number of diverse projects of varying scale with few linkages or collaboration between different agencies. While the mid-term review did provide some options for reforming and continuing with this initiative, the Vietnam program decided to close it and work towards building a smaller and more focused engagement on important economic integration issues that draws on the lessons of the Beyond WTO Program and builds on some of its notable achievements.

Compared with 2011, the number of QAI reports with good and excellent ratings for relevance criteria increased significantly in 2012. This shows that the program is well aligned with the country strategy and Vietnam's development priorities.

In this reporting period, the Vietnam program still has initiatives with unsatisfactory ratings in the criteria of effectiveness, efficiency, monitoring and evaluation, and gender equality. The percentage of initiatives with an unsatisfactory rating on effectiveness reduced from 19 per cent in 2011 to 6 per cent in 2012, while in the monitoring and evaluation area the percentage of initiatives with an unsatisfactory rating increased from 13 per cent to 19 per cent. The program has taken measures to improve effectiveness with the Delivering Better Health Initiative no longer classified as requiring improvement in 2012.

The monitoring and evaluation rating of the Mekong Transport Infrastructure Development Project dropped from satisfactory to unsatisfactory in 2012 as the quality of the project's benefits monitoring remains poor despite efforts to encourage the World Bank to make improvements. The rating for the Supported Program to Respond to Climate Change is also unsatisfactory with donors and government currently working to strengthen the policy outcome matrix for 2013–2015.

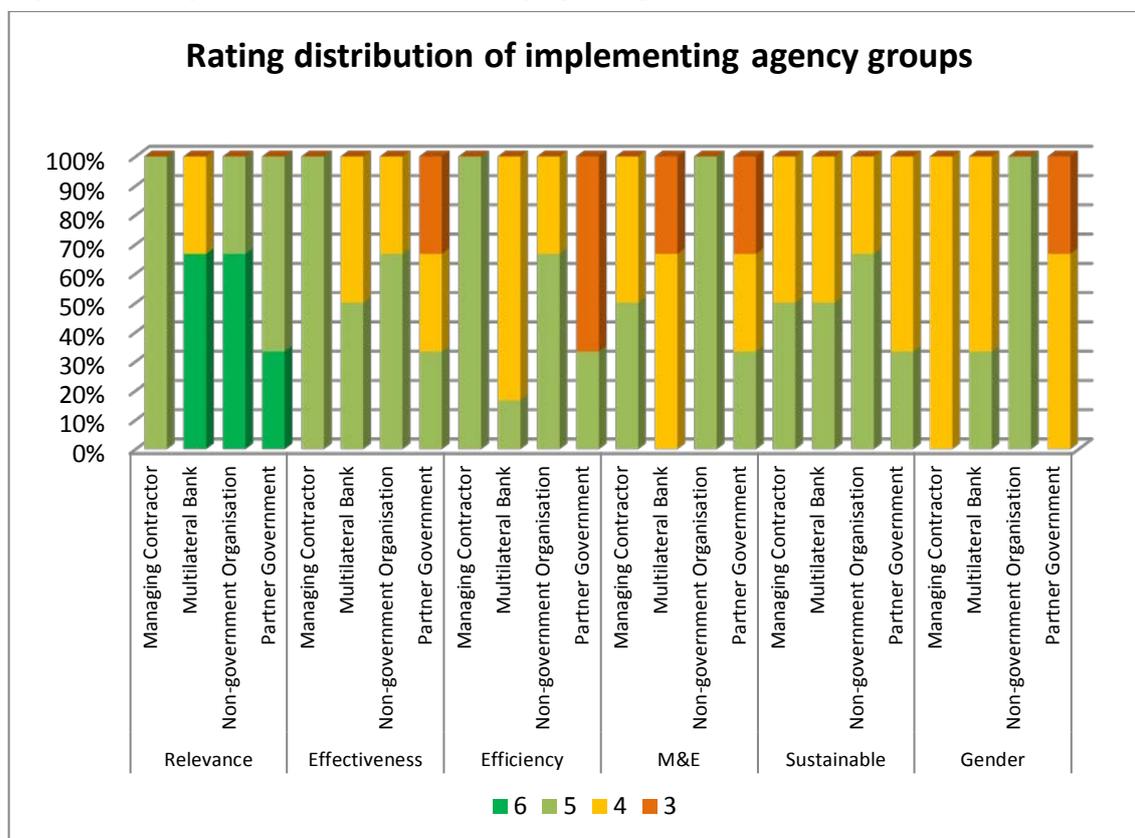
Figure 1: QAI rating distribution in 2011 and 2012



Australia’s policy is to encourage a consolidation of Australian aid with fewer larger initiatives, as fragmentation can impose significant transaction costs on both Australian and partner governments. The Vietnam program has consolidated the majority of its expenditure (92.5 per cent) under the four strategic objectives reported in this aid program performance report. The number of overall initiatives has been reduced from 40 in 2011 to 29 at the end of 2012–13.

In 2012–13, among the implementing agency groups, partner government agencies have the lowest rating in efficiency with two out of three initiatives rated as unsatisfactory—Beyond WTO with Ministry of Industry and Trade, and Support to Climate Change National Targeted Program with Ministry of Natural Resources and Environment. A key challenge for both programs has been establishing an efficient institutional structure for line-ministries to participate and contribute to the success of the program. Multilateral development banks have the lowest monitoring and evaluation ratings with two out of six initiatives rated as unsatisfactory. Both initiatives—Mekong transport infrastructure and rural energy distribution—are implemented by the World Bank.

Figure 2: Rating distribution of implementing agency groups



## Multilateral relationships

During 2012–13, the Asian Development Bank organised consultations with Vietnam and development partners on its draft Vietnam Country Partnership Strategy 2012–2015 which was finalised in 2012. An important issue for the World Bank and Asian Development Bank is demonstrating selectivity of investments based on comparative advantage and division of labour with other leading donors.

The World Bank office in Hanoi is one of the most decentralised offices across the organisation. We believe this is very positive and contributes to the effectiveness of the bank’s program and engagement with development partners. In contrast, the majority of the Asian Development Bank’s task team leaders for Vietnam are based in Manila. Both the World Bank and Asian Development Bank have good economic expertise in their country offices and both organisations participate in key economic discussions with government and donors.

DFAT’s country level partnership with the World Bank enables joint analytical work, directing larger resource flows to shared priorities and responding to the aid effectiveness agenda. It also allows greater resourcing for activity design/preparation, supervision and evaluation, thereby enhancing the prospects for activity effectiveness and lesson learning. The first year of the partnership has primarily focused on the identification and development of individual activities. The Australian Government and World Bank management expressed satisfaction with the operation of the partnership at the steering committee meeting in December 2012.

## Aid effectiveness

Vietnam continues to take ownership and leadership of the aid effectiveness agenda. The Busan Partnership Document, which was localised earlier this year with a robust monitoring framework, creates a great deal of energy and goodwill between both the Government of Vietnam and its development partners. A comprehensive set of structures and processes have been set up and maintained to support implementation of the aid effectiveness commitments under the leadership of the Aid Effectiveness Forum. The Government of Vietnam also has in place an independent monitoring mechanism to provide evidence and analytical inputs into higher policy discussion. In addition, Vietnam has established the building blocks for taking forward Aid for Trade and Green Growth. Donors in Vietnam have aligned their programs and approaches with Vietnam's development strategies. Donors are generally well coordinated in their preparation of analytical work and policy advice, and there has also been an increasing volume of joint programming.

DFAT Hanoi has a dedicated resource for aid effectiveness that includes partnership with multilateral development banks and United Nations agencies, leading the Like Minded Donor Group's involvement in the Aid Effectiveness Forum Executive Committee, and supporting the Government of Vietnam in promoting and monitoring aid effectiveness. DFAT is also an active member of the Secretariat for the Vietnam Development Partnership Forum (together with the World Bank and Japan's aid agency), which is a high level forum for policy dialogue between the Government of Vietnam and development partners.

DFAT's Vietnam–Australia Monitoring and Evaluation Strengthening Project supported the Government of Vietnam to develop a national system and capacity for monitoring and evaluation of official development assistance programs and projects at all levels. Given success to date, the Ministry of Planning and Investment showed interest in replicating this system for public investments. DFAT is providing technical assistance to the ministry for a small-scale pilot, which will strengthen monitoring and evaluation of public investment in Vietnam and support development of a strategic framework for this for the period 2011–2015.

In cooperation with other donors, DFAT Hanoi has facilitated exchanges among countries in the region on aid effectiveness. For example, Laos and Cambodia studied Vietnam's monitoring and evaluation of official development assistance. Myanmar has also learnt lessons from Vietnam's experience managing official development assistance, including high-level donor dialogues.

## Cross-cutting issues

The Vietnam program's progress on several cross-cutting issues is outlined below.

### Anti-corruption

Vietnam's Corruption Perceptions Index for 2012 was 31 out of 100, which ranked behind countries including China (39) and Thailand (37), but above Cambodia (22) and Laos (21).

Vietnam has made significant changes to the institutional and legal settings for its anti-corruption efforts. In late 2012, the 2005 anti-corruption law was revised. In early 2013, the National Steering Committee on Anti-corruption, led by the prime minister, was restructured into a new Internal Affairs Commission, which is led by the general secretary of the Communist Party of Vietnam.

Australia was an active partner in the annual anti-corruption dialogue in 2012, which focused on strengthening the fight against corruption at the local level. Australia drew on its unique experience working on anticorruption with the Communist Party Inspectorate (Vietnam's

highest level anti-corruption body), to provide insight during provincial level discussions on coordination mechanisms between government and communist party anticorruption institutions, as well as their implications for anticorruption efforts at the local level.

In 2012, the Australian Government's three-year anti-corruption training program for high-level Communist Party Inspectorate officials reached its mid-point. By March 2013, the program had trained 139 senior officials. The program helps to strengthen Vietnam's fight against corruption by bringing together anticorruption policy makers and practitioners from Australia and Vietnam. The program has realised significant gains, particularly in regard to the separation of executive and political powers in the development, application and institutionalisation of anti-corruption practices at the national and provincial levels.

The Communist Party Inspectorate's decision to restructure Vietnam's anti-corruption institutional structure was on the basis of expert advice provided under the training program. There were clearly political and institutional drivers behind this restructure, but the fact that the program was able to influence the nature of the restructure is significant.

The program has also helped improve party officials' understanding of different approaches and implementation challenges relating to governance and anti-corruption in land management and the extractive industries. The Communist Party Inspectorate has identified improvements in the way its land and extractive industries inspection teams target and carry out their inspections.

The program includes an alumni mechanism that helps DFAT monitor ongoing impacts while also providing a structure to maintain and strengthen links between Australian and Vietnamese anti-corruption institutions.

### **Human Rights Technical Cooperation Program**

Phase 4 of the Human Rights Technical Cooperation Program commenced in mid 2012. By March 2013, half of the 27 planned activities were complete, providing training and other capacity building activities to approximately 320 Vietnamese participants. The reach of the activities however has been more extensive due to effective dissemination and related follow-up initiatives by Vietnamese partner agencies.

Activities link directly to Vietnam's key legal reforms in the area of human rights, as well as recommendations from the universal periodic review. They involve work at a central level on systemic issues of policy and legal reform and also at grass roots level on practical skills for advocacy and service delivery in local communities.

In 2012 the program:

- > improved coordination and monitoring of the 2009 Vietnam universal periodic review by sharing Australian processes and methodologies. As a result, Vietnam committed to consult with non-government stakeholders in developing the review report and has provided detailed guidance to the Government of Vietnam and local level agencies to improve reporting on 2009 review implementation
- > strengthened deliberations by Vietnam to ratify the convention on the protection of the rights of migrant workers and members of their families by facilitating 60 key representatives of Government of Vietnam agencies, academia and relevant institutions to review existing legislation and ratification implications
- > improved access to legal information and services to prisoners by providing 5000 handbooks on prisoners' rights to 117 prisons and pre-trial detention centres across Vietnam
- > improved access to legal information and services for women in three provinces. This work was based on a model supported by the program since 2007 but drew on lessons from

earlier phases to strengthen it. The Women's Union is now rolling out this model in other provinces with its own funding. A 2012 evaluation of the activity showed that more than 8400 legal clubs were established over all 63 provinces in Vietnam.

## Gender

Vietnam continued to demonstrate a strong commitment to promoting gender equality. The Government of Vietnam has reported to the National Assembly on gender equality annually since 2008, as required under its gender equality law (2006). During 2012–13, the government made good progress on implementing its National Action Plan on Gender Equality 2011–2015. It issued a resolution to urge Women's Union participation in state management at all levels. A national set of gender indicators issued in 2011 was a catalyst for the Ministry of Planning and Investment to provide guidance on mandatory data collection at all government levels. This will facilitate government monitoring and evaluation of progress on gender equality. A joint circular was issued by the Ministry of Finance and Ministry of Labour, Invalids and Social Affairs to regulate budget oversight and spending under the National Action Plan, which enabled timely disbursement of the allocated budget for gender equality activities.

The department aims to ensure equitable access by Vietnamese women, especially ethnic minorities and the poor, to improved service delivery and development outcomes.

DFAT Vietnam's three-year Gender Action Plan and budget (\$1.2 million) was approved in February 2013. The plan serves as a monitored mechanism to strengthen gender integration across all pillars of the Vietnam aid program, provide strategic support to Vietnam's national gender capacity building and, in response to emerging gender issues, help build capacity for DFAT staff on gender issues. The plan will be implemented through a regional partnership between DFAT and UN Women, East Asia and through a flexible fund.

The regional partnership is expected to draw on recognised gender expertise of UN Women and other local partners, while being complemented by DFAT's engagement in policy dialogues and knowledge sharing through DFAT's regional and in-country gender networks. This partnership can also accommodate other Mekong sub-regional countries subject to their interests and available budgets.

## Disability inclusive development

The Vietnam program mainstreams disability throughout its programming. For example, the Australia Awards program has provided seven scholarships to people with disability and 35 scholarships and fellowships to people studying disability-related courses. Fellows from Vietnam have also attended the University of Sydney Australia Award Fellowships program on increasing capacity for developing rights-based disability policy in South East Asia.

In 2012–13 through support for Vietnam's Rural Water Supply and Sanitation program, the Australian Government funded the Ministry of Education and Training to review barriers to children with disability accessing drinking water and toilet facilities in schools. This information has been included in a manual to guide the design of facilities for new schools and retrofit facilities in existing ones. DFAT is funding dissemination workshops and associated training in 2013–14.

The newly mobilised Community-based Climate Change Action Grants also promote a disability-inclusive approach, with partners required to update DFAT on progress as part of their annual reporting requirements. A range of initiatives has been identified during the first annual plans, including consultation with disability support organisations, training implementation partners, and identifying people with disability in the target communities to encourage their participation in activities.

The Australian embassy's regional disability advisor visited Vietnam in September 2012 to work with the Vietnam program on developing disability-inclusive approaches. A disability focal point has been established.

## **Management consequences**

Progress in addressing the previous year's management consequences are outlined in the table at Annex A.

### **Management consequences – general**

Strategic priorities for overall program management in 2013–14 include:

- > supporting an independent evaluation of the Vietnam–Australia Joint Aid Strategy 2010–2015 by the Office of Development Effectiveness. The evaluation will cover implementation of the strategy to date and will serve as a mid-term evaluation, providing key findings and recommendations that will be relevant for the program's delivery through to the end of the existing strategy. It will also inform the country situation analysis as part of development of the next country strategy
- > drafting the new post-2015 Vietnam–Australia Joint Aid Strategy
- > completing the assessment of national systems following the Government of Vietnam's finalisation of its public expenditure framework assessment. The assessment will provide the basis for continuing use of partner country systems in Vietnam
- > implementing effective hand-over arrangements for three of four A-based positions which are changing occupants
- > considering whether a stronger social protection dimension to the program should be developed, taking into account the outcomes of commissioned research on social protection approaches in the Mekong region.

### **Strategic objective one – human resource development**

The key management consequence for this objective is developing a delivery strategy during 2013–14 which will:

- > help identify priorities for human resource development assistance and inform the planned design in late 2014 of the next phase of Vietnam's Australia Awards program
- > consider how DFAT should support central government agencies, which are currently under represented in the Australia Awards program
- > consider how support for Vietnam through the Australia Awards Fellowships, Australian Volunteers for International Development, and Government Partnerships for Development programs can be better aligned to the priorities of the Vietnam–Australia Joint Aid Strategy.

Other management consequences include:

- > completing three impact studies focused on the environment and education sectors as well the overall Australia Awards program
- > establishing an equity of access fund for Vietnam's Australia Awards Scholarships program
- > holding the first national alumni conference to enhance linkages and collaboration between Australia and Vietnam in the education sector

- > implementing the recommendations from the Australian Volunteers for International Development independent review.

### **Strategic objective two – better transport infrastructure and policy to support economic integration**

This strategic objective has been rated amber in terms of the likelihood of its achievement during the country strategy period. This is primarily due to inefficiencies in the design of the Beyond WTO Program, which was assessed as an initiative requiring improvement. The program will be closed in 2013–14 and replaced by a smaller more flexible program that is focused on only a few high priority economic integration issues which build on the achievements to date. The program design will draw on the successful technical assistance approach used in the rural water supply and sanitation sector.

Construction of the Cao Lanh bridge will commence in 2013–14. Key management actions are:

- > effective implementation of the land acquisition and resettlement framework for the bridge—this is the highest risk for the Vietnam program in 2013–14
- > establishing a monitoring and evaluation system for the construction phase.

### **Strategic objective three – rural water supply and sanitation**

Drawing on the 2012–13 assessment above, key management consequences include:

- > providing technical assistance to six provinces to restore functionality of underperforming water supply and sanitation facilities, which goes beyond regular operation and maintenance needs
- > establishing water quality testing laboratories in four provinces consistent with the Ministry of Agriculture and Rural Development’s water quality management plan.

### **Strategic objective four – advance climate change adaptation and mitigation**

Climate change adaptation and mitigation is a relatively new area of engagement for Australian aid in Vietnam, and a number of new programs are currently being mobilised or at the early stages of implementation. These will require close management. Drawing on the 2012–13 assessment above, key management consequences for the following year include:

- > responding to the Australian Government–GIZ progress review recommendations for the Climate Change and Coastal Ecosystems Program, including the alignment of DFAT’s commitment with the phased approach of Germany’s Ministry for Economic Cooperation and Development (BMZ). This may lead to a no-cost extension of support through to June 2017
- > mobilising a climate change specialist within the team to provide technical and policy advice on related issues, including support for the integration of disaster risk reduction, environment and climate change across the Vietnam program
- > evaluating the six partnerships under the community-based climate change action grants in the first half of 2014 for the possible continuation of activities beyond 2014 based on performance and available funds
- > agreeing with the United Kingdom’s Department for International Development on a joint management framework for co-funding the establishment of a Climate Innovation Centre in Vietnam

- > assessing the Government of Vietnam’s progress against outstanding policy actions from the Support Program to Respond to Climate Change 2012 cycle, which will trigger our next \$8 million contribution. This includes mobilising our technical assistance facility to support line ministries in their policy development.

### Cross-cutting issues

Key management consequences include:

- > reviewing the anti-corruption training program with the Communist Party Inspectorate to assess effectiveness and inform a potential new phase
- > designing Phase 5 of the Human Rights Technical Cooperation Program
- > developing and implementing the first year work plan of the DFAT Gender Action Plan.

### Risk management

The Vietnam program has prepared risk registers for individual sectors. These are reviewed quarterly and updated as needed. Risks are also discussed with implementing partners.

The risks identified in these plans are managed either by sector teams or elevated to senior managers. Only two risks have been identified for elevation to senior management. They are resettlement and land acquisition for the Cao Lanh Bridge, and fiduciary risks associated with budget support operations. Table 3 below outlines the management response to these.

Table 3: Risks associated with the program and management actions

Most significant risks	Management response – What? Who? How? When?
Cao Lanh Bridge land acquisition and resettlement	<p>Additional staffing and financial resources have been allocated to DFAT Hanoi to oversee land acquisition and resettlement, and implement a social action plan. Oversight will include:</p> <ol style="list-style-type: none"> <li>1. weekly review of resettlement progress by DFAT Hanoi resettlement senior program manager</li> <li>2. DFAT/Asian Development Bank periodic missions to review compliance with bank-approved resettlement plans (includes an DFAT contracted independent international specialist)</li> <li>3. independent monitoring organisation to monitor social safeguards</li> <li>4. advice from DFAT Mekong and Regional Hub Social Development Adviser.</li> </ol> <p>The social action plan comprises:</p> <ol style="list-style-type: none"> <li>1. a USD2 million income restoration program for households affected by land acquisition</li> <li>2. livelihoods restoration work for business owners at the current ferry crossing sites</li> <li>3. a gender action plan that funds involvement of women in processes of consultation, payment of compensation and livelihoods restoration programs.</li> </ol>
Fiduciary risks associated with budget support operations	<p>Regular audits undertaken by independent bodies such as State Audit of Vietnam; and annual tracking studies undertaken by DFAT Hanoi.</p>

## Annex A: Progress in

### Addressing 2011 management consequences

Management consequences identified in 2011 annual program performance report	Rating	Progress made in 2012–13
A number of corporate changes have occurred following the Australian Government's response to the aid effectiveness review. Further effort is required so that staff can understand this changing context and help shape the corporate reform agenda.	Green	Information dissemination to staff on corporate changes including briefings with Canberra senior officers when they visit Hanoi on mission, weekly senior management meetings to keep sector team leaders updated on changes and possible implications to the program.
Access to technical support will be a particular challenge with the completion of the Climate Change Expert Panel at the end of 2011. This panel has been instrumental in developing the new climate change delivery strategy and there will be a number of appraisal tasks in early 2012 that will require specialist climate change expertise.	Green	Technical support was provided by the aid program's climate change adviser to undertake a number of appraisal tasks before the establishment of the new Aid Advisory Services Panel that now provides access to a broad range of expertise on climate change adaptation and mitigation. A climate change specialist position has been created within the Vietnam program to provide advice on ongoing implementation issues (to be mobilised in late July 2013).
Preparation for and participation in supervision missions for co-financed activities with the multilateral development banks.	Green	The Australian Government's participation in the joint review and supervision missions was discussed and agreed between relevant Counsellor and heads of multilateral development banks at steering committee meetings. Sector team were involved early in the planning stage, especially in developing terms of reference, to ensure quality of review and supervision missions that we are part of.
Professional development of staff to strengthen evidence-based performance management and assessment of initiatives.	Green	Contributed to the work on performance management and results career stream via our participation in the reference group headed by the aid program's principal specialist for performance management and results. A plan to strengthen performance management for the Vietnam program will be developed in consultation with the aid program Canberra and the Mekong and Regional Hub in 2013–14.

Note:

- Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.
- Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## Annex B: Quality at Implementation ratings

Initiative name	Initiative start date	Initiative end date	Initiative FMA9 approval total \$	Calendar year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
Australian Development Scholarships in Vietnam Prep Project	16/08/2002	31/01/2016	\$40 872 565	2012	5	5	5	5	5	4	M
				2011	5	5	5	5	5	5	M
Australian Development Scholarships – Vietnam	01/01/2010	30/06/2018	\$71 452 754	2012	5	5	5	5	5	4	M
				2011	5	5	5	5	5	5	M
Mekong Transport Infrastructure Development Project	01/10/2007	30/06/2013	\$48 000 000	2012	6	5	4	3	4	4	M
				2011	6	5	4	4	5	4	M
Southern Coastal Corridor Vietnam	03/12/2007	30/06/2016	\$45 117 000	2012	6	5	4	4	5	4	M
				2011	6	4	4	4	5	4	M
Vietnam Rural Energy Distribution	14/12/2007	31/12/2013	\$3 500 000	2012	4	4	4	3	4	4	I
				2011	4	4	4	3	4	4	I
Beyond WTO Phase II	01/07/2009	31/12/2013	\$12 300 000	2012	5	3	3	4	4	3	I
				2011	5	3	3	4	4	4	I
Cao Lanh Detailed Design and Construction	09/05/2011	31/12/2018	\$24 395 355	2012	6	5	5	4	5	5	M
				2011	6	5	5	5	4	5	M
Joint Donors' Support for Rural Water Supply and Sanitation National Target Program Phase 3	18/03/2011	30/06/2015	\$65 136 828	2012	6	5	5	5	5	4	M
Support Program to Respond to Climate Change	01/10/2011	31/12/2014	\$24 000 000	2012	5	4	3	3	4	4	I
Climate Change & Coastal Ecosystems Program	01/07/2011	30/06/2016	\$23 000 000	2012	6	4	4	5	5	4	M
				2011	6	5	5	5	4	4	M

Initiative name	Initiative start date	Initiative end date	Initiative FMA9 approval total \$	Calendar year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
Community Based Disaster Risk Management	17/08/2011	31/12/2016	\$9 150 000	2012	6	4	4	5	5	5	M
Vietnam Climate Change NGOs Partnership	12/03/2012	31/12/2014	\$15 026 907	2012	6	5	5	5	5	5	M
Vietnam Delivering Better Health	28/08/2007	30/06/2015	\$14 897 501	2012	4	4	4	4	4	5	M
				2011	4	3	3	4	4	5	M
Vietnam Clinton Health Access Initiative Phase III	01/07/2012	30/06/2015	\$4 650 000	2012	5	5	5	5	4	5	M
Vietnam Anti-corruption Program 2011–2014	01/07/2011	30/06/2015	\$3 200 000	2012	5	5	5	4	4	4	M
DFAT–World Bank Vietnam Partnership Trust Fund	31/01/2012	30/06/2016	\$42 999 998	2012	6	4	4	4	5	4	M

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

## Annex C: Evaluation and review pipeline planning

List of evaluations completed<sup>3</sup> in the reporting period

Name of Initiative	Aidworks number	Type of evaluation <sup>4</sup>	Date evaluation report received	Date evaluation report uploaded into Aidworks	Date management response uploaded into Aidworks	Published on website
Beyond WTO Phase II	INI491	Mid-term review	27/08/2012	June 2013	June 2013	Pending
SwimSafe Danang Drowning Prevention Program	INJ239			June 2013	N/A	Pending
Climate Change and Coastal Ecosystems Program	INJ577	Joint progress review	June 2013	Pending	Pending	Pending

List of evaluations planned in the next 12 months

Name of Initiative	Aidworks number	Type of evaluation	Purpose of evaluation <sup>5</sup>	Expected completion date
Vietnam Climate Change NGO Partnership	INK473	Mid-term review	To inform the potential extension of projects beyond December 2014	June 2014

<sup>3</sup> 'Completed' means the final version of the report has been received.

<sup>4</sup> E.g. Mid-term review, Completion report, partner-led evaluation, joint evaluation.

<sup>5</sup> E.g. To inform a future phase of program, to improve existing program or to verify program outcomes.

## Annex D: Results summary: country/regional program

Headline result indicator	2013 result	How Australia contributes (type of aid)	Method of calculation	Data source
Indicator 03. Number of people provided with increased access to safe water.	115 000	Australia works with Denmark and the UK to provide targeted budget support and technical assistance to the National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3. In 2012, Australia contributed \$15.2 million in budget support and \$1.3 million for technical assistance, accounting for 7% of the total program budget.	The Australian Government financed 7% of the program in 2012. In 2012, an additional 1.645 million people gained access to clean water; and an additional 5700 schools and 1335 clinics were equipped with or had upgraded hygienic water and sanitation facilities. Using a pro-rata approach, the Australian Government can claim 7% of these overall achievements, resulting in an additional 115 000 people having access to clean water, and additional 399 schools and 93 clinics being equipped with hygienic water and sanitation facilities.	All data and figures are provided by the Ministry of Agriculture and Rural Development in its official National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3 2012 report. This includes a high level of data quality (based on the new monitoring and evaluation system).
Indicator 04. Number of additional people with increased access to basic sanitation.	155 000	Australia, together with Denmark and the UK, provides targeted program budget support and technical assistance to the National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3. In 2012, Australia contributed \$15.2 million in budget support and \$1.3 million for technical assistance, accounting for 7% of the total program budget.	The Australian Government financed 7% of the program in 2012. In 2012, an additional 491 447 households gained access to hygienic latrines. Using a pro-rata approach, the Australian Government can claim 7% of these overall achievements, resulting in an additional 155 000 people (34 400 households) having access to hygienic latrines.	All data and figures are provided by the Ministry of Agriculture and Rural Development in its official 2012 report with a high level of data quality (based on the new monitoring and evaluation system).
Indicator 16. Number of people awarded with tertiary scholarships.	452			
Indicator 17. Distance km of roads constructed, rehabilitated or maintained.	13	Australia's funding contribution is managed by the World Bank. Our engagement covers general implementation and specific areas of value added (monitoring and evaluation, gender, HIV/AIDs). Australia's primary entry point is through the World Bank regular supervision missions.	Australia is financing 33% of component C activities. In 2012–13, 40km of road were built under component C so we divided the result by three which equals about 13km.	All data and figures are provided by the Southern Waterways Project Management Unit and level of data quality is medium. The data reported here is for 2012 calendar year as data for the first six months of 2013 is not yet available.

## Annex E: Top five results for 2012–13 and top four planned results for 2013–14

### Top five results for 2012–13

#### Human resource development

Vietnam development goal – To meet human resources needs associated with progression to an industrialised country by 2020.

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**Strategy objective: Improvement in the quality of Vietnam's human resources.****Result**

Deliver around 240 long-term development scholarships to Vietnam and undertake assessment of institutional impacts of the scholarship program on selected central government agencies.

Achieved

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#### Infrastructure for development

Vietnam development goal – To increase economic activity in targeted regions (national and cross-border).

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**Strategy objective: Better transport infrastructure and policy to support economic integration.****Result**

Detailed design for Cao Lanh bridge completed.

Achieved

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#### Environmental sustainability

Vietnam development goal – To reduce incidence of waterborne diseases.

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**Strategy objective: Increase rural access to clean water and hygienic sanitation.****Result**

Update and revise the Rural Water Supply and Sanitation procurement manual.

Partly completed

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Vietnam development goal – To reduce human, economic and environmental losses associated with climate change, including natural disasters.

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**Strategy objective: Advance climate change adaptation and mitigation (focusing on Mekong Delta).****Result**

Six new partnerships with non-government organisations mobilised for community-based climate change action.

Achieved

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## Cross-cutting

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	Result
Gender action plan for the Vietnam program completed to facilitate effective integration and monitoring of gender equality across the program.	Achieved

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## Top four planned results for 2013–14

### Human resource development

Vietnam development goal – To meet human resources needs associated with progression to industrialised country by 2020.

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#### Strategy objective: Improvement in the quality of Vietnam's human resources.

Deliver around 240 long-term development scholarships to Vietnam, complete two cluster studies on the environment and education sectors and an impact study on the overall Australia Awards Scholarships program.

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### Infrastructure for development

Vietnam development goal – To increase economic activity in targeted regions (national and cross-border).

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#### Strategy objective: Better transport infrastructure and policy to support economic integration.

Commence civil works construction for Cao Lanh bridge.

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### Environmental sustainability

Vietnam development goal – To reduce incidence of waterborne diseases.

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#### Strategy objective: Increase rural access to clean water and hygienic sanitation.

Water and sanitation targets: ...% of rural population has access to hygienic water, ...% to hygienic latrines, ... of rural primary schools, ...% of commune clinics have access to hygienic water and hygienic latrines.

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Vietnam development goal – To reduce human, economic and environmental losses associated with climate change, including natural disasters.

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**Strategy objective: Advance climate change adaptation and mitigation (focusing on Mekong Delta).**

Completion of down-scale climate change projections for Vietnam.

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## Annex F: Performance assessment framework 2013–14

Vietnam development goal	Strategy objective	Strategy objective indicators/targets 2015	Annual milestones 2012–13	Progress against 2012–13 milestones	2013–14 milestones	Australian Government assistance
To meet human resources needs associated with progression to industrialised country by 2020	Improve the quality of Vietnam's human resources	1380 scholarships and 300 fellowships delivered	Commence delivery strategy	Achieved (due for completion December 2013)	Delivery strategy finalised	Australia Awards
			225 Australia Awards Scholarships	Achieved	225 Australia Awards Scholarships	
			18 Australia Awards Leadership Program	Achieved		
			50 to 60 Australia Awards Fellowships	Achieved	100 Australia Awards Fellowships	
			Update monitoring and evaluation framework	Achieved		
					Australia Awards Scholarships Equity of Access Fund established	
			Increased number and strength of institutional links between public sector institutions	Complete an institutional impact assessment of scholarships program on key central government agencies	Achieved	

<b>Vietnam development goal</b>	<b>Strategy objective</b>	<b>Strategy objective Indicators/targets 2015</b>	<b>Annual milestones 2012–13</b>	<b>Progress against 2012–13 milestones</b>	<b>2013–14 milestones</b>	<b>Australian Government assistance</b>
		Increased contribution of scholarship alumni and institutional links to meeting strategy objectives	Provide comprehensive reintegration support for alumni	Achieved	Complete two cluster studies on the environment and education sectors and an impact study on the overall Australia Awards Scholarships program. Sponsor a National Alumni Conference for Vietnamese graduates of Australia	
Increase in economic activity (national and cross-border) in targeted regions	Better transport infrastructure and policy to support economic integration	Total km of road and bridge works connecting Mekong communities to markets	Detailed design finalised	Achieved	Civil works commenced on Cao Lanh bridge. Resettlement plans are implemented according to plan. Construction environmental management plans are developed and implemented	Cao Lanh Bridge
		Higher traffic volume, lower operating costs and travel time on targeted transport corridors	Total of 415km of rural road will be completed by end June 2013 (additional 179km)			
			50% of civil work will be completed by end June 2013	Exceeded – 60% completed	71% of civil works completed	Southern Coastal Corridor Mekong Transport Infrastructure Development Project

<b>Vietnam development goal</b>	<b>Strategy objective</b>	<b>Strategy objective Indicators/targets 2015</b>	<b>Annual milestones 2012–13</b>	<b>Progress against 2012–13 milestones</b>	<b>2013–14 milestones</b>	<b>Australian Government assistance</b>
		Evidence-based policy approaches enhance opportunities and address challenges associated with economic integration Adverse social and environmental impacts are managed effectively	Evidence of the recommendations of the three and five year reviews of economic integration funded under the program being reflected in the new government resolution on economic integration	Achieved. Evidence based approach to drafting the resolution of the polibureau on international integration in the area of institutional arrangement for dealing with economic integration issues, funded under the program	Evidence based approach to drafting the land law in area of transparent land governance (including mechanisms for land register to be accessible to the public and to improve community participation in land administration and management)	Beyond WTO Australia-World Bank Country Partnership
Reduced incidence of waterborne diseases	Increase rural access to clean water and hygienic sanitation	85% rural water access target	Water and sanitation targets: 80% of rural population has access to hygienic water, 57% to hygienic latrines, 88% of rural primary schools, 92% of commune clinics have access to hygienic water and hygienic latrine	80.5% of rural population has access to hygienic water, 56% to hygienic latrines, 81% of rural primary and secondary schools, 91% of commune clinics have access to hygienic water and hygienic latrine	Water and sanitation targets: ...% of rural population has access to hygienic water, ...% to hygienic latrines, ... of rural primary schools, ...% of commune clinics have access to hygienic water and hygienic latrine	National Target Program Phase 3 (\$65 million 2012–2015) – 2013 commitment of \$16.2 million
		70% rural sanitation access target	Collection of waterborne disease data in selected provinces to measure health impact of rural water supply and sanitation	This has been delayed due to lengthy consultation with the Ministry of Health and Statistic Office to separate waterborne disease data selected from normal popular diseases set of data	Collection and analysis of waterborne disease data in selected provinces to measure health impact of rural water supply and sanitation	Australia's second Civil society Water, Sanitation and Hygiene Fund funded three international non-government organisations (East Meets West Foundation, IDE, and Plan International) in Vietnam to implement water and sanitation programs

Vietnam development goal	Strategy objective	Strategy objective indicators/targets 2015	Annual milestones 2012–13	Progress against 2012–13 milestones	2013–14 milestones	Australian Government assistance
			Issue standard procedure for monitoring and supervision of National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3 by Ministry of Agriculture and Rural Development	A draft procedure for monitoring and supervision of the program has been prepared by the Ministry of Agriculture and Rural Development Inspectorate and is now waiting for ministerial approval. Pilot implementation of the procedure will be undertaken in selected provinces with training to roll out later in the year	Establish database on the public assets of the rural water supply and sanitation sector, update and consolidate the monitoring and evaluation database for National Target Program for Rural Water Supply and Sanitation 2012–2015 Phase 3  Issue the operations and maintenance guidebook for schools water supply and sanitation facilities.  Provide support to four provinces to equip and upgrade the water testing laboratories	Contributed \$8 million technical assistance to the World Bank Program for Results in eight Red River Delta provinces
			Update and revise the rural water supply and sanitation procurement manual (including standard bidding documents)	This process has been postponed subject to the delay in revising the public procurement law by the Ministry of Planning and Investment. Consultants have been recruited, research and survey has been done by Ministry of Agriculture and Rural Development	Working with international non-government organisations to design and implement projects under the Australian Government's second Civil Society Water, Sanitation and Hygiene Fund	

<b>Vietnam development goal</b>	<b>Strategy objective</b>	<b>Strategy objective indicators/targets 2015</b>	<b>Annual milestones 2012–13</b>	<b>Progress against 2012–13 milestones</b>	<b>2013–14 milestones</b>	<b>Australian Government assistance</b>
			Work with Ministry of Health and Women’s Union to scale up output-based sanitation approaches	Technical Assistance was provided to Ministry of Health/Vietnam Health Environment Management Agency to roll out the community hygiene improvement program using an output based approach. This in an initiative piloted successfully by East Meets West with DFAT civil society funding of \$1.6 million and now being scaled up with funding from Gates Foundation.		
Reduced human, economic and environmental losses associated with climate change, including natural disasters	Advance climate change adaptation and mitigation	750 000 people assisted to build their resilience to climate change and weather-based disasters	Six new non-government partnerships mobilised for community-based climate change	Six new community-based climate change action grants commenced in 2012 that will directly assist 270 000 people to build resilience to climate change and natural disasters	Progress towards directly helping 270 000 people build their resilience to climate change and natural disasters  Mobilisation of community-based disaster risk management under Asian Development Bank flood and drought mitigation project targeting 63 vulnerable communes	Climate Change Action Grants 2012–2014 (\$15m)  Asian Development Bank Community-based Disaster Risk Management component (\$5.85m)

Vietnam development goal	Strategy objective	Strategy objective indicators/targets 2015	Annual milestones 2012–13	Progress against 2012–13 milestones	2013–14 milestones	Australian Government assistance
		Increase in the incidence and quality of sea dykes and mangrove belts in the southwest Mekong Delta	Climate Change and Coastal Ecosystems Program baseline established and implementation plans agreed with each province	Fully achieved. Baselines established to assess policy conditions, the status of protected forests, the socio-economic situation, the level of climate change awareness, and gender. Operational plans have been agreed in all five provinces and at the national level.	10km of cost effective dyke protection and mangrove rehabilitation structures are completed.	Climate Change and Coastal Ecosystems Program 2010–2015 (\$23m)
			Establish a national mechanism to enhance disaster risk reduction and climate change adaptation coordination	Ongoing. The launch of the platform for disaster risk reduction/climate change adaption coordination is planned for mid-2013.		Support Program to Respond to Climate Change (\$8m)
			Completion of Asian Development Bank Climate Change Impact Study in the Mekong Delta	Asian Development Bank study completed and shared with key stakeholders		
			CSIRO down-scale projections commence in partnership with the Ministry of Natural Resources and Environment's science institute	Achieved. Partnership commenced and on-track	Completion of down-scaled climate change projections for Vietnam Commencement of a pilot to apply down-scaled projections to inform provincial planning in partnership with Climate Change and Coastal Ecosystems Program	CSIRO down-scaled projections 2012–2014 (\$2m)

<b>Vietnam development goal</b>	<b>Strategy objective</b>	<b>Strategy objective Indicators/targets 2015</b>	<b>Annual milestones 2012-13</b>	<b>Progress against 2012-13 milestones</b>	<b>2013-14 milestones</b>	<b>Australian Government assistance</b>
		Mitigation target met (emission reduction through improved energy efficiency, adoption of clean technologies and agricultural production)	Value chain analysis to identify low-carbon pathways in agricultural production completed	Completed and results shared with non-government organisation partners and other donors to facilitate the adoption of low-carbon options in the agriculture sector	<p>Preliminary results on potential greenhouse gas emission reduction from the adoption of low-carbon rice production techniques</p> <p>Mobilisation of the Distribution Efficiency Project in partnership with the World Bank</p> <p>Mobilisation of a Climate Innovation Centre in Vietnam to support small to medium sized enterprise development in clean technologies</p>	<p>Value-chain analysis for low-carbon agricultural production 2011-12 (\$0.25m)</p> <p>Climate Change Action Grants 2012-2014 (\$15m)</p> <p>Distribution Efficiency Project contribution for the technical assistance component (\$7.6m)</p> <p>Climate Innovation Centre contribution pending approval</p>