



Australian Government

Department of Foreign Affairs and Trade



# Aid Program Performance Report 2014-15

Vietnam

November 2015

## Key Messages

This report summarises the aid program's progress and performance in Vietnam during 2014-15. The program was implemented in line with the [Australia-Vietnam Joint Aid Program Strategy 2010-15](#) and reflected the priorities of the governments of Australia and Vietnam.

During 2014-15, Australia leveraged outcomes well beyond our \$160.8 million in official development assistance (ODA) to Vietnam.

In the infrastructure sector, good progress has led to completion of more than **50 per cent of the construction of the Cao Lanh Bridge**. We also drew on our expertise and contacts in infrastructure to support the Government of Vietnam to prepare infrastructure projects to international standards. This support has enabled Vietnam to begin construction on projects worth more than 30 times the size of our initial contribution.

In the water sector, our targeted assistance helped Vietnam to deliver **hygienic water for 1.5 million people, hygienic latrines for 2.5 million people** and upgrades of water infrastructure, schools and health clinics.

We helped **275,000 people adapt to and prepare for the impacts of climate change and natural disasters**. We drew on our deep experience in Vietnam's Mekong Delta to drive a more coordinated approach. We encouraged the Government of Vietnam to work across Ministries and provinces and in turn grow potential for private and international investment.

We delivered prestigious **scholarships for 377 emerging leaders in Vietnam**, and our education policy exchange influenced a number of key achievements including setting up Vietnam's National Qualifications Framework.

As we transform the aid relationship to an **economic partnership** in the coming years, we will build on our learnings and experience of over 40 years of development assistance. Our competitive advantage moving forward is to work with Vietnam on improving the skills and knowledge needed for its own reform.

## Context

Since a significant political and economic reform process commencing in 1986, Vietnam has experienced rapid economic growth and significant poverty reduction, becoming a lower middle income country<sup>1</sup> within a quarter of a century. Between 1992 and 2007 growth averaged more than 7.5 per cent per annum, helping to reduce poverty from 58 per cent in 1993 to 10 per cent in 2010<sup>2</sup>. Growth slowed to an average of 5.7 per cent per annum from 2007 to 2014 but rose to a seven-year high of 6.3 per cent in the first half of 2015, assisted by economic reforms resulting in greater macroeconomic stability, especially in the exchange rate and inflation, and reforms to reduce the cost and risk of doing business.

Vietnam has made impressive progress towards achieving the Millennium Development Goals<sup>3</sup>, however progress has not been equal among geographic regions and population groups. Ethnic minorities, who comprise just 15 per cent of the population, account for around half of those living in poverty. Gender disparities still exist in access to and ownership of economic assets. The gender pay gap has widened over the last decade while the number of women in the

---

<sup>1</sup> Defined by the World Bank as economies with a gross national income per capita between US\$1,045 and US\$4,125.

<sup>2</sup> The figure of 58 per cent is on a 'basic needs' measure. Source: World Bank 2012 'Well begun, not yet done', p. 1.

<sup>3</sup> Vietnam is on track to meet all but two MDGs, namely MDG6 to combat HIV/AIDS and other diseases and MDG7 to ensure environmental sustainability.

National Assembly has also fallen. Women are under-represented in leadership roles across society.

The challenge for Vietnam is not to fall into the so-called “middle-income” trap, characterised by stagnating growth and increasing inequality. To transition from a low-wage, low-value production model Vietnam will need to invest in innovation, skilling its expanding workforce and continuing to improve the business environment. Economic challenges remain to ensure long term economic growth, regional competitiveness, and to continue progress on poverty reduction.

Australia’s development assistance to Vietnam has focussed on addressing these challenges, targeting sectors where Australia has particular expertise and the capacity to make a difference. The *Australia-Vietnam Joint Aid Program Strategy 2010-15* has supported the Government of Vietnam’s *Socio Economic Development Plan* (SEDP) 2011-15 through three priorities: human resource development (HRD); economic integration (including infrastructure); and environmental sustainability (including climate change and water and sanitation). During the reporting period, the Department of Foreign Affairs and Trade (DFAT) developed a new *Aid Investment Plan* (AIP) which sets out how Australia will contribute to Vietnam’s development from 2015-20.

The AIP aims to transform the aid relationship from one of donor-recipient to an economic partnership that places a strong emphasis on economic reform, skilling the workforce and women’s economic empowerment, focussing on ethnic minorities. Australia will move away from funding the delivery of government services and hard infrastructure, to focus on addressing the constraints to economic growth, constraints to social and economic inequality, and increasing the effectiveness of public institutions.

In 2014-15, the Australian Government was the sixth-largest donor to Vietnam. While net ODA to Vietnam comprises 2.5 per cent of Gross National Income, the ODA landscape is changing rapidly. There is a clear shift from focussing on poverty reduction to enhancing trade relationships and from aid funding to a post-aid development partnership. A number of donors have ceased bilateral aid support in recent years or have plans to do so in coming years. The multilateral development banks are transitioning away from highly concessional loans. The Government of Vietnam is also changing its focus to improving skills and knowledge in areas where it is working on reform.

## The Australian aid program

Australia implements its aid program in Vietnam in close cooperation with the Government of Vietnam, multilateral and bilateral donors, and non-government organisations (NGOs). Within the Australian Government, DFAT leads the aid delivery through bilateral, regional and global programs implemented in Vietnam. The bilateral program for the financial year 2014-15 was \$116.8 million. In addition to the bilateral program, expenditure by regional and global programs was \$36.6 million. Other Australian Government Departments spent \$7.3 million, bringing the total ODA to \$160.8 million in 2014-15. Table 1 outlines the expenditure by objective.

**Table 1 Total ODA Expenditure in FY 2014-15**

Objective	A\$ million	percentage of total ODA
<b><i>Bilateral</i></b>		
Objective 1: Improve the quality of Vietnam's human resources	\$32.5	20
Objective 2: Develop better transport infrastructure and policy to support economic integration	\$56.3	35
Objective 3: Increase rural access to clean water and hygienic sanitation	\$15.5	10
Objective 4: Advance climate change adaptation and mitigation, focusing on the Mekong Delta	\$3.8	2
Other cross-cutting investments and operations	\$8.5	5
<b>Sub-Total Bilateral</b>	<b>\$116.8</b>	<b>73</b>
Regional and Global	\$36.6	23
Other Government Departments	\$7.3	5
<b>Total ODA Expenditure</b>	<b>\$160.8</b>	<b>100</b>

## Progress towards Objectives

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

Objective	Previous Rating	Current Rating
Objective 1 – Improve the quality of Vietnam’s human resources	Green	Green
Objective 2 - Develop better transport infrastructure and policy to support economic integration	Green	Green
Objective 3 – Increase rural access to clean water and hygienic sanitation	Green	Green
Objective 4 – Advance climate change adaptation and mitigation focusing on the Mekong Delta	Amber	Green

**Note:**

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

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

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

Reporting period:

### Objective 1 – Improve the quality of Vietnam’s human resources

The overall rating for this objective was green. In the 2014-15 review period the Australia Awards<sup>4</sup> Vietnam program exceeded the targets<sup>5</sup> for the number of Scholarships and Fellowships offered, and a new five-year human resource development program was designed<sup>6</sup>.

The *Australia-Vietnam Human Resources Development Strategy 2014 - 2020* guides Australia’s support for Vietnam’s human resource development (HRD)<sup>7</sup>. The strategy focuses on: improving individuals’ skills so they can have a positive impact on their workplace; strengthening public

<sup>4</sup> Australia Awards are scholarships and fellowships for study in Australia, that aim to build people-to-people links and develop capacity and leadership skills so that individuals can contribute to development in their home country. They include the Australia Awards Scholarships and Australia Awards Fellowships administered by DFAT, John Allwright Fellowships administered by Australian Council for International Agricultural Research (ACIAR) and Endeavour Scholarships and Fellowships administered by Department of Education and Training (DET)

<sup>5</sup> Target of 150 Scholarships (185 offered) and 50 Fellowships (142 offered)

<sup>6</sup> The new program will continue to deliver Australia Awards, as well as other targeted HRD activities

<sup>7</sup> The Government of Vietnam’s “Human Resource Development Master Plan 2011-20 articulates Vietnam’s plans to improve the quality of its workforce

institutions; and promoting Australia-Vietnam people to people linkages. The strategy is implemented through the Australia Awards Vietnam program, global programs, and programs managed by other Australian government departments.

Australia Awards Scholarships and Fellowships represent a very small proportion of overall Vietnamese students in Australia. However, they are targeted to areas of priority for Vietnam's development that are agreed annually with the Government of Vietnam, and they are highly valued by recipients, employers and the Government of Vietnam. Australia is one of the largest scholarship providers to Vietnam, although the Government of Vietnam remains the largest provider overall.

**Table 3: Australia Awards offered and completed in 2014**

	New awards offered (2014)			Awards completed (2014)		
	Total	Male	Female	Total	Male	Female
Australia Awards Scholarships <sup>8</sup>	185	70	115	228	102	126
Australia Awards Fellowships <sup>9</sup>	142	80	61	n/a	n/a	n/a
Australia Awards John Allwright Fellowships <sup>10</sup>	6	5	1	5	4	1
Australia Awards Endeavour Scholarships <sup>11</sup>	28	6	22	19	8	11
Australia Awards Endeavour Fellowships <sup>12</sup>	16	10	6			
<b>TOTAL</b>	<b>377</b>	<b>171</b>	<b>205</b>	<b>252</b>	<b>114</b>	<b>138</b>

There are over 5,300 Australia Awards alumni from Vietnam, dating back to the 1970s. They are a key source of evidence of the effectiveness of the Australia Awards and a vehicle for public diplomacy efforts. In 2014-15 a number of activities helped to promote the positive image of Australia and study in Australia: the pre-departure briefing for Australia Awards Scholarship recipients; several large alumni events; and engagement through online and social media.

A tracer study of Australia Awards Scholarships alumni who had returned to Vietnam since 1998 was conducted in 2014. It showed that the Australia Awards Vietnam program is largely achieving its intended outcomes. Of the 785 respondents<sup>13</sup>, 89 per cent reported having gained knowledge and skills in Australia that had relevance to Vietnam's development priorities. Governance, financial management and economics were the areas in which alumni contributed most significantly. Alumni were very active volunteers in their local communities, and 55 per cent of respondents reported professional or business links between their organisation and an Australian organisation.

Although the results of the tracer study were good overall, it also showed that the reintegration experience varied for alumni in different types of organisations. Generally, alumni whose organisation had a link with an Australian organisation reported better outcomes than those whose organisation did not. Recommendations to address these issues have informed the new HRD program, such as specifically facilitating linkages while awardees are in Australia, and linkages between alumni and organisations in the private sector.

The tracer study also showed that although women have consistently accounted for over 60 per cent of all scholars over the past five years, there is a gender gap in outcomes. Among recently returned alumni, men were almost 50 per cent more likely than women to be in a management

<sup>8</sup> Provided under the bilateral aid program

<sup>9</sup> Australia Awards Fellowships is a global program

<sup>10</sup> Provided by ACIAR

<sup>11</sup> Provided by DET

<sup>12</sup> Provided by DET

<sup>13</sup> The tracer survey was sent to 2,337 alumni for whom current contact details were available, of a total of 2,707 alumni who have returned to Vietnam in these years. There was a 33.6% response rate to the survey

position, men were more likely to be promoted at work, and a greater percentage of male alumni returned to a higher position than women<sup>14</sup>. The program therefore undertook a study in 2014 to explore the issues and identify strategies for promoting leadership pathways for female alumni to be implemented in the new HRD program.

Progress, if slow, is being made on social inclusion, and it continued to be a focus of the Australia Awards Vietnam program. Seven scholarships were awarded to people with disability (including five women) and 28 to people from rural, disadvantaged areas. This total of 35 is a steady increase from 33 in 2013-14 and 14 in 2012-13. The increase is as a result of more intensive promotion of the program's disability policy to Disabled People's Organisations and increased dissemination of information through online news and social media. Scholarships were awarded to 14 candidates from ethnic minorities (including nine women) in 2014, as compared to 10 (including five women) in 2013. In 2014, thirteen people with disabilities and two from rural disadvantaged areas received additional support to enable their full participation in the Australia Awards.

In response to Vietnam's strong need to develop the vocational education and training (VET) sector, Australia piloted a leadership and management training program in Australia and follow-up support in Vietnam for 47 VET college rectors and government officials (including three women). DFAT trialed an innovative co-financing arrangement between the Governments of Australia and Vietnam, which demonstrated Australia's flexibility and responsiveness in meeting Vietnam's priority HRD needs in a cost-effective manner. The arrangement was successful and DFAT is considering ways to use this model again. As a result of the training, participants have begun to introduce changes in their colleges, such as greater industry involvement in curriculum design<sup>15</sup>.

The current Australia Awards Vietnam program ends in January 2016 and lessons learned have been applied in the development of a new program, the *Australia-Vietnam Partnership on Human Resource Development 2016-2020*, designed in 2014-15. The program will continue to deliver the well-established Australia Awards Scholarships and support for alumni. However, the program will pilot a number of activities to support Australia Awards Scholarship alumni to use the skills they gained from their study in Australia, offer short term training opportunities for people from selected institutions and deliver a Women in Leadership program. The design and proposed activities are based on evidence from reviews and analyses undertaken by this program and similar programs in other countries.

Improving the quality of Vietnam's human resources is also supported by Australia's investment in the Australian Volunteers for International Development (AVID) program. A total of 69 new AVID participants (including 43 women) were placed in organisations in Vietnam in 2014-15 to build capacity and reinforce people-to-people links.

Australia engages in policy dialogue<sup>16</sup> with Vietnam on HRD and education issues through the Australia-Vietnam Joint Working Group on Education and Training, the Vietnam Development Partnerships Forum Technical and Vocational Education and Training Network, multilateral forums such as the East Asia Summit (EAS), Asia-Pacific Economic Cooperation and the Association of Southeast Asian Nations (ASEAN), and associated technical assistance activities. Through these dialogues Australia influenced a number of key achievements in 2014-15, including:

---

<sup>14</sup> 2014 Tracer Study

<sup>15</sup> Vietnam TVET Management and Leadership Short Course Short Course Completion Report and Short Course Follow-up Workshop Report, 2014

<sup>16</sup> Led by DET

- support for the benchmarking of occupational standards between Vietnam and other countries in the region in selected sectors<sup>17</sup>;
- strengthening VET Quality Assurance in Vietnam through application of the regional VET Quality Assurance Framework developed through the EAS Education Ministers' Plan of Action (2011-1015); and
- providing technical assistance to Vietnam in finalising and implementing the Vietnamese National Qualifications Framework through a project funded under the ASEAN-Australia-New Zealand Free Trade Agreement Economic Work Program linked to the ASEAN Qualifications Referencing Framework.

## **Objective 2 – Develop better transport infrastructure and policy to support economic integration**

Progress towards this objective is rated green because the key activities (the construction of Cao Lanh Bridge and the implementation of the Restructuring for a more Competitive Vietnam program) are on track. However, there have been delays in some activities, most notably the Southern Coastal Corridor Project, which was not completed within the reporting period as planned. This is expected to be completed by December 2015.

The Government of Vietnam has prioritised making business easier for the private sector, to stimulate Vietnam's economy (which has yet to fully recover from the impacts of the global financial crisis) and to lay the foundations for long term economic development. Economic infrastructure development is one of the priority areas identified by the Government of Vietnam in its Socio-Economic Development Strategy (2011-2020). Australia has helped the Government of Vietnam to evaluate, prioritise and fund major transport infrastructure development projects, particularly in key economic zones. In 2014-15 Australia invested directly in building roads and bridges to improve local and regional connectivity. We also provided advice to the Government of Vietnam on how to engage the private sector in funding and building infrastructure through the development of Public-Private Partnerships (PPPs) in the roads sector.

### **Transport infrastructure**

The objectives of our support in transport infrastructure are two-fold: 1) to promote private sector development in Vietnam by reducing costs and improving connectivity for business to new markets; and 2) to reduce poverty by better connecting the poor to essential services.

The Cao Lanh Bridge project<sup>18</sup> with the Asian Development Bank (ADB) has continued to make good progress in 2014-15. Construction is running slightly ahead of schedule and the bridge itself is more than 50 per cent complete. Contractors were mobilised for the approach roads in late 2014 and have begun construction.

The program has dedicated resources to work closely with the ADB and implementing partners, and drive a best practice approach to resettlement and safeguards management for this project. Pleasingly, resettlement is on track and when issues have arisen, they have been dealt with swiftly and comprehensively. Land has been handed over to the contractors to allow construction to remain on schedule. Our external monitoring has confirmed that compensation provided to affected households was consistent with the agreed resettlement plan, no major issues have been found and the majority of affected households are satisfied. The livelihood restoration program is providing vocational training in agriculture and small business for affected households. We continue to monitor this closely, as a key program risk, and an area of

<sup>17</sup> Through DFAT's Government Partnerships for Development program

<sup>18</sup> Part of the Central Mekong Delta Connectivity Project

learning not just for the Vietnam program but for the Australian aid program more generally and in our relationship with multilateral lending institutions.

100 per cent of affected households at the bridge site and 95 per cent at the approach roads have received compensation and vulnerable households (including poor and landless households) are receiving loans from our microfinance program to help upgrade their houses and generate income. At least 818 households have now received loans under this microfinance program with 68 per cent of loans being given to women<sup>19</sup>. Environmental management requires ongoing monitoring as the capacity of many of the construction contractors is weak. To address this we engaged an independent environmental monitoring specialist to monitor contractor performance and advise on measures to strengthen environmental management where necessary.

Progress of the Mekong Delta Transport Infrastructure Development Project with the World Bank met expectations (28 kilometres of road rehabilitated and major bridges reaching completion), with works scheduled for completion by the December 2015 project end date. However, the Southern Coastal Corridor Project with the ADB has been delayed. Roads scheduled to be completed by 31 May 2015 are now expected to be ready later in 2015-16. These delays reflect efforts by contractors to apply technical treatments to account for soft soils in the Mekong Delta that will over the longer term improve road safety and sustainability of the investment. This has been implemented at Australia's request. The impacts of improved infrastructure on incomes and livelihoods will only be fully realised once these roads are completed.

Australia is providing advice and analysis to support the Government of Vietnam to prepare infrastructure projects. Development banks and other donors offer loans for implementing projects, but only limited grant funding for the preparation of projects. Australia's contribution fills this gap and helps us leverage better development outcomes. It also helps to ensure projects are delivered on time and to international standards. In 2014-15, progress in this area was mixed. Good progress was made in developing online maps of Hai Phong City that can be used to track public transport services. However, other analytical and advisory support has been delayed, in particular for PPPs. In Vietnam, responsibility for implementation of PPP projects rests with sector Ministries that often have limited capacity, leading to delays. Australia provided critical capacity building assistance to the Ministry of Transport that will help address the issues in mobilising the private sector to meet investment demand in infrastructure given the Government of Vietnam's budget constraints.

### **Economic integration - Restructuring for a more Competitive Vietnam (RCV)**

Through the RCV program, Australia is helping Vietnam to undertake long-term reforms to enhance productivity by targeting three priority areas: promoting economic restructuring; strengthening Vietnam's competition institutions; and improving rural productivity.

A key outcome in 2014-15 for the RCV was to make it easier for firms to start a business or invest in Vietnam. This was achieved through our support for the development of Vietnam's new Enterprise and Investment Laws, which were passed by the National Assembly in October 2014. The support from RCV gave the drafters confidence in the bold policy changes they proposed and the evidence helped convince the National Assembly to adopt these policy proposals. These laws will make it easier for firms to start a business or invest in Vietnam. The business registration procedures are easier and shorter and the laws make clear which business sectors are prohibited or restricted (prohibited sectors have decreased from 51 to 6). The new

---

<sup>19</sup> 210 affected households have received loans through this program out of a total 1515 households affected by the project in Dong Thap province. The remaining households that have received assistance are poor households around the project site.

Investment Law removes Ministries' power to issue regulations on business restrictions which in the past created a lot of cumbersome and costly administrative procedures and opportunities for corruption. In addition, RCV support was also instrumental in developing completely new regulations on social enterprises in the Enterprise Law.

The program aims to build an evidence base and communicate the benefits of reform to Government, the private sector, academia and the general public. Specifically, RCV provides support for studies on negative impacts of State-Owned Enterprises (SOEs) and measures to improve SOEs governance. These studies contributed directly to several legal instruments, such as the Prime Ministerial Decision 36 on SOE information disclosure and the Decree 107/2015 on SOE performance reporting and monitoring. In addition, the studies funded by RCV and implemented by the Ministry of Planning and Investment (MPI) and the Central Economic Commission of the Party have been submitted to both the Government of Vietnam and the Central Party Committee for discussion and drafting of the Party documents for the next Party Congress such as the Socio-Economic Report and the Socio-Economic Development Plan (SEDP) 2016-2020<sup>20</sup>.

Increasingly, the program is also drawing on Australia's domestic economic reform experience by engaging with institutions like the Productivity Commission (PC) and the Australian Competition and Consumer Commission (ACCC). Australian experts from PC and ACCC have come to Vietnam to share knowledge and experiences in conducting regulatory reforms, strengthening competition policy and engaging private sector in big infrastructure projects such as airports. Through RCV, we have also been engaged in a policy dialogue with the Government of Vietnam on the need for ongoing economic reform, including pushing for competition policy reforms through major events like the Vietnam Development Partners' Forum and the National Assembly Economic Forum.

Gender equality was not addressed specifically in the program in 2014-15 and there were no specific gender equality related targets. The development of RCV was informed by a study that found that barriers to starting and operating a business in Vietnam impact equally on women and men. However, in order to assess any possible gender impacts of the project, gender equality considerations will be strengthened through additional analysis of the impact of previous economic reforms on women to identify benefits and risks for future reform measures.

### **Objective 3 – Increase rural access to clean water and hygienic sanitation**

Progress against the objective is rated green, reflecting successful achievement of targets for 2014-2015 and setting a foundation for achieving the objective in 2015.

The Rural Water Supply and Sanitation National Target Program (RWSS NTP), supported by Australia, is one of the ways Vietnam is working toward achieving MDG7 on environmental sustainability. The program aims to increase access to water and sanitation for rural populations by 85 per cent per cent and 65 per cent respectively by the end of 2015.

In 2014, Australian funding was provided for budget support for the program, technical assistance and contributions to multilateral partners. Our funding accounted for 4.3 per cent of the total RWSS NTP3 budget. The total program budget comprises Government of Vietnam state budget, provincial budgets, contributions from other donors, private sector contributions and individual contributions. As a lead donor, Australia worked closely with the Government of Vietnam to ensure not just successful service delivery, but also sustainability of the program and the capture of lessons learnt in the sector.

---

<sup>20</sup> For example: workshops and studies by the Central Economic Commission (CEC) on the SEDP and the Master Plan on Economic Restructuring 2013-2020; studies on SOEs and market distortion and institutional reforms by MPI/CIEM.

RWSS NTP3 results are on track to meet and, in some areas, surpass its targets. By 31 December 2014<sup>21</sup>:

- 84.5 per cent of the rural population had access to hygienic water (an increase of two percentage points compared to 2013 – an additional 1.5 million people)<sup>22</sup>;
- 63 per cent of rural households had hygienic latrines (an increase of three percentage points compared to 2013 – an additional 400,000 households or approximately 2.5 million people)<sup>23</sup>; and
- 91.4 per cent of rural schools and 92.8 per cent of rural health clinics were equipped with water supply and sanitation facilities (increases of four percentage points and one percentage point respectively, compared to 2013).

In 2014, Australia's investment in RWSS NTP3 focused on ensuring that the rural pipeline schemes operate effectively. The proportion of existing schemes operating effectively has increased markedly from 60 per cent in 2013 to 74 per cent in 2014.

#### **Case study: development of a national registration database of rural water facilities**

Australia has provided support for the development of a national registration database of rural water facilities. The ownership of water facilities and the value of these assets had not previously been established. Some belonged to the community, and others were managed by the provincial centres for rural water supply and sanitation or private entities. The database holds details of ownership of the water facilities, and defines the different responsibilities of agencies that are implementing programs in the sector. This database will help to set the foundation for future public-private partnerships in the sector by enabling the private sector to propose a PPP deal knowing who owns the asset and what its value is. By the end of 2014, 16,000 rural pipeline schemes were registered and had their ownership arrangements defined. The database also serves as a tool to help provincial level authorities make decisions and prioritise investments. For example, in 2014 provinces decided to allocate funding for upgrading and rehabilitating rural pipeline schemes instead of building new ones, and the private sector has invested a lot in upgrading schemes. As a result, 900 rural pipeline schemes have been upgraded following the successful roll out of the database<sup>24</sup>.

Australia topped up the Government of Vietnam subsidy to cover the operational cost of the Vietnam Bank for Social Policies (VBSP) providing loans to RWSS. These loans are critical to the program's success and are an effective lending mechanism to the poor. From 2004 to 2014 there have been over 6.2 million household<sup>25</sup> water connection and sanitation facilities built using the VBSP loans<sup>26</sup>. This has contributed significantly to meeting the program's overall household water connection targets.

Under the NTP3, a greater focus is being placed on addressing inequalities suffered by women and girls related to water and sanitation services. Australia provided technical assistance to the Vietnam Women's Union and Ho Chi Minh City Women's Union to enhance women's participation in water and sanitation related services. As a result of Australia's support, women

<sup>21</sup> RWSS Annual Report, Government of Vietnam, 2014 (The Government of Vietnam's RWSS NTP3 reporting is on a calendar year basis)

<sup>22</sup> Australia's contribution (4.3 per cent of program funding) accounts for 64,500 people)

<sup>23</sup> Australia's contribution (4.3 per cent of program funding) accounts for 17,200 households or 107,500 people)

<sup>24</sup> RWSS Annual Report, Government of Vietnam, 2014

<sup>25</sup> Government of Vietnam reports on calendar basis. In 2013-14 this was 526 households. 2014-15 data is not yet available.

<sup>26</sup> RWSS Annual Report, Government of Vietnam, 2014

are directly involved in the planning and management of water supply and sanitation programs, and hygiene promotion interventions are specifically designed to reach women and girls. Australia requested the Government of Vietnam and provinces to track and report against gender specific indicators introduced in 2013. They were reported against consistently in 2014 by the provinces and show that 53 per cent of the rural beneficiaries of the NTP3 are women<sup>27</sup>.

To complement our direct support to RWSS NTP3, we partnered with the World Bank and NGOs at the policy and program levels to deliver sustainable water and sanitation outcomes that aligned to the priorities of the NTP3 and promote innovative measures.

#### **Case study: Partnering with NGOs to increase access to water and sanitation services**

In 2014-2015 we supported three NGOs (East Meets West Foundation, Plan International and iDE) to implement water and sanitation activities under Australia's investment in Civil Society Water and Sanitation Fund (CSO WASH Fund), and continued to support the expansion of output based (OBA) aid through the East Meets West Foundation. The OBA is an innovative mechanism that links the grant disbursement to the delivery of water connections and latrines. The financial rebate schemes that underpin OBA are designed to incentivise WASH service providers to target poor customers and poor areas. OBA differs from other contractual arrangements as funding is provided by the East Meets West Foundation only after independent verification of predefined outputs. Evidence from Ben Tre province in the water supply component indicates that the provincial water centre application of the OBA approach is about 30 per cent cheaper than their typical approach to water supply construction works<sup>28</sup>. This increases access to water and sanitation services by the poor and ensures that our grant is well spent.

Australia contributed to improving the coordination between agriculture, health and education at the central level through the RWSS Partnership Group, a policy dialogue we co-chaired with the Ministry for Agriculture and Rural Development. Our technical assistance to the provincial centres for rural water supply and sanitation not only strengthened overall water quality management, but also built the technical and professional capacity of these centres to prepare for the critical transformation from state dependent to privately owned enterprises during 2015.

#### **Objective 4 – Advance climate change adaptation and mitigation (focusing on Mekong Delta)**

Progress against this objective is rated green. Progress is as expected for this point of time, all milestones for 2014-2015 have been met and it is likely that the objective will be achieved. The rating has improved from amber in 2013-14 to green in 2014-15 due to our taking some tough decisions, including terminating our contribution to the ADB flood and drought management project due to unacceptable delays. Our remediation plan and close engagement with the World Bank on the Vietnam Climate Innovation Centre have brought this investment back on track in 2014-15.

Australia works with the Government of Vietnam and other development partners to support investments that contribute to the Government of Vietnam's objectives and targets in integrated coastal management and clean technologies, helping communities adapt to climate change and to help limit its adverse impacts.

As a number of the investments initiated under the *Vietnam Climate Change Strategy 2011-2016* end this year, we have focused on documenting the lessons learnt and partnerships. The

<sup>27</sup> RWSS Annual Report, Government of Vietnam, 2014

<sup>28</sup> CS WASH Fund Annual Report 2014, East Meets West, Vietnam

strategy covered a range of sectors including climate-resilient agriculture and innovative technologies, and worked with stakeholders including women and vulnerable groups. These programs will therefore inform Australia's investments for 2015-2020, which have been re-framed to focus on women's economic empowerment, supporting vulnerable ethnic minorities, and stimulating innovative private sector engagement, including in agriculture and among women's small and medium enterprises.

In 2014-15 the Integrated Coastal Management Program (ICMP), in partnership with German development agency GIZ, transitioned successfully from the province-by-province approach of Phase I to the more strategic regional approach of Phase II. The models piloted in phase I (coastal management and adaptation of farming methods and rural livelihoods to climate change)<sup>29</sup> are informing the investments of other donors operating in the Mekong Delta, such as the World Bank. Thanks to increasing coordination and joint policy dialogue among donors including Australia and Germany these activities are beginning to influence the Government of Vietnam's own discussions about resilient socio-economic development planning for the Mekong Delta<sup>30</sup>. For example, DFAT enhanced the impact of ICMP by leveraging a small project under Australia's partnership with the World Bank to fund the Mekong Delta Forum in February 2015 which helped to showcase lessons and expertise from ICMP to an audience including the Vietnamese Deputy Prime Minister, provincial leaders, scientists and international partners.

Six community-based projects funded through NGOs under the Climate Change Action Grants have helped to prepare over 275,000<sup>31</sup> people better for the unavoidable risks of climate change and weather-related disasters. The program has focused specifically on poor and vulnerable people, including female-headed households, ethnic minorities, and communities in geographic areas that are experiencing climate change impacts such as saline intrusion into rice fields and more severe floods and storms. They have been trained in new agriculture practices that are better adapted to risks such as flooding and drought, and disaster management. The program was extended until the end of December 2015 to enable partners to communicate their achievements to a wider audience (including the Government of Vietnam), to promote sustainability of the outcomes, and influence more inclusive socio-economic development policy and planning, well beyond the immediate impacts of livelihood improvements for direct beneficiaries. The program drew on resources through the Australia-Mekong NGO Engagement Platform to support a joint advocacy plan involving all partners.

The Community Based Disaster Risk Management program is delivered through partnerships with the United Nations Development Programme (UNDP) and ADB. The UNDP partnership represents an innovative way of working by bringing together the Government of Vietnam, international donors, NGOs and organisations such as the Vietnam Women's Union and Vietnam Red Cross as core decision-making and implementing partners. The partnership has been recognised internationally as good practice as it empowers women while engaging constructively with the male-dominated disaster risk management (DRM) system. Gender equality is reflected in revised draft DRM legislation supported under this UNDP partnership, and the Vietnam Women's Union has been legally recognised as part of the DRM system.

Beyond Australia's final financial contribution to the Support Program to Respond to Climate Change (SP-RCC) in 2014, Australia has continued to support improvements in Vietnam's climate change and disaster-related policy through ongoing policy engagement with the Government of Vietnam on climate change. This has included encouraging national level

---

<sup>29</sup> ICMP phase 1 final report

<sup>30</sup> ICMP phase I closing workshop in August 2015

<sup>31</sup> Calculation from reports submitted by six NGO partners: Oxfam, SNV, Environment Defense Fund, Care, Australia Red Cross, Save the Children. These are the accumulated results to date of the whole program, not 2014-15 figures.

government to incorporate provincial level lessons from GIZ's Integrated Coastal Management Program into policy; our active participation in the Mekong Delta working group alongside Germany, the World Bank, UNDP and others; and promoting the advocacy efforts of our NGO partners to share best practice in climate resilient community-level socio-economic development planning. The cumulative impact of Australia's engagement in this influential policy forum has contributed to approval of 33 priority policy actions to be undertaken by line ministries in 2015 to address eight strategic tasks of the National Climate Change Strategy, including laws on Hydro-Meteorology and on Irrigation and Drainage<sup>32</sup>.

The energy efficiency standards and labelling program was managed through a partnership between the Australian Department of Industry and Science and Vietnam's Ministry of Industry and Trade (MOIT). It helped improve MOIT's capacity to develop more transparent processes for implementing energy efficiency standards for appliances sold in Vietnam. More than 7,000 products have been registered online since the new system came into effect in May 2014. The project has also raised awareness among consumers of their ability to make choices around purchasing energy saving appliances, with each household able to save at least VND400,000 per year (equivalent to \$25<sup>33</sup>).

The World-Bank-led Vietnam Climate Innovation Centre project aims to stimulate economic growth by providing early-stage financing and support to small and medium enterprises focussing on innovative technologies at a critical incubation stage, and would otherwise find it difficult to enter a market dominated by state-owned enterprises. However, the program encountered a number of delays during the preparation phase and in 2015 DFAT informed World Bank we would not provide the planned second tranche of \$3 million, and put in place a management plan that included critical milestones. If these milestones are not achieved by January 2016 Australia will terminate the investment. The program is largely back on track, with a different Government of Vietnam counterpart identified, a new design, and a new World Bank leadership team in Washington and Hanoi. Australia has dedicated expert resources to improving performance and quality. If improvements continue in line with Australia's expectations, the project has great potential as a flagship private sector innovation program.

A major research project in the Mekong Delta supported by the Australian Centre for International Agricultural Research evaluated potential impacts of climate change and potential responses to maintain agricultural productivity. This project provides insights on the risks from climate change to rice-based farming systems, and provides a number of technical strategies for sustainable agriculture in the Delta. Major outputs from the project include: maps of hotspots from flooding and salinity damages; three new lines of submergence and salinity tolerant rice varieties; options for water saving irrigation for rice in different eco-zones; techniques to reduce greenhouse gas emissions; and suitability of non-rice alternative crops.

## **Performance Benchmarks**

All Performance Benchmarks in 2014-2015 were achieved and none were revised during the year. Most targets were exceeded, such as progress on the Cao Lanh Bridge and the number of Australia Awards Scholarships offered, suggesting that targets were realistic but some might not have been sufficiently ambitious.

Comment on achievements against each performance benchmark can be found in Annex B.

---

<sup>32</sup> Prime Minister's decision on policy matrix of 2015 under the SP-RCC

<sup>33</sup> By way of context, VND 400,000 per person per month is Vietnam's official rural poverty line

## Mutual Obligations

The Government of Vietnam and donors, including Australia, agreed a set of joint policy actions. These were approved by Vietnam's Prime Minister in 2014 via the Vietnam Development Partnership Forum process. Progress on implementation was reviewed at the VDPF mid-term discussion in June 2015. Achievements include a reduction of poor households to 5.97 per cent in 2014 (in comparison with 58 per cent in 1993); revision of legal frameworks to strengthen Vietnam's international competitiveness; improvements to the business environment and national competitiveness and simplification of administrative procedures.

Australia and Vietnam have been implementing the commitments made during the visit of Vietnam's Prime Minister to Australia in March 2015. These are outlined in the [Declaration on Enhancing the Comprehensive Partnership](#). This partnership outlines Australia's assistance across areas of priority for the development of Vietnam, including infrastructure, human resource development, water and sanitation, agriculture and economic integration.

As part of our economic partnership moving forward, we anticipate our future programs will, where appropriate, include specific mutual obligations and in some instances co-financing with the Government of Vietnam.

## Program Quality and Partner Performance

### Overview

The 2014-2015 Performance Benchmarks (Annex B) and Performance Assessment Frameworks (Annex E) assess progress in the implementation of the *Vietnam-Australia Joint Aid Program Strategy 2010-2015*. Aid Quality Checks and monitoring and evaluation activities were effective in generating and using performance information. All evaluations and reviews planned in 2013-2014 were completed, and appropriate management decisions made. For example, the Vietnam Climate Change Action Grants were extended to enable CARE and the Dutch development organisation SNV to implement a joint advocacy plan. Following the mid-term review of the Australia-World Bank Partnership Trust Fund, a partnership retreat was conducted to respond to the recommendation for enhanced communication between donors.

In the next twelve months five independent evaluations and one DFAT-led evaluation are planned. Two of these will be led by our partners, one is a joint independent progress report, one an end-of-project evaluation, and two are mid-term reviews (for the RCV and UNDP disaster risk reduction programs). The baseline for the Impact Evaluation of Cao Lanh Bridge project will be prepared in line with the evaluation's design, which will be developed by the end of 2015. Although this would ideally have been developed earlier to ensure all impacts are captured, we have captured most of the major resettlement impacts through other processes.

### Analysis of Aid Quality Checks (AQC)

The Vietnam program completed 16 AQC reports<sup>34</sup> in 2014-2015, including four Final AQCs for programs that had concluded. DFAT's regional aid effectiveness staff facilitated a moderation process to independently contest and verify quality reporting. The moderation process confirmed that, in 2014-2015, programs were aligned well with Australia's national interest and the Government of Vietnam's development priorities. The program delivered high standards of value-for-money, with at least 88 per cent of aid investments (equivalent to 94 per cent of the

---

<sup>34</sup> A combined AQC report was prepared for two investments: Vietnam ADS PREP and Australian Awards Scholarship. Thus, there are seventeen investments included in the Annex D but only sixteen AQC reports. Four out of seventeen investments are under \$10million.

total approved budget for all investments) rated satisfactory or above for either effectiveness or efficiency.

Two investments had unsatisfactory ratings for efficiency: Vietnam Delivering Better Health and Vietnam Climate Innovation Centre. The overall rating for efficiency in the Final AQC for Vietnam Delivering Better Health investments was unsatisfactory due to significant procurement bottlenecks at the beginning of the program causing a one year delay in mobilisation. The investment was completed in June 2015, thanks to concerted efforts by ADB to get the program back on track. The Vietnam Climate Innovation Centre project in partnership with the Climate Innovation Multi-donor Trust Fund was rated below satisfactory against several criteria<sup>35</sup>.

With a more robust assessment on gender equality taken this year, 76 per cent of investments rated as satisfactory on gender. This is lower than last year and below the target of 80 per cent for the overall aid program, but this trend was noted across the aid program due to the new assessment criteria on gender. DFAT's post in Hanoi has taken steps to build the capacity of staff on gender and is working with our partners to strengthen the integration of gender issues into Australian aid investments. The World Bank Vietnam Partnership Trust Fund was the only investment with an unsatisfactory rating for gender equality for two consecutive years. The mid-term review recognised good progress was made being made to mainstream gender issues better into ongoing activities. However, a lot of work will need to be done to implement all the actions. A detailed action plan to address gender issues in a more systematic way is being prepared by a World Bank Gender Specialist with support from a DFAT Gender Adviser. The gender focal point and gender experts will also be directly involved in activity implementation rather than just providing desk reviews as in the past.

The rating for monitoring and evaluation (M&E) for the Mekong Transport Infrastructure Development investment improved, from poor in 2013 to adequate in 2014. While the M&E of implementation progress and quality of construction has been reasonably good, the quality of baseline impact monitoring has been problematic. To address the issue, DFAT agreed with the World Bank that a further round of surveys and complete analysis of the data would be undertaken upon completion of the program. This has led to an improved rating in 2014.

## **Performance of key delivery partners**

Our primary partner at the policy level remains the Government of Vietnam, with which we have a long-established and highly productive working relationship<sup>36</sup>. Our key implementing partners are the World Bank and ADB, who account for 58 per cent of ongoing commitments in 2014-2015.

There were a total of ten Partner Performance Assessments (PPAs) undertaken in 2015 that found partners performing strongly in most areas. Four PPAs were undertaken for multilateral organisations, two for contractors and four for NGOs<sup>37</sup>.

Our country-level partnership with the World Bank is effective, maximises value for money, and involves good collaboration and alignment to DFAT policy. It has enabled a number of public diplomacy opportunities with the Ambassador raising Australia's visibility amongst senior Vietnamese ministers. The World Bank's performance has been especially good in regard to the technical assistance activities executed by the Bank itself, but not optimal for the activities

---

<sup>35</sup> Further information is provided in the section on Objective 4

<sup>36</sup> Government of Vietnam performance is highlighted under the mutual obligations section of this report.

<sup>37</sup> Four PPAs for multilateral include two for World Bank; one for ADB and one for Climate Innovation Multi-Donor Trust Fund; Two for contractors include one for Coffey International Development PTY LTD and one for Pario Solutions Group PTY LTD; Four for NGOs include CARE Australia; Oxfam Australia; Save the Children Australia and SNV Netherlands Development Organisation.

implemented by the Government of Vietnam, due to unrealistic expectations of the Government of Vietnam’s procedures and systems. Ongoing challenges remain for the World Bank to address gender issues systematically in the program, and partnerships at the implementation level will need to be enhanced to ensure cooperation. These concerns were discussed at the June 2015 partnership retreat with follow up actions identified.

The partnership with ADB through Cao Lanh Bridge project is performing well. ADB and DFAT participate in joint supervision missions every three months to review the actual project progress and ensure the project is on the right track to meet its objectives. ADB regularly provides expertise in both engineering and safeguards on these missions. There is also an annual high level consultation meeting between ADB and DFAT executive management, where major issues are discussed and resolved.

Partnerships with all NGOs (CARE, Oxfam, Save the Children Australia and SNV) under the Vietnam Climate Change NGOs Partnership program have been effective with most being rated “good” overall.

## Risks

**Table 4 Management of Key Risks to Achieving Objectives**

<b>Key risks</b>	<b>What actions were taken to manage the risks over the past year?</b>	<b>What further actions will be taken to manage the risks in the coming year?</b>	<b>For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)</b>
ODA management framework of Vietnam does not have transparent arrangements for private sector access to ODA and the institutional framework for PPPs is still in development. This may impact on the efficiency and effectiveness of Australian aid interventions to support private sector development in Vietnam.	Post has actively participated in consultations with the Government of Vietnam and used its networks to advocate for transparency and specific guidance on private sector access to ODA and PPPs at the decree and circular level.	Post will continue to work with targeted line agencies to pilot mechanisms for the private sector to access ODA, and to pilot the PPP model in targeted sectors.	Moderate
Reduction of bilateral allocation makes it difficult for the program to: (a) fulfil contractual obligations leading to potential reputational damage; (b) allocate sufficient funds for mobilisation of new investments by 2017-2018, leading to a sudden scale up for a number of large investments in 2017-18 financial year.	Post held regular meetings with DFAT Canberra to stay updated on budget changes. Funding allocations were a priority agenda item on the monthly Aid Management Steering Committee. A detailed program pipeline plan has been kept up to date.	Post will continue to communicate regularly with implementing partners on changes to funding allocations. Post is actively identifying options to achieve feasible outcomes and minimise damage. Design teams will be required to develop a feasible investment budgets. Post will update the Program Fund Plan frequently, taking into consideration investment budgets set out in Investment Design Documents.	High
Government financial, procurement and reporting systems are not consistently implemented to control fraud and corruption that may cause reputational damage for DFAT	Post has ensured all agreements with partner government agencies specify additional fiduciary risk mitigation measures and thresholds to enable post to maintain quality control over the procurement process. All staff and partners are provided with fraud and anti-corruption training.	Post will include fraud and corruption detection as an agenda and reporting item for monitoring visits. Post will identify high risk Investments for procurement/performance audits and compliance spot-checks.	Moderate

## Management Responses

Annex A outlines progress in addressing last year's management responses. During 2014-15, DFAT's post in Hanoi undertook an internal review of its structure to achieve full integration of former AusAID and DFAT. A key outcome of the review was a revised organisational structure for DFAT at Hanoi Post. This structure came into effect on 6 March 2015.

The revised structure strengthened Hanoi post's capacity to deliver on the Government's agenda and DFAT's post-integration management agenda. The changes have strengthened coherence in DFAT Hanoi post's work and enabled more effective management of external relationships and sharing of knowledge. Strengthening the political lens through which we program aid investments will increase the impact of those investments and our influence with Government of Vietnam.

The aid program is now managed across three sections at DFAT Hanoi post, with ultimate responsibility for the aid program residing with the Ambassador. An aid management steering committee, chaired by the Ambassador, oversees the cohesive and strategic management of the aid program and aid budget.

To continue to transition the aid program to an economic partnership, and to address the issues covered in this review, the Vietnam aid program will address the following overarching strategic priorities in 2015-16 :

1. Design and approve five new aid investments to address the priorities of the Aid Investment Plan.
2. For new designs, focus on innovation. Consult the private sector as we design.
3. Close nine investments in 2015-16 and drive program consolidation.
4. Prepare a gender strategy and secure resources to enable us to achieve 100 per cent of programs effectively addressing gender in their implementation by 2016-17.
5. Start the Vietnam-Australia Partnership on Human Resource Development 2016-2020.
6. Work with partners to identify mechanisms for the private sector to access ODA.
7. Closely monitor investments where there have been delays or performance issues and take action to address any ongoing issues.
8. Against a reducing aid budget and a lower donor ranking, maintain Australia's reputation and influence.
9. Following the restructure of post, deepen capacity of staff with aid management responsibilities in: aid management, gender equality, private sector engagement, risk and fraud management and safeguard issues.

## Annex A - Progress in Addressing Management Responses

Management responses identified in 2013-14 APPR	Rating	Progress made in 2014-15
1. Develop a new strategic framework to guide aid investments in Vietnam beyond 2015	Achieved	The Aid Investment Plan was drafted, a senior level peer review was held and the document was approved by the Minister on 1 September 2015. Aid High Level Consultations with GOV in July 2015 confirmed their support for the direction of the new 5 year ODA program.
2. Strengthen economic diplomacy engagement in Vietnam	Achieved	An economic diplomacy fund was established to help facilitate cross-agency working. Nine activities were undertaken that showcased Australia's economic strengths and provided high level public diplomacy opportunities for the Ambassador.
3. Ensure innovation is central to delivery of our aid program	Not achieved	Programs were reviewed to see where innovation and private sector engagement could be strengthened.
4. Build DFAT's capacity to manage integration and implement the new Aid Policy	Partly achieved	Basic training on aid management and Aidworks has been provided by Canberra. Post is now developing a training plan to ensure the other areas of training needs identified are provided.
5. Maintain our reputation for delivering a high quality and effective aid program that delivers results	Achieved	The Assessment on National Systems was completed and obtained FAS approval. Three programs came to an end in 2014-15, contributing to our consolidation target. And whilst budget cuts have had an impact on planned activities, high level consultations with the GOV in July 2015 confirmed ongoing demand for an Australian aid program in Vietnam.
6. Improve integration of gender equality throughout our program	Achieved	A gender stocktake was completed in 2014-15 for the aid program and across the embassy as a whole. An action plan has been mapped out, and resources allocated, to enable the development of a gender strategy for the Embassy by July 2016.
7. (Sector specific): Improve the effectiveness and sustainability of our infrastructure investments	Achieved	Ongoing supervision of infrastructure investments by post has enabled early identification and mitigation of safeguards risks. In 2014 the environmental safety of Cao Lanh bridge was identified as a risk and an extra supervision mission, with Australian environmental expertise, was mobilised to put in place a risk mitigation strategy. This has been implemented and is currently being monitored.

### Note:

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

## Annex B - Progress towards Performance Benchmarks in 2014 -15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
<b>Human resource development</b> Improvement in the quality of Vietnam's human resources.	1. 150 Australia Awards Scholarships and 50 Australia Awards Fellowships provided	Achieved	185 Australia Awards Scholarships and 142 Australia Awards Fellowships provided.
	2. New human resource development investment designed	Achieved	Design of the new Australia-Vietnam Partnership on Human Resources Development 2016-2020 was completed in 2014-15.
<b>Transport infrastructure and economic integration</b> Better transport infrastructure and policy to support economic integration	3. 40 per cent of Cao Lanh bridge construction completed	Achieved	Over 50 per cent of construction complete.
	4. Australian-funded studies and consultations are used to revise the Enterprise Law, to reduce costs of private business entry and improve corporate governance	Achieved	International experts were engaged to provide input on the laws and facilitate feedback from a range of stakeholders including the private sector. The Enterprise and Investment Laws were passed in October 2014.
<b>Rural water supply and sanitation</b> Increase rural access to clean water and hygienic sanitation	5. An additional 1,100,000 people have access to clean water and an additional 2,500,000 people have increased access to basic sanitation	Achieved	1.5 million additional people have access to hygienic water. 63 per cent of rural households had hygienic latrines (an additional 400,000 households or approximately 2.5 million people in 2014)
	6. 75 per cent of rural pipeline schemes (approximately 550 schemes) are improved or upgraded	Achieved	900 schemes have been upgraded
<b>Climate change and disaster risk reduction</b> Advance climate change adaptation and mitigation, focusing on the Mekong Delta.	7. 247,000 people have increased resilience to climate change and natural disasters	Achieved	275,000 people have increased resilience to climate change and natural disasters
	8. Government of Vietnam approves development and implementation of priority actions addressing eight strategic tasks of the National Climate Change Strategy	Achieved	In July 2014 the Government of Vietnam approved the priority policy actions addressing eight strategic tasks of National Climate Change Strategy to be developed and implemented in 2015.

**Note:**

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

## Annex C - Evaluation and Review Pipeline Planning

### List of evaluations completed in the reporting period

Name of Investment	AidWorks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
Joint Donor Support to RWSS NTP3	INJ128	Mid-term review	August 2015	September 2015	October 2015	TBC
Australia World Bank Partnership Trust Fund	INK376	Mid-term review	November 2014	September 2015	October 2015	TBC
Public Finance Management Program	INH925	Completion evaluation	September 2014	N/a (Investment under 3 million not listed for quality management on Aidworks)	N/a	N/a
Delivering Better Health	INH507	Completion evaluation (Partner Lead)	July 2015	October 2015	N/a (Completion evaluation in the sector that the program has exited from)	TBC
In-country Engineering Scholarship	INJ173	Review of the in-country scholarship model	September 2014	N/a (Investment under 3 million not listed for quality management on aidworks)	N/a	N/a

## List of evaluations planned in the next 12 months

<b>Name of Investment</b>	<b>AidWorks number</b>	<b>Type of evaluation</b>	<b>Purpose of evaluation</b>	<b>Expected completion date</b>
Mekong Transport Infrastructure Development	INH551	Partner-led evaluation	End of project evaluation to assess results	December 2015
Southern Coastal Corridor Vietnam	INH651	Partner-led evaluation	End of project evaluation to assess results	June 2016
Cao Lanh Bridge Construction	INK042	Joint Independent Progress Report	Mid-cycle evaluation to evaluate progress	April 2016
Joint Donors' Support for RWSS NTP Phase 3	INJ128	Independent Evaluation	End of project evaluation to assess results	June 2016
Restructuring for a more Competitive Vietnam	INL354	DFAT-led evaluation	Mid-term review	June 2016
Community Based Disaster Risk Management	INK120	Independent evaluation	Mid-term review	October 2015

## Annex D - Aid Quality Check ratings

### AQC ratings

Investment name	Approved budget and duration	AQC/QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Viet Nam ADS – PREP	\$33,555,273 2002-2016	AQC 2014	6	5	5	6	5	6	6
		QAI 2013	5	5	5	6	5	5	n\
Australia Awards Scholarships - Vietnam	\$71,452,754 2010 - 2018	AQC 2014	6	6	5	6	5	6	6
		QAI 2013	5	5	5	6	5	5	n\
Mekong Transport Infrastructure Development	\$48,000,000 2007 - 2015	AQC 2014	6	5	5	4	4	4	5
		QAI 2013	5	4	4	2	4	3	n\
Southern Coastal Corridor Vietnam	\$45,117,000 2007 - 2016	AQC 2014	5	4	4	4	5	4	5
		QAI 2013	5	5	5	4	5	4	n\
Cao Lanh Detailed Design	\$26,635,674 2011 - 2018	AQC 2014	6	5	6	5	6	5	5
		QAI 2013	6	5	5	5	5	5	n\
Cao Lanh M&E- social dev, diplomacy & civil work	\$130,200,000 2011 - 2018	AQC 2014	6	5	6	5	6	5	5
		QAI 2013	6	5	5	5	5	5	n\
Restructuring Competitive Vietnam Project	\$3,100,000 2014 - 2016	AQC 2014	6	5	5	4	6	3	4
		QAI 2013	n\	n\	n\	n\	n\	n\	n\
Joint Donors' Support for RWSS NTP Phase 3	\$74,136,829 2011 - 2016	AQC 2014	6	5	5	5	4	4	5
		QAI 2013	6	5	5	5	4	6	n\
Integrated Coastal Management Program (ICMP)	\$16,564,335 2011 - 2017	AQC 2014	6	5	5	5	5	4	5
		QAI 2013	5	4	3	3	5	4	n\
Community Based Disaster Risk Management	\$4,922,988 2011 - 2015	AQC 2014	5	5	5	4	5	5	5
		QAI 2013	5	3	3	5	5	4	n\
Climate Innovation Centre	\$14,998,000 2013 - 2018	AQC 2014	6	3	3	3	5	3	5
		QAI 2013	6	5	5	4	4	4	n\
Vietnam Anti-corruption Program 2011-2014	\$5,500,000 2011 - 2016	AQC 2014	4	3	4	4	4	4	4
		QAI 2013	5	5	5	5	4	6	n\
AusAID - World Bank Vietnam Partnership Trust Fund	\$43,000,000 2012 -2016	AQC 2014	5	4	4	3	5	3	5
		QAI 2013	5	4	4	4	4	3	n\

## FAQC ratings

FAQC scores assess performance over the lifetime of the investment and should not be compared to the previous year's QAI ratings.

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Support Program to Respond to Climate Change	\$14,000,000 2011-2015	4	5	4	4	5	4	3	4
Vietnam Climate Change NGOs Partnership	\$15,073,305 2012 - 2016	5	6	5	5	5	5	5	5
Vietnam Delivering Better Health	\$14,897,501 2007 - 2015	4	4	4	3	3	5	4	4
Vietnam Clinton Health Access Initiative Phase III	\$4,650,000 2012 - 2015	5	4	4	5	5	4	5	5

### Definitions of rating scale:

#### Satisfactory (4, 5 and 6)

6 = 6 = Very good; satisfies criteria in all or almost all areas

5 = 5 = Good; satisfies criteria in most areas

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

#### Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate; on balance does not satisfy criteria but does not fail in any major area

2 = 2 = Poor; does not satisfy criteria in major areas

1 = 1 = Very poor; does not satisfy criteria in many major areas

## Annex E – Performance Assessment Frameworks

### Aid Objective: Improvement in the quality of Vietnam’s human resources

Strategy Objective Indicators / Targets 2015	Progress Targets/Milestones 2010	2011	2012/13	2013/14	2014/15
<ul style="list-style-type: none"> <li>1,380 scholarships and 300 fellowships delivered</li> <li>Increase in number and strength of institutional links between public sector institutions</li> <li>Increased contribution of scholarship alumni and institutional links to meeting Vietnam development challenges</li> </ul>	<p>225 ADS scholarships provided</p> <p>16 ALA scholarships</p> <p>30-50 ALA fellowships</p> <p>Undertake stocktake of current public institutional linkages between Aust and Vietnam</p> <p>Identify role of PLSP and take steps to establish larger program if required.</p>	<p>Australian Development Scholarships (ADS) (225)</p> <p>Australian Leadership Awards (20) scholarships (ALAS)</p> <p>Australian Leadership Awards (50–60) fellowships</p> <p>Complete tracer study</p> <p>Undertake Australian Development Scholarships mid-term review</p> <p>Begin Public Sector Linkages Program</p> <p>Finalise delivery strategy</p>	<p>225 Australia Awards Scholarships</p> <p>18 Australia Awards Leadership Program</p> <p>50 to 60 Australia Awards Fellowships</p> <p>Update monitoring and evaluation framework</p> <p>Complete an institutional impact assessment of scholarships program on key central government agencies</p> <p>Commence delivery strategy</p>	<p>225 Australia Awards Scholarships</p> <p>100 Australia Awards Fellowships</p> <p>Australia Awards Scholarships Equity of Access Fund established</p> <p>Cluster studies on the environment and education sectors.</p> <p>Impact study on the overall Australia Awards Scholarships program.</p> <p>Sponsor a National Alumni Conference for Vietnamese graduates of Australia</p> <p>HRD Strategy finalised</p>	<p>150 AAS</p> <p>50 AAF</p> <p>40 Heads of TVET Centres of Excellence Colleges trained in a short course in Australia</p> <p>Australia Awards alumni network established</p> <p>Design of new human resource development investment completed</p>

**Aid Objective: Better transport infrastructure and policy to support economic integration**

Strategy Objective Indicators / Targets 2015	Progress Targets/Milestones 2010	2011	2012/13	2013/14	2014/15
<p>total km of road and bridge works connecting Mekong communities to markets</p> <p>higher traffic volume, lower operating costs and travel time on targeted transport corridors</p> <p>Adverse social and environmental impacts are managed effectively</p> <p>evidence-based policy approaches enhance opportunities and address challenges associated with economic integration</p>	<p>60km of rural road constructed (MTRIP)</p> <p>SSC construction commence mid-year</p> <p>Cao Lanh signing of statement of principles</p> <p>evidence based approaches to market reform (BWTO)</p>	<p>An additional 48km to be completed (MTRIP)</p> <p>30% of civil works completed (Southern Coastal Corridor)</p> <p>Cao Lanh detailed design and supervision contract signed and implementation started</p> <p>Social safeguards applied consistently</p> <p>Evidence of greater HIV/trafficking awareness</p> <p>Evidence based approaches (land law, urban-rural migration)</p>	<p>Total of 415km of rural road will be completed (MTRIP) (additional 179km)</p> <p>50% of civil work will be completed by end June 2013</p> <p>Cao Lanh Detailed design finalised</p> <p>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</p>	<p>71% of civil works completed (SSC)</p> <p>Civil works commenced on Cao Lanh bridge.</p> <p>Resettlement plans are implemented according to plan. Construction environmental management plans are developed and implemented</p> <p>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)</p>	<p>Civil works complete (SSC)</p> <p>40 % of Cao Lanh bridge construction complete (No construction delay due to physical resettlement).</p> <p>Income restoration programs being implemented effectively.</p> <p>Construction environmental management plans are implemented and monitored</p> <p>Australian supported studies and consultations used to revise enterprise law to reduce costs of private business entry and to improve corporate governance.</p> <p>Australian supported studies and consultations informing development planning (including the new SEDP) to improve private sector development and productivity growth.</p>

**Aid Objective: Increase rural access to clean water and hygienic sanitation**

Strategy Objective Indicators / Targets 2015	Progress Targets/Milestones 2010	2011	2012/13	2013/14	2014/15
<p>85% rural water access target</p> <p>70% rural sanitation access target</p>	<p>Clean water access 83%</p> <p>Hygienic sanitation access 65%</p> <p>pipe scheme target 2010 (NTP II) pipe water quality issue addressed (NTP II)</p> <p>O&amp;M funded effectively (water tariff)</p> <p>M&amp;E timely and consistent</p> <p>GOV/donor agree on NTP II design document (GOV submission to Assembly Sept)</p> <p>VANGOCA lessons learnt feed into NTP III design</p>	<p>Water and sanitation targets (available March)</p> <p>Operations and maintenance tariff review</p> <p>Collection process for waterborne disease data in 10 provinces</p> <p>Medium term expenditure framework for the water and sanitation sector developed (drawing on provincial expenditure frameworks)</p> <p>Finalised/approved NTP3 and donor support</p>	<p>Water and sanitation targets:</p> <p>80% of rural population has access to hygienic water,</p> <p>57% to hygienic latrines,</p> <p>88% of rural primary schools, 92% of commune clinics have access to hygienic water and hygienic latrine</p> <p>Collection of waterborne disease data in selected provinces to measure health impact of rural water supply and sanitation</p> <p>Issue standard procedure for monitoring and supervision of National Target Program for Rural Water Supply and Sanitation 2012-2015 Phase 3</p> <p>Update and revise the rural water supply and sanitation procurement manual (including standard bidding documents)</p> <p>Work with Ministry of Health and Women's Union to scale up output-based sanitation approaches</p>	<p>Water and sanitation targets:</p> <p>82% of rural population has access to hygienic water</p> <p>60% to hygienic latrines, 318 of rural primary schools, 92 % of commune clinics have access to hygienic water and hygienic latrine</p> <p>Provide support to four provinces to equip and upgrade the water testing laboratories</p> <p>Issue the operations and maintenance guidebook for schools water supply and sanitation facilities.</p> <p>Collection and analysis of waterborne disease data in selected provinces to measure health impact of rural water supply and sanitation</p> <p>Consolidate the monitoring and evaluation database</p> <p>Establish database on the public assets of the rural water supply and sanitation sector, update.</p> <p>Working with international NGOs to design and implement projects under second Civil Society Water, Sanitation and Hygiene Fund</p>	<p>83% of the rural population having access to hygienic water, 63% of rural household having access to hygienic latrines, 95% of rural primary schools and commune clinics have access to hygienic water and hygienic latrine.</p> <p>75% of the schemes (equivalence to 550 schemes) are improved or upgraded</p>

**Aid Objective: Advance climate change adaptation and mitigation**

Strategy Objective Indicators / Targets 2015	Progress Milestones 2010	2011	2012/13	2013/14	2014/15
<p>750 000 people assisted to build their resilience to climate change and weather-based disasters</p> <p>increase in the incidence and quality of sea-dykes and mangrove belts in the southwest Mekong Delta</p> <p>Mitigation target met (emission reduction through improved energy efficiency, adoption of clean technologies and agricultural production)</p>	<p>decision made and progress towards CBDRM support</p> <p>VANGOCA NGOs transfer lessons learnt in pilot CDRM communes into final CDRM design</p> <p>evidence of Kien Giang emissions mitigation - REDD influence legislation in KG on mangroves and dykes</p> <p>increase incidence of dykes and mangroves (demonstration sites)</p> <p>design and approval of phase II of GTZ cooperation (for implementation start 2011)</p> <p>decision made and progress towards mitigation support</p> <p>Ensure all new Australian ODA in Vietnam is "climate proofed"</p>	<p>Agreement on a five year coastal management plan for Kien Giang</p> <p>30 primary schools in Kien Giang using climate change awareness materials in the classroom</p> <p>Coordination mechanism established to support donor engagement in community based disaster risk management</p> <p>4.5km of protective fences installed to support mangrove regeneration in Kien Giang</p> <p>Support to An Giang and Ca Mau mobilised under an expanded climate change program</p> <p>Approval of a delivery strategy to guide Australia's climate change engagement in Vietnam</p>	<p>Climate Change and Coastal Ecosystems Program baseline established and implementation plans agreed with each province</p> <p>Establish a national mechanism to enhance disaster risk reduction and climate change adaptation coordination</p> <p>Completion of Asian Development Bank Climate Change Impact Study in the Mekong Delta</p> <p>CSIRO down-scale projections commence in partnership with the Ministry of Natural Resources and Environment's science institute</p> <p>Value chain analysis to identify low-carbon pathways in agricultural production completed</p>	<p>Progress towards directly helping 270 000 people build their resilience to climate change and natural disasters</p> <p>Mobilisation of community-based disaster risk management under ADB flood and drought mitigation project targeting 63 vulnerable communes</p> <p>Establish a national mechanism to enhance disaster risk reduction and climate change adaption coordination</p> <p>10km of cost effective dyke protection and mangrove rehabilitation structures are completed.</p> <p>Completion of down-scaled climate change projections for Vietnam</p> <p>Commencement of a pilot to apply down-scaled projections to inform provincial planning</p> <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>247 000 people have increased resilience to climate change and natural disasters</p> <p>Mobilisation of community-based disaster risk management under ADB flood and drought mitigation project targeting 63 vulnerable communes</p> <p>Approval of Decrees and finalisation of studies supporting Decision on disaster risk levels to support implementation of the DRM Law</p> <p>Satisfactory progress in implementation of the two comprehensive policy packages on water resources management and coastal area co-management.</p> <p>Approval by GOV for development and implementation in 2015 of priority policy actions addressing 8 strategic tasks of NCCS</p> <p>Results on GHG emission reduction and increased profit figures from the adoption of low-carbon rice production techniques verified</p> <p>Vietnam Climate Innovation Centre mobilised and operational</p>