



# Partner-Led Cooperation: Review and Vietnam Case Study

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## Summary

This study brings together the ideas and arguments of Development Counselors, thematic stakeholders, and Mekong Economics Ltd. It presents a brief review of contemporary PLC-type instruments being used in Vietnam, including details in their design and common implementation problems, and does not necessarily reflect the views of the Like Minded Donor Group.

Partner-led cooperation (PLC) is understood in this case as needs- and/or interest- based assistance to be carried out in cooperation between (at least) one organisation from the donor country and one from the recipient country. These organisations can be private or public, commercial, academic or not for profit. The partnerships should be of “mutual benefit” to both countries (“win-win”), and a reasonable expectation to be sustained post-ODA.

The report discusses PLC as one option in a portfolio of various aid modality options. It analyses this mode of cooperation in terms of strategic relevance, instrument design and implementation details, as well as aid effectiveness using material gathered from interviews, workshops and previous examples. It explores the characteristics of a sturdy working PLC, and comes to the conclusion that individual efficacy depends upon the mandate of each donor agency, the regulatory requirements of each donor country, and the circumstances and capacities in each developing country. It also concludes that effective PLCs must always be partner-led in selection of partnerships and topics. Donor officials should not think in terms of normal development assistance planning, but should instead take a more hands-off approach engendering mutual interests and potential for sustainability.

Vietnam’s accession into the middle income bracket brings with it a new set of development objectives. As LMDG development partners aim to phase down or phase out their development assistance to Vietnam during the next 5-year socio-economic development plan period, PLC should be considered a strategic choice for development agencies facing multiple objectives for its assistance. As development funding becomes scarcer both development partners and the multilateral agencies which rely on their support will have to scale back their activities, focusing more closely on their specific areas of comparative advantage. In this case, ‘beyond poverty’ objectives for bilateral relationships, and different aid delivery options, such as PLC, should be focused on, as well as geographic targeting as a share of any ongoing poverty-focused development assistance. As a middle income country, ongoing ODA is justified, but needs to be smaller in quantity and more targeted, manifesting itself more as small, specialized and targeted technical assistance which achieves multiple and “mutual benefit” objectives. Wherever possible, it should not include loans as a form of aid. PLC then offers a transitional alternative that keeps relationships alive and can support the development of new partnerships. Further, it is a mode of cooperation suitable for a phased approach to reducing development assistance funding, allowing existing and new partnerships a once-off and cost-shared opportunity to establish sustained relationships.

The PLC mode is already being used by various development partners, either as a central part of ODA delivery in Vietnam, and (in Sida’s case) their chosen tool for an ODA exit strategy – or indeed entry strategy (CIDA), or as a way to strengthen links between ODA and other Embassy objectives. Mutual benefit therefore is generally viewed among these actors as being mainly about ‘beyond ODA’ objectives.

Particular potential problem areas highlighted in this discussion on PLC in Vietnam are those of sustainability, accountability and fragmentation. The concept of sustainability is mentioned in terms of thinking on what is a reasonable cost-share by the development partner; sustainability of G2G projects in particular depends crucially on the “mutual interest” of both parties and good institutional relationships. Sustainability should also be considered in non-traditional forms that can lead to project spin-offs and new co-operations.

Accountability to the developing country government is often weak under PLC, as such instruments are often global or regional and therefore not covered in bilateral ODA agreements. Further, PLC does not fit comfortably with traditional top-down G2G ODA management systems. PLC is “bottom up”, with partner organisations defining their needs and how to address them. Finally, PLC is, almost by definition, tied technical assistance, typically delivered through many small and fragmented projects, and often in competition with other Embassies. In terms of fragmentation, given tied aid and country-specific sustainability objectives, prospects for harmonization and coordination are poor.

These potential weaknesses can however be weighed against the strengths of enhanced ownership, sustainability, flexibility and cost-effectiveness, as well as the overarching ‘beyond ODA mutual benefits’. Ownership is a particular strength of the PLC model. The partner organisations (the immediate beneficiaries) must bring forward and specify their own ideas for cooperation, and then manage and report on their own project.

Overall, PLC has potential to be so effective post-ODA because it is well suited to providing greater support for non-state Actors in development.

In terms of financing PLC projects, the Sida model is described as being unique in its position to fund many small projects. It is sometimes considered easier for Vietnamese partners to find a cost-share than it is for donor organisations who may not have the funds or flexibility needed for international projects. While development partners may highly subsidise one project, there should always be a focus on future sustained economic cooperation.

In terms of outsourcing administration and advisory expertise, some development partners consider their role to include “facilitation”, or bringing partners together. Options for administration and advice include establishing an independent Centre (as Sida will soon do), while still enabling Embassy staff to control evaluations, and in addition having ‘sectoral facilitators’ available for specific advice. Another option currently used by some development partners is the outsourcing of administration to quasi-governmental bodies; some development partners indeed question why facilitation should be the responsibility of the development agency.

The level to which embassy and PLC work is separated within embassies depends on the individual embassy. Some agencies financially support activities with developmental and commercial objectives in close consultation with Trade Sections, or create synergies between aid and trade. Another route gone down by development assistance agencies is the merging of aid and trade sections altogether, although not all development partners choose this path. Indeed some make conscious efforts not to allow their mandate to creep into trade areas, or try to separate particular PLC support from formal ODA by establishing discrete organisations.

Also explored in the report are government to government and competitive sector instruments. Many development partners have centrally managed or well established government to government instruments, and the report highlights some of the problems and solutions

encountered by donor and partner governments. Problems reported include difficulties in generating real interest from government agencies, although this is not true across the board; the use of well-established HQ-managed G2G instruments appears to circumnavigate this problem. Possible solutions to the problems of maintaining time and travel commitments in the form of guidance proposing an emphasis on allocating sufficient time and human resources for the early phases of projects to allow cooperating partners to get to know each other better. A running theme through all development assistance agencies is finding how to deal with broader stakeholder interests (trade, human rights, etc.) trying to “tap into” the aid budget.

Competitive sector instruments also have a robust presence in these donor countries. Examples of these observed in the study include formal HQ-managed competition models for research and B2B funding through ODA, as well as more informal and internal systems for PLC.

Three thematic informal focus groups were implemented as part of the study, to discuss Vietnamese needs as a middle-income country and how mutual benefit partnerships might begin to meet them. Attendees included persons from the private sector, NGOs, Government ministries and research bodies, and university academics, and the workshops explored the role of PLCs in areas of quality of growth, education and agriculture. The quality of growth focus group reached the conclusion that political will expressed in regulations and their implementation is a prerequisite for effective technical assistance and mutual benefit partnerships. Thus PLC is best supported to focus around “entry points” as they emerge – such as new strategies, laws and market changes.

It was appreciated in the agriculture focus group that many traditional subjects for ODA support in agriculture were not relevant to PLC, given desire for sustained cost recovery. Commercially sustainable opportunities seemed most evident then in agriculture extension and certification services.

In terms of education, the need for drastic institutional reform was highlighted, particularly in the vocational education sector, in order to render the system more market responsive; primarily a political economy issue relating to incentive systems. An ODA education instrument should therefore encourage Vietnamese and LMDG country organisations to identify and exploit gaps in the system.

The penultimate section of the report considers what PLC characteristics are suitable and desirable in the Vietnam context. It explores the relative efficiency of the Sida model which makes PLC a core mode of cooperation, recommends the introduction and amelioration of cost-sharing processes wherever possible, and recommends the use of Planning Grants as a rapid and flexible tool for supporting more Vietnamese-led PLC projects.

## Abbreviations

ACIAR	Australian Centre for International Agricultural Research
AusAid	Australian Government Overseas Aid Program
B2B	Business to Business
BTC	Belgian Development Agency
CIDA	Canadian International Development Agency
CSR	Corporate Social Responsibility
DANIDA	Danish International Development Agency
DFID	UK Department for International Development
EKN	Embassy of the Kingdom of the Netherlands
G2G	Government to Government
ICI	Institutional Cooperation Instrument
IDCD	Inter-Departmental Committee on Development
EoI	Embassy of Ireland
K2K	Knowledge to Knowledge Institute
LMDG	Like Minded Donor Group
MIC	Middle-Income Country
MKE	Mekong Economics Ltd
MoIT	Ministry of Industry and Trade
MOSTE	Ministry of Science and Technology
MPI	Ministry of Planning and Investment
NZAID	New Zealand International Aid and Development Agency
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
DAC	Development Assistance Committee
PDC	Partner Driven Cooperation
PLC	Partner-Led Cooperation
PMU	Project Management Unit
PSI	Private Sector Investment
PSLP	Public Sector Linkages Programme
Sida	Swedish International Development Agency
VCCI	Vietnam Chamber of Commerce and Industry
VF	Vietnam Facility (Dutch)

# 1 Introduction

This study was commissioned by the Like-Minded Donor Group (LMDG) in Vietnam, and directed by a Steering Group of six LMDG members (The Netherlands, Sweden, Finland, Belgium, Canada and Ireland) – see Terms of Reference (Annex 1). It does not however necessarily reflect the views of the LMDG. A Concept Paper was an initial output, and discussion of that revealed widely diverging opinions, ideas and even definitions of partner-led cooperation (PLC) between LMDG Development Counselors. Subsequently, nine Development Counselors (the Steering Group members and Australia, New Zealand and Denmark) have been interviewed by the author, a “stock-take” report drafted about existing PLC facilities in Vietnam, and three thematic workshops held to “harvest ideas” for mutual benefit cooperation. This study brings together the ideas and arguments of Development Counselors, thematic stakeholders, and Mekong Economics Ltd, and was authored by Adam McCarty, with contributions from Athene Church, Sally Faulkner, Katherine Guy and Le Dang Ha.

The study also presents a brief review of contemporary PLC-type instruments being used in Vietnam, including details in their design and common implementation problems. For PLC is not “new” as such, yet there is renewed interest in it as an effective aid tool, both globally and in Vietnam.

This study, therefore, as one Development Counselor phrased it, “puts PLC on the radar screen”. We consider PLC as one in a portfolio of modes of cooperation in aid, and through the examples, interviews and workshops analyse this mode in terms of strategic relevance, instrument design and implementation details, as well as aid effectiveness.

There is, however, no “perfect model” for how PLC should be implemented. What is appropriate depends upon the mandate of each development assistance agency, the regulatory requirements of each donor country, and the circumstances and capacities in each developing country.

We must begin with a clarification of exactly what we are studying – the definition – followed by a review of the strategic purpose of PLC (Section 3), particularly in the context of Vietnam having become a middle-income country (MIC). Section 4 maps the thematic and sectoral “mutual interests” of Vietnam and the LMDG development partners, which identifies overlap and gaps. This draws upon the findings from the three thematic workshops. We then discuss specifically how six LMDG development partners are using PLC in Vietnam (Section 5), and take stock of their existing PLC instruments. This leads to comparison across different types of instruments and implementation issues. We then turn to a discussion of the aid effectiveness of PLC, and consistency with Paris-ACCRA principles in Section 6. Section 7 concludes with ideas for making PLC a more effective mode of cooperation in Vietnam.

## 2 Definition

The Terms of Reference for this research assignment provided both a working definition of “PLC”, and why that particular approach is currently of interest to many LMDG development partners as they plan a transition to “beyond ODA programmes”:

Partner-led cooperation (PLC) is understood here as needs- and/or interest- based way of cooperation between (at least) one organisation from the donor country and one from the recipient country. These organisations can be private or public, commercial, academic or not for profit. As part of the work of many bilateral development partners in Vietnam this form of cooperation has been supported for many years and has taken different forms. Partner-led cooperation, however, with the specific aim of promoting cooperation and bilateral ties beyond ODA, by providing seed money for spin-offs beyond the ODA programmes, is gradually gaining ground as an attractive way of working in the context of transition.

The above definition, it was generally agreed by Development Counsellors, is correct, if long. One criticism was that PLC should have an explicit “development objective”. It also explicitly accepts the tied nature of this mode<sup>1</sup> (“one organisation from the donor country”). After the interviews, we can identify four defining characteristics:

1. It is a partnership between at least one organisation from each country.
2. The partner organisations “lead” by bringing the ideas, making plans, implementing and reporting on their projects.
3. The partnerships should be of “mutual benefit” to both countries (“win-win”).
4. The partnerships should have a reasonable expectation to be sustained post-ODA.

Other typical characteristics, such as cost-sharing, are optional. The first two characteristics are self-evident and clearly leave us with a distinct set of qualifying existing instruments/facilities. Characteristics 3 and 4, however, are less clear and lead to discussion of what is – or is not – PLC. For example, are all ODA-funded partnerships between NGOs also PLC? Typically such cooperation requires funding of 80-100% by the development partner, and the activities are not sustained (or expected to be sustained) afterwards. Most NGOs, unlike firms and Government Agencies, lack core funding that can continue projects. Can we say that just “keeping in touch” is sustaining a relationship? If not, then the NGOs should demonstrate at the start how they expect to raise further funds later to sustain their cooperation (which some are good at doing). Also, how is poverty-focused NGO cooperation of “mutual benefit”? Surely it is just charity? Thus, within a single ODA instrument we may find NGO partnerships that we evaluate to be consistent with characteristics 3 and 4 above (e.g. to reduce industrial pollution), and then others that are not (e.g. to teach ethnic minorities in their own language).

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<sup>1</sup> This report tries to avoid discussion of precise terminology, as it seems to differ between donors. MKE considers PLC to be a mode of cooperation for the delivery of ODA, which is done through “instruments” (with “facilities” being similar, but typically larger) that support “projects” (synonymous with “activities”). We view PLC to be synonymous with partner-driven cooperation and actor-led cooperation.



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Consideration of “development objectives” (which presumably all ODA should include), is another “grey area”. Sida argue that their financial support for business-to-business (B2B) projects can be justified as they then “embed developmental considerations into design” (e.g. make the partners take more account of gender and environmental concerns). Without such “embedding”, B2B can still be justified if the outcomes are developmental (e.g. gives poor farmers more income) *and* if it is judged that the cooperation would not have happened without the ODA subsidy. That is not an easy judgment, and is one reason why B2B is difficult to support through ODA channels. The Dutch are trying, for example, to support METRO supermarkets to source safe vegetables and fruits from poor farmers, which would not otherwise happen – but it is very difficult to achieve.

While the definition of PLC may not be absolutely precise, it is clear enough<sup>2</sup>. Most ODA instruments can be clearly identified as PLC or not PLC, even if not all projects within them fit into one group or the other.

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<sup>2</sup> Actually, few aid modalities have precise definitions in practice, and there is much literature trying to decide the often subtle differences between projects, programs, SWAPs, and budget support (such as the differences between “triggers” and “conditions”).

## 3 PLC as a strategic choice

### **3.1 Coping with multiple objectives for ODA**

PLC is not an aid modality but a mode of cooperation which can be developed either with or without ODA inputs. The core value of this way of cooperating is, as the name suggests, in the partnership approach based upon mutual interests and responsibilities.

It is also not new, and PLC has been a minor part of the overall portfolio of modalities for most bilateral development assistance partners in previous decades. Recently, however, it has been afforded more attention both globally and specifically in Vietnam.

Development assistance officials reported that PLC was now being viewed as a “serious strategic option”, while before it was more of an adjunct to mainstream ODA. They also mentioned that PLC was relevant to the broad objectives of Embassies, relative to the narrower focus of multilateral agencies, and that PLC should be a discrete part of the aid effectiveness agenda for middle-income countries.

The contemporary emphasis by some development partners on PLC may reflect pressures to accommodate more than just poverty alleviation as the single objective of development funding. Such pressure has been mounting as developed country budgets face cutbacks. It has always been the case, however, that development assistance volumes and forms have reflected more than just poverty alleviation objectives. Other objectives include strategic/military (Egypt, Pakistan), developed country trade and investment promotion, democracy and human rights, and protecting global public goods. It may be argued that support to these areas contributes to “development” and hence to well-being and poverty reduction in recipient developing countries, but the causal links are sometimes tenuous and a multi-objective development assistance agency will certainly allocate and direct aid differently from one exclusively targeting the poor in developing countries.

PLC is a suitable choice for a development agency facing the reality of multiple objectives for its assistance. With few exceptions, it is tied aid – reflecting pressures to provide “feedback benefits” to the development partner country. Further, poverty alleviation is rarely the immediate objective of projects, but rather a consequence from achieving other objectives such as those listed in the previous paragraph. These are only criticisms of PLC if you argue that all development assistance should be directly poverty alleviating. If not, PLC is one mode of cooperation for directing ODA funds to achieve other objectives (such as “global peace and sustainable development”), while other modalities can still be pursued to tackle poverty directly in a particular country.

### **3.2 PLC in the context of middle-income Vietnam**

A number of LMDG development partners are planning to phase down, or phase out their development assistance to Vietnam during the next 5-year socio-economic development plan (SEDP) period, 2011-2015. This policy is largely based on Vietnam having reached middle-income country status in 2010<sup>3</sup>, but also to the evident reduction in poverty from 58% of Vietnamese households in 1992 to below 10% in 2010<sup>4</sup>.

There are a couple of concerns about the above indicators dictating departure decisions. Firstly, they do not account for the size of a country. With 86 million persons, Vietnam is the 13<sup>th</sup> most populous country in the world<sup>5</sup>, and so while only 13% of households may be in poverty, that converts to 11 million persons – more than the total population of Laos, or Togo, or Burundi, Eritrea, Tajikistan, or the Central African Republic. Further, an increasing share of those 11 million is the (relatively) “left behind” ethnic minorities in the central and northern highlands. Geographic (or even ethnic) targeting should therefore be given higher priority as a share of any ongoing poverty-focused development assistance. That may be a more appropriate strategic change than just leaving 11 million people in absolute poverty.

The other concern is the arbitrary nature of “middle-income”. At US\$1,160 per capita in 2010<sup>6</sup>, Vietnam was still very far from being “rich”. Middle-income is a World Bank classification that stretches up to \$11,905 per capita, or just to \$3,855 per capita for “lower middle income”. It would be quite reasonable to argue for a contraction of the “middle” by counting those under \$1,825 per capita as “low income” countries (below \$5 per day).

Nevertheless, any “cut off” number is arbitrary, and being over \$1,000 per capita does suggest some capacity for countries to fund their own ongoing and targeted poverty reduction efforts. More importantly, the developmental needs are changing – becoming more specific and technical – and PLC may be a more appropriate tool for meeting the needs of a more complex economy.

MIC status for Vietnam has important quantitative and qualitative implications for ODA to Vietnam. On the quantitative side, development partner funding will become scarcer and, as a result, both development partners and the multilateral agencies, which rely on their support, will have to scale back their activities, focusing more closely on their specific areas of comparative advantage.

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<sup>3</sup> **Income group:** Economies are divided according to 2008 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, \$975 or less; lower middle income, \$976 - \$3,855; upper middle income, \$3,856 - \$11,905; and high income, \$11,906+

<sup>4</sup> <http://www.finland.org.vn/public/download.aspx?ID=48987&GUID=%7B0F107E82-FDAA-450D-AB06-6AB0592CBDAD%7D>

<sup>5</sup> Of the 12 larger countries, only Bangladesh was poorer per capita in 2008.

<sup>6</sup> [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GNI\\_\(nominal\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GNI_(nominal)_per_capita)

A role for development partners continues to exist in MICs, but it is qualitatively different from the role played by donors in LICs. In their seminal research into the rationale for aid to MICs, S. Lister *et al.*<sup>7</sup> highlight, for instance, that MICs do not typically have an overall, immediate or critical shortage of either human capital or financial resources. Rather, the role of development partners must be to *support the agenda of local actors, government or otherwise, who are working for the kind of change that a donor judges worthwhile*. This suggests “beyond poverty” objectives for bilateral relationships, and different aid delivery options, such as PLC.

MICs have different needs from LICs. They require “different things” to overcome challenges and sustain growth, such as: how to operate effectively in capital markets; how to compete in global markets; how to cope with domestic disparities; how to provide social protection; and how to define the role of the state against the private sector.

While the role of donors needs to change in line with the changing needs of ODA-recipient MICs, an important developmental role for development partners continues to exist in areas such as:

- ❖ Supporting complex macroeconomic management skills
- ❖ Enforcing competition/efficiency in markets
- ❖ Meeting skilled labour shortages
- ❖ Liberalizing trade in services, raising standards, introducing systems for certification and improving knowledge of non-tariff boundaries
- ❖ Investing in infrastructure
- ❖ Deepening and diversifying capital markets
- ❖ Building improved formal social protection systems

In this context ongoing ODA is justified, but needs to be smaller in quantity and more targeted. It will mostly take the form of small, specialized technical assistance (TA), delivered through a range of modalities, which is narrower in focus and is less ambitious concerning institutional reform.

ODA to Vietnam over the next decade will take on a very different character to that experienced in the previous two decades. As the country reaches MIC status and new priorities emerge in the economy, and as overall development assistance commitments fall, assistance will need to be targeted and achieve multiple and “mutual benefit” objectives. Small funds in a complex economic and institutional environment suggest that developed and developing country partner organisations should take up the job of identifying and specifying “mutual benefit” opportunities. The type of assistance, especially for issues of trade and governance, will need to become more detailed and specific, with technical assistance taking precedence over loans. As Vietnam further liberalizes its trade regime and seeks to become internationally competitive and to take

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<sup>7</sup> Eyben, Rosalind, Stephen Lister et al., (2004) ‘Why and How to Aid ‘Middle Income Countries’, IDS Working Paper 231, London: IDS.

advantage of new markets, it will need support to build competence in complex issues such as certification, product traceability and anti-dumping, to name but a few.

### **3.3 PLC in the context of phasing out development assistance**

When and how should development assistance be stopped when a developing country becomes richer? The Burnside-Dollar argument<sup>8</sup>, which has dominated donor strategies over the past decade, is that “reforming countries” make most effective use of development assistance and indeed should be rewarded for implementing “good policies” and reducing poverty (a key argument for budget support). Vietnam has been an example of one such success story, but at some stage its very success must signal the end for grant-funded development assistance.

Should large-scale ODA programmes just be stopped one day or phased out over time? In a phased approach, PLC offers a transitional alternative that keeps relationships alive and can support the development of new partnerships. These “new partnerships” would typically be focused on the other objectives “beyond poverty alleviation”, particularly trade and investment bilateral relations, but also strategic and rights-based. This is a point which was discussed at length at the final workshop, indicating its saliency in Vietnam’s context.

PLC offers opportunities for long-standing relationships built through traditional development assistance to be maintained. Over decades of development cooperation, for example, many individual Swedes, as well as Swedish companies, universities, and government bodies (such as the statistical office), have built up their understanding and friendships with Vietnamese counterparts. The gradual withdrawal of Sida from Vietnam’s development arena will see an inevitable decline in those interactions and relationships. That is a pity, because in many ways they lead to other forms of cooperation – in research, in trade, in education, in investment, and even in marriage. Thus an argument for PLC as a transitional phase is to keep many such relationships alive, at least for some more years and in doing so force them to seek their financing beyond Sida. This point was also of interest to the final workshop participants, who discussed the merits of PLC as a transitional tool versus one of more sustained use.

Ongoing development assistance also allows informed monitoring and commentary on multilateral aid agencies. The World Bank and the ADB are both still very active in China (\$2,940 GNI per capita in 2008, compared to Vietnam \$980). Vietnam is presently, and will remain, one of the biggest recipients of loan funds from these agencies to 2020. Thus, even if bilateral development partners cease their direct involvement in Vietnam, substantial funds will still be flowing from them to Vietnam through the multilateral agencies. Reporting on – and influencing – the activities and policies of the loan agencies will be tasks falling to the Embassies and Ambassadors when the Development Counsellors leave. A PLC approach “transitional phase” will delay that move and allow a longer period of informed monitoring and engagement with the lending agencies.

PLC is therefore an attractive option for a development agency trying to meet multiple objectives in Vietnam. It could be suited to a transition “from aid to trade”, to put it crudely, and also for

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<sup>8</sup> Burnside, Craig and Dollar, David. “Aid, Policies, and Growth.” *American Economic Review*, September 2000, 90(4), pp. 847–68.

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delivering sustained impact in a more complex “needs environment”. Further, it is a mode of cooperation suitable for a phased approach to reducing development assistance funding, allowing existing and new partnerships a once-off (typically cost-shared) opportunity to establish sustained relationships.

## 4 Mutual Interests

### 4.1 Understanding Mutual Interests

A defining strategic feature of the PLC definition is that partnerships should be of “mutual benefit” for both countries. That characteristic is what gives it relevance as part of an exit strategy, as the benefit for the donor country must be something beyond the satisfaction of alleviating poverty in Vietnam. Table 1 below shows the six core types of “benefits” that may accrue to the developed country, who the typical partnerships are between for these, and some examples.

Note that “benefit” is something that is defined nationally, which can include a public good. That may not, however, be a specific benefit to the developed country organisation considering a partnership. Direct benefit for both partner organisations is necessary firstly for any partnership to get moving – if there is also benefit for the developed country (as defined in Table 1) then that may qualify the cooperation activity for financial or other support. For example, businesses will typically cooperate whenever they see long-term profits, but support from development partners would require a “country win” like environmental improvements that combat climate change (and ideally by “embedding” developmental outcomes into commercial relationships).

**Table 1: Typology of “wins” for Developed Countries**

Donor Country Benefit (“wins”)	Forms of PLC Partnerships	Examples (activities/outcomes)
Trade and investment gains	B2B; G2G	Import standards (cheaper and better imports); Vietnamese buy technologies and technical assistance; market penetration.
Global public goods	B2B; G2G; NGOs	Climate change; environmental standards; disease control and awareness; drug control.
Human rights	G2G; NGOs	Improvement for women, children, prisons, other disadvantaged groups and the poor.
Research and education	NGOs; K2K	Product quality improvements; Vietnamese students; information exchange.
Global good governance and democracy	G2G; NGOs	Strong civil society; conflict resolution; accountability; peace and security.
Improved public services	B2B; G2G; NGOs	Access to health care; transportation systems and infrastructure; knowledge transfer

Note: B2B = Business to business; G2G = Government to government; K2K = Research and knowledge exchanges

### 4.2 Strategic level needs and comparative advantages

Vietnam is a rapidly growing middle-income country, and as such its “needs” are comprehensive. The rolling 5-year SEDP process and document identifies those needs in a broad sense, but without much prioritisation. Other aspects of Vietnamese planning, such as the public investment plan, also identify and list needs but without much articulation of priorities (or what are not) – until funding decisions become evident.

In this context, the question of “where donors are most useful” is defined largely by donor Country Strategy exercises (and similar), in consultation with Vietnamese Government counterparts. Country Strategies typically identify what the donor country feels are its technical strengths (comparative advantages), and match these to a selection of needs in Vietnam – given an understanding (which differs across development partners) about the purpose and objectives of development assistance and the most effective aid modalities.

Table two lists the cooperation focus areas for the LMDG development partners in Vietnam<sup>9</sup>. They are explained in more detail in Annex 1. Not surprisingly, “rural development” is a focal area for four of the 14 development partners, and “water and sanitation” features explicitly for five development partners. Of course these overlap with other focal areas, such as “natural resource management” and “forest sector”, and other development partners are active in these areas even if they are not on the short-list of their focal areas. These are traditional direct poverty-alleviation focus areas.

Five LMDG development partners also give priority to some aspect of institutional reform (and nearly all are involved to some extent), such as “governance” or “judicial reform”. Sida, more specifically targets human rights and corruption. The “environment” or “climate change” feature as focal areas for six development partners, and “private sector support” is listed by two development partners.

Obviously almost all LMDG development partners can reasonably claim to “be active” in most of the listed focal areas, but a list of “active” areas would mean there is no focus. These focal areas are where each LMDG development partner strives to channel the bulk of its assistance to Vietnam.

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<sup>9</sup> These were drafted by the consultant based on public documents and sent to each LMDG Counsellor for correction. Most replied and specified changes to be made.



**Table 2: Vietnam focus areas for LMDG development partners**

Donor Country/Agency	Focus Areas for Assistance
Canada: CIDA	Food security and agriculture (sustainable rural livelihoods), sustainable economic growth, vocational training
Denmark: DANIDA	Good governance (judicial reforms, public administrative and public finance reforms, human rights, anti-corruption), water and sanitation, rural development and agriculture, climate change and environment, business sector development
Finland:	Water and sanitation, the forest sector, and rural development/remote areas, science & technology
Australia: AusAID	Water and sanitation, human resources, infrastructure, climate change
Ireland: IrishAID	Social inclusion, local development, knowledge sharing
New Zealand: NZAID	Rural livelihoods, primary education, health
Netherlands: EKN	Environment, water, reproductive health, Education, maritime, agriculture value chains
Sweden: Sida	Democratic governance, human rights, corruption, environment
Belgium:	Water and sanitation, governance, institutional capacity building
United Kingdom, DFID	Education, Growth, Governance, Health, (governance, corruption, human rights and climate change)
Germany: KFW GTZ	Economic policy, vocational training
Switzerland: SDC	Rural development, good governance, private sector support
Norway: NORAD	Natural resource management, energy, governance, environment

The clusters of these focal areas, noted above, reveal a collective sense of the bilateral grant priorities for Vietnam, which are a mix of direct support (water, rural), with governance and environment. Ethnic minorities are not a focal area as such. A few development partners seem to have chosen specialised areas (except Germany with vocational training, the Dutch with maritime, and Sida with corruption).

The table and discussion above reveal the perceived comparative advantages of the LMDG development partners in Vietnam. How does this relate to PLC and identifying areas for PLC cooperation? Should development partners “stick to” their focal areas if they give greater emphasis to the PLC mode? What process can lead to identifying relevant PLC activities? In the next section (4.3) we report on the results of three thematic workshops to explore “mutual benefit” opportunities in Vietnam. Then we address in section 4.4 the above question about whether pre-judged focal areas for PLC cooperation are desirable or necessary.

### **4.3 Sectoral perspectives on mutual interests**

In order to dig deeper than the strategy documents can take us, three thematic informal workshops were organised to discuss Vietnamese needs as a middle-income country and where mutual benefit partnerships might meet those needs. The workshops were half-day events involving 12-18 persons each. A cross-section of actual and potential PLC partners was invited, including persons from the private sector, NGOs, Government ministries and research bodies, and university academics. Most participants were Vietnamese. In this section we summarise the main findings and recommendations from those workshops.

#### **4.3.1 Focus Group Meeting on Quality of Growth**

Quality of growth is becoming an increasing concern in all regions of the world, especially with regard to densely populated middle-income countries such as Vietnam. The effects of climate change and other environmental issues have highlighted the quality of growth as an international development concern. Vietnam is highly susceptible to natural disasters such as flooding and is amongst the most vulnerable of countries to the effects of climate change. Vietnam is also keenly exploring alternative energy sources. LMDG development partners often have expertise in effective environmental management, and through “mutual benefit” cooperation with Vietnamese organisations can help to mitigate the effects of climate change and introduce “clean technologies”.

The group agreed that while a core aspect of “sustainable development” was climate change, quality of growth was much more than that. Indeed, the recent emphasis on climate change may have “crowded out” other important areas. Essentially, “quality of growth” was about sustainable development practices and policies, which covered all sectors to some extent, but of course particularly topics such as natural resource use, renewable energy, pollution, water management, and, of course, coping with and mitigating climate change. Cross-cutting these topics are concerns about social inclusion and equity, which introduce social and political dimensions to the quality of growth concept.

There are also macroeconomic aspects to the quality of growth. Poor investment and policy choices cause low labour and capital productivity. Vietnam has just become a middle-income country on the back of the household economy, but future growth must be led by the private corporate sector. State enterprises and corporations remain inefficient and contribute to the weak investment-capital-output-ratio (ICOR). Productivity is the key: If you have productivity, then you have strong value-added, can escape any “middle-income trap”, and can afford to tackle the big and expensive challenges like pollution, climate change, clean energy, and urbanisation infrastructure.

Sectoral and microeconomic policies are also important. There are, for example, experiments and much discussion about renewable and clean energy options for Vietnam, yet it is hard to find economically efficient choices. Water and fossil fueled energy are “too cheap” and heavily subsidized. This prevents innovative and sustainable energy initiatives from taking off. Their prices do not reflect their real scarcity, environmental costs and other negative externalities, and not even incorporate capital costs properly. The experiments, like wind mills, should continue as they build up our knowledge, technical skills and awareness, but in the end we need institutional reforms.

One response has been to define specific action plans, such as the National Targeted Program in response to climate change and the National Environment Strategy 2011-2020, and legislation like the Energy Efficiency Law approved by the National Assembly in 2010. An important focus would be how to integrate environmental considerations more formally into public investment planning in Vietnam.

The Netherlands is developing a practical model for climate proofing (MoU signed November 2010) consisting of strategic plans and investments applicable at provincial level (namely in An Giang province in the Mekong delta) and at the sectoral level (with MoIT's chemical sector). The cooperation under this multi-stakeholder partnership is purely built on mutual benefits and responsibilities cooperation among seven partners, and the usual PMU involvement has been consciously excluded.

Other development partners are supporting initiatives relating to sustainable industrial development, such as UNIDO helping the steel industry to develop a "climate change action plan". AusAID assists Quang Ngai province to strengthen P135 planning, bringing in issues of equity, gender, and climate change.

Yet how, and to what extent, might PLC complement traditional development partner projects? We need to identify "entry points" for effective partnerships. Formal standards, such as for wastewater treatment, are important and supporting their implementation is key. The Energy Efficiency Law will be another track for building PLC around. Certification is another path, as certification leads to higher prices for sustainable production (like "certified green timber").

Pressures for sustainable development changes (and therefore partnerships) come from many directions. Developed countries may set standards (under pressure from consumers), which forces Vietnamese firms to think about things like "Fair Trade" or "traceability" in shrimp production. These are market access pressures. The Government of Vietnam also specifies through regulations its own standards. Technical skills and capacity building – partnership outputs - are important to successful implementation, but *only after* regulations are clear and real commitment to enforce implement is evident.

The Quality of Growth discussion highlighted the interaction and inter-dependence between political, social, and technical variables. Political will, expressed in regulations and their implementation is a prerequisite for effective technical assistance and mutual benefit partnerships. Thus PLC is best supported to focus around "entry points" as they emerge – such as new strategies, laws and market changes. Another "take-away" was the importance of trying to measure the cost of more sustainable environment-friendly growth. Sometimes there are "easy wins", but often not. MOIT and MOSTE, for example, are thinking through the costs of coping with climate change and moving to cleaner energy. There is a need for the highest political level to acknowledge that "better quality" growth has a cost.

### **4.3.2 Focus Group Meeting on Agriculture Value-chains**

Developed country markets are becoming increasingly demanding in terms of product quality, environmental impact, and other standards. MIC Vietnam needs to meet these export requirements to generate more value-added from its agricultural products. LMDG development partners do and will continue to play an important role in this "mutual benefit" process through cooperation between certification and other quasi-government bodies, research cooperation, and other partnerships.

Having identified general needs, donors and their partners then need to decide what should be done in these areas; and it further was agreed at the workshop that it would be preferable to do something that no one else is doing. A lot of work that needs to be done involves the dissemination of information. For example, with regard to food quality and safety, if farmers are aware that if they meet standards they will make more money, which will encourage them to do so.

Yet how to have a sustained impact? Many development partners support agriculture-value chain programmes and provide 'seed money' to increase product quality and get market access, it being expected that export associations would take over eventually as it was in their interest to access a higher quality market. However, this often did not work. For this reason it is important to find out *how buyers think* and how to implement and sustain good quality projects.

It was agreed that branding and marketing is a significant area of need in Vietnam, and any that does exist has a limited external market. The high cost of certification, and the lack of certification choices, was identified as a problem.

Another PLC entry area identified by participants was the encouragement of commercialized agriculture extension services. Commercial services work out what farmers and farmer groups will pay for service delivery. In the north this doesn't happen yet, but in the South it is expanding and there has been much evidence of successful examples of how to make agriculture extension financially self-sustainable.

Farmers continue to lack detailed technical and price information. One possible way suggested to disseminate information to farmers could be through information packs (e.g. DVDs). Vietnam could produce tapes to train farmers (even copies of what is broadcast on television), as most households have DVD players now. There are many Chinese agriculture technology DVDs already in existence and these could be adapted for Vietnam.

The internet is a good way of sharing information, but we need to ascertain first if farmers actually use it. Individual farmers often have no access to the internet, but it is available to agricultural extension workers and mass organisation staff. Mass organisations do not make "aggressive" use of the internet as part of an assistance strategy.

Key "take aways" from the workshop were the above details of desirable PLC intervention areas, and an appreciation that many traditional subjects for ODA support in agriculture were not relevant to the PLC mode of cooperation (given desire for sustained cost recovery). Commercially sustainable opportunities seemed most evident in agriculture extension and certification services.

### 4.3.3 Focus Group Meeting on Tertiary and Vocational Education

There is a need for a more sophisticated and market-responsive higher education system in Vietnam in many different areas. Education is a high priority in Vietnam. It is high as a percentage of GDP and substantial government funds are allocated for sending Vietnamese to study abroad. Through cooperation with LMDG development partners, Vietnamese institutions are given the opportunity for staff development, access to knowledge and academic networks, and support in carrying out research. Donor countries also benefit as they gain access to research grounds, data and prospective candidates. Over time such cooperation should lead to a strengthening of higher education (including votech) within the country, whereas at present Vietnamese institutions lag behind their Asian counterparts.

It is widely believed that some form of vocational training system reform will have to be incorporated for donor work to have any lasting success because the curriculum is not geared towards the needs of employers. At the provincial level the system is uncoordinated, with HR plans being decided in a bubble outside the needs of employers. The target then is to somehow better align this. As an example of sustainable practice, CIDA supported a project linking a Vietnamese community college (Tra Vinh) with Canadian community colleges. These mutually beneficial relationships remained in place after project funding ended. This is the idea with all PLC projects.

Post-graduate university courses are often the subject of very successful partnerships. The Dutch, for example, funded a Masters in Development Economics course in Vietnam from 1994 to 2001, and it is now self-funding, with the student's thesis then being sent to the Netherlands to ensure they are at an appropriate standard. Such courses can eventually be funded by the Vietnamese when the development partners pull out. However, although it is possible to do this with MSc courses it is more difficult in other areas, including votech.

Belgium funds IT graphic design, because although there is much demand for digital graphic design, the present curriculum is very weak. Students can instead practice in Belgium to increase skills in digital graphic design, but people will pay for this as it is a good service at a private school. Currently Belgium is trying to set up partnerships for nurses and professional caretakers.

With regard to vocational training we need to decide on a model of partnership support, not a particular set of subjects that would benefit from funding, as the market should be allowed to determine the subjects. Donor country partners and the Vietnamese need to discover market needs, as once they do this the rest will follow. The link should thrive if market demand is strong enough and so there will be no need to continue funding.

The British Council is thinking of bringing the British model to Vietnam where big companies and institutions work together on research, for example Rolls Royce have centres in big British universities. To get new products such companies need to work with institutions for research. In some ways it seems like "we have talent but we don't know how to use it".

How can we make more progress? The existing incentive system stops reform and change. People need to identify the need for change and then change incentives and respond to them. This is a political economy problem, and development partners have little influence. "Win-win" means different things to different people. With this in mind it is especially difficult to know how to improve training systems. Often development partners try to reform curriculum but this rarely

works. State bodies will wait for teachers to retire before there is any chance of changing curriculum. However, there are some good opportunities to work with people who want to change.

There is a triangle of factors that need to come together:

- 1) Jobs (what do markets demand?)
- 2) Vietnam institutions (Which have capacity, a commitment to change and relevance to market demands?).
- 3) Foreign partner organisation (Which relevant for sustainable relationship?)

The model that emerges is guided by our decision that “we should not pick the subjects”. We need a model (“instrument”) that supports any partnership that meets the above three points: a Vietnamese partner willing and able to change, a foreign partner that can help that change process, and change moving in a direction that will generate high-income graduates. Digital graphic design, that Belgium is supporting, is a good example of a vocational job demand gap identified and being met through partnering. A “gap” being where well-paid jobs for graduates exist, but Vietnamese organizations are not presently supplying the people. The ultimate question seems to be how do we determine Vietnam’s “needs”? However, we don’t know this, the market has to guide us.

Should development partners work with private institutions or just public ones? For example, IT curriculum, why reform old departments when we can just invest in a new one?

Key “take away” Points:

- 1) The education system, particularly in vocational education, requires drastic institutional reform to become more market-responsive. This is primarily a political economy issue relating to incentive systems. In this context, development partners can continue to advise but Vietnamese must decide.
- 2) Yet the weak market-responsiveness throws up many “gaps” which are opportunities for partner-led cooperation.
- 3) An ODA education instrument should therefore encourage Vietnamese and LMDG country organisations to identify and exploit the “gaps”.
- 4) Social inclusion is important – we should not forget this as a key factor to guide development assistance.
- 5) Different donor countries have different strengths. Yet how to build in specialization – or just let LMDG education organisations compete?

## 4.4 The Strategic Specialisation Decision

The analysis of the mutual benefit concept reveals different levels of matching: between countries (needs and competitive advantages); between sectors; and also at the micro-level between specific organisations and individuals. Further, a set of variables seems to determine or “drive” possibilities: formal regulations set goals for partnerships; commitment to implement regulations makes them effective; and “change agents” in either country can mean the difference between success and failure. In this fluid and evolving context, it may be inappropriate for development partners to try to “tie down” and prioritise their areas for PLC.

Indeed, why stick to only the perceived comparative advantage of your country? Why narrow the scope of Vietnamese “needs” to be met? Why specialise at all? In Section 4.2 above we matched the needs of middle-income Vietnam with the development assistance focus of bilateral donors. In traditional government-to-government arrangements, such sectoral (or geographic) specialisation has important advantages, but these are less clear in relation to PLC.

Certainly there are synergies between what particular development partners are best at, and interested in, and what Vietnam needs, and the bulk of PLC activities would fall within these areas. The Netherlands, for example, have defined water, agriculture, and maritime as their synergy areas for cooperation with Vietnam. That, however, should not preclude PLC partnerships developing in any other area if meaningful mutual interest and sustainability are judged to be evident in a particular proposal.

We recommend that PLC stick to its’ title: be *led by partners* in selection of partnerships and their topics. Development assistance officials should not think in terms of normal development assistance planning – Country Studies to define priority areas for projects and programmes. Better to define the instrument (or instruments) with clear criteria for warranting support and avoid being subject-specific. As discussed elsewhere in this report, several instruments may be needed according to the organisations being supported for cooperation because procurement and other aspects may need to be different. So G2G, B2B, and K2K may have their own instruments – but these do not need to be multiplied across so many topics and themes (e.g. a B2B instrument just for clean technologies).

The appropriate approach is more hands-off, rather like the Sida model. Let partnerships blossom wherever they emerge, and support them so long as criteria are met: mutual interest evident; sustainability a serious possibility. Those criteria are enough to define partnerships worthy of support by development partners. For example, a dirty energy partnership would fail the both-country mutual interest criteria (being profitable only passes the sustainability criteria). No need for a “clean energy” instrument, because then you need more instruments for other subjects or cross-cutting themes (“climate change”; “good governance”; “human rights”, etc.). If you have both organisation-specific and subject-specific instruments you can quickly find yourself with 20+ applicable to Vietnam, like the Netherlands.

In conclusion, identifying areas for focusing cooperation with Vietnam are not so relevant in the context of PLC compared to other aid modalities. PLC is to be “led” by the partners, not through government-to-government dialogue, and as such, from the donor perspective, the process becomes more important than pre-judging areas where PLC is to be encouraged (and therefore discouraged elsewhere). PLC partnerships emerge and are driven for many reasons, often

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through random visits or the efforts of individuals. The process certainly includes an important matchmaking role, which can be led by development partners or sub-contracted, but that process should not be constrained by the subject matter of partnerships it may encourage.



## 5 PLC in Vietnam

In this section we survey how six LMDG development partners have and are using PLC in Vietnam, and the differing motivations behind their choices. We then “take stock” of the PLC instruments being used, which leads to analysis of various implementation and coordination issues within and between Embassies.

### **5.1 The use of PLC**

For Sida, PLC is now the central means of their ODA delivery in Vietnam – the chosen tool for an ODA “exit strategy” as Vietnam is now a “middle-income economy” and the poverty rate has fallen to 13% in 2008. This is something they are pursuing in several countries, and in each case for country-specific reasons relating to the lack of ongoing need for bilateral ODA. Thus, Sida is unique in bringing this form of aid delivery to centre stage, and also in keeping open the subject matter of partnerships and the forms of valid organisations. Their cooperation has broad developmental objectives (see Box 1 below), but within those the choice of activities and partners is open. Sida’s evaluation of ideas can then focus on aspects such as mutual benefit and sustainability.

Other development partners, such as Finland, have also started to promote PLC initiatives as a part of their ODA programme in Vietnam, e.g. as a way to strengthen links between ODA and other Embassy objectives. They, like others, view “mutual benefit” as being about “beyond ODA” objectives past their inherent development rationale. The Dutch are giving thought to an ODA exit from Vietnam and have developed a Vietnam-specific PLC facility as part of that strategy (see Box 2).

In contrast, CIDA used PLC many years ago as part of their entry strategy into Vietnam. PLC was a “let a thousand flowers bloom” approach, generating knowledge and relationships with GoV institutions and line Ministries (and “quick wins”) that helped CIDA to develop more systematic development assistance programs. That idea may be worth revisiting if bilateral development partners return to Myanmar in coming years. CIDA now see little role for PLC as a core aid delivery tool for themselves, partly as they are not planning to “exit” Vietnam, but also because they draw a sharper line between the mandate for ODA funds and staff, and others for trade and investment promotion (discussed in more detail below).

Some of the early CIDA partnerships continue today. For example, Camosun Community College now runs a 2+2 year degree program in HCMC, and a trade certification program in Tra Vinh as a consequence of previous CIDA support (responding to and co-financing initiatives designed and led by Canadian community colleges and universities). The University of British Columbia has continued their involvement with Vietnamese universities beyond the termination of CIDA funded programming. Other development partners have similar stories. The Dutch supported a joint ISS-National Economics University Masters in Development Economics program for eight years from 1994. It is now self-funding from fees, some of which go annually to the ISS for ongoing quality control. Part of the renewed interest in the PLC option, Sida explained, was because “previously we did not count sustained spin-offs as an objective”. In other words, if we seriously value sustained partnerships (which imply a need for more post-evaluations) then PLC becomes more attractive.

## 5.2 Stock-take of PLC instruments in Vietnam

In this section we list basic details about existing PLC instruments in Vietnam as used by a selection of LMDG members. We then, rather than describe each in turn, analyse them as a set across nine themes about their purpose and implementation details. However two significant PLC instruments, Sida Partner Driven Cooperation (PDC) and the Dutch Vietnam Facility are outlined in more detail in two text boxes.

**Table 3: A Selection of PLC ODA Instruments being used in Vietnam**

Country or Donor	Instrument	Relevant Organisations	Time limit?	Max. Funding?	Funding %?	Notes
The Netherlands	Vietnam Facility (VF)	Knowledge centres, preferably in partnership with private sector	Up to two years	E325,000	Up to 80%	Focus on downstream commercial relationships (see Box 2)
	VF (Volet B)	Any	Up to two years	E300,000	Up to 50%	Aiming at relationships beyond the project, including PPP's in four agriculture value chains. Development objectives embedded into B2B cooperation. Management outsourced.
	G2G	Government	Up to one year		100%	Dutch government agencies which have an interest to work with Vietnamese counterparts
	PSI	Businesses				Global tenders 3times/year: want "innovative with spin-offs"
	NWP	G2G	3-5 years	E1,000.000	Cost sharing	Advice to Vietnam in drafting Mekong Delta Plan through G2G cooperation
	NICHE	Higher Education			100	Twinning with Dutch Higher Education institutions through tender
Sida	Planning Grants	All and any	One year	\$40,000	up to 100%	
	Cooperation Grants	All and any			up to 50%	
Canada	Investment Cooperation Programme (B2B)	Business				
	CIDA Partnerships with Canadian Branch	Universities and Colleges				Ottawa managed, currently under review

Country or Donor	Instrument	Relevant Organisations	Time limit?	Max. Funding?	Funding %?	Notes
<b>DANIDA</b>	B2B Research Cooperation	Businesses Research Institutes				
<b>Finland</b>	* Institutional Cooperation (GoV. institutions); * Institutional cooperation between Universities.	G2G	Up to one year	E50,000 to 500,000		Two cycles annually
	* FINN-partnership; * Innovation Partnership Project	B2B				HQ facility
		B2B				* HQ "matchmaking" facility * Bilateral project, including a PLC element
<b>Australia</b>	Public Sector Linkages Program	G2G				AusAID HQ managed, 2 rounds/year.
	ACIAR	Agriculture research				Separate organisation (see Box 3)
<b>Ireland</b>	IDEAS	G2G, B2B				
	Ireland Vietnam Blood Borne Virus Initiative	G2G				
<b>New Zealand</b>	ADAF	B2B				
	NZ Inc.	G2G				

Table 3 lists 22 PLC instruments all of which were active in Vietnam in 2010 (except New Zealand ADAF). Of these, five are G2G, eight are B2B, six are academic, training or research, and three are more open as to the form of PLC they can support. This is not a complete listing, and certainly not of ODA instruments. The Netherlands seemed to be most “instrument friendly”, having a list of 22 funding instruments operational in Vietnam, of which we identified six as PLC by our definition. Other development partners seem to typically have one for G2G, one for B2B, and maybe another for research.

Sida do not seem to need different instruments for different organisations (see Box 1), although for larger B2B and research funding they had to follow different and more competitive processes. Furthermore, they have supplementary instruments such as B4D, twinning and other aid delivery routes. Most instruments are the same across a number of developing countries, and few are adapted or specific for Vietnam. The following sections of this chapter discuss these and other differences across the 22 PLC instruments.

### **Box 1: The Sida PLC (PDC) Model in Vietnam.**

The Sida *Strategy for Development Cooperation with Vietnam January 2009 – December 2013* outlines the phasing out of Sweden's official development assistance (ODA) with Vietnam via a "selective cooperation" to enhance democratic governance, greater respect for human rights and environmentally sustainable development. The aim is to create conditions for poverty reduction while at the same time strengthening and encouraging the kinds of ties between stakeholders in the two countries that can be maintained after aid financing has ceased. This will be carried out through partner-driven cooperation, the objective of which is to encourage and enhance the establishment of self-supporting relations based on mutual interest between Swedish actors and actors in Vietnam.

The success of this strategy is based on the understanding that in almost all fields of development focus, Vietnam will already have its own structures in place and ODA will no longer be necessary. A limited amount of funding from the aid appropriation will be used to support relations of this kind with ODA funding being phased out between 2009 and 2013 and selective cooperation funding increasing to 75 million SEK per year (about US\$9.7 million). Most of the ODA will be concluded by 2011. The following criteria will apply for partner-driven cooperation:

- Swedish aid financing is to be catalytic in aim and limited in time.
- The measures are to be such that they encourage the development of self-supporting relations featuring common ownership and a clear division of roles and responsibilities, e.g. by means of cost-sharing.
- The measures are to help create relations that will be sustainable without aid financing.
- The measures are to build on the interests, needs and experience of Vietnamese and Swedish partners.

Sida reports that something like 65 PDC initiatives have been supported by them in recent years. The first experiments were during 2006-7, but a wholesale move to the PDC approach was adopted in 2009. PDC support from Sida is given typically in kind and through Planning Grants of up to US\$40,000 to initiate partnership cooperation. The many Planning Grants have led to a few more substantial cost-sharing Cooperation Grants, although more often further Sida funding was not needed or funds were sourced from elsewhere.

### **Box 2: The Netherlands Vietnam Relay Facility**

The Multi-Annual Strategic Plan 2008-2011 of the Netherlands Embassy describes the transition of bilateral cooperation to Vietnam, aiming at broadening the relations between the two countries for the benefit of both. While phasing out sector programmes and general budget support (with the exception of extended support to drinking water and sanitation and HIV/AIDS in order to help Vietnam catch up on these MDGs), a three-year Vietnam Relay Facility was introduced for this aim. Also, centrally managed ODA funds to Vietnam (such as NICHE, a higher education twinning programme) were re-focussed on mutual interest cooperation. Besides, bilateral ties in the fields of water management related to climate change and agriculture have been strengthened on the basis of mutual interests and responsibilities, resulting in a Strategic Partnership Agreement between both countries.

The Vietnam Relay Facility aims at strengthening economic cooperation between Vietnam and the Netherlands. It includes different instruments for technical assistance and capacity building, which are also available in other Netherlands ODA partner countries with a similar profile (Indonesia, South-Africa, Egypt) encouraging K2K and G2G cooperation, and public-private partnerships. The projects are based on a needs assessment in areas of economic interest of the Netherlands. The spin-off could be either further cooperation between the project partners or intensification of economic relations between both countries.

One example of such cooperation is a PPP on fisheries. In 2004 a platform has been set up, co-chaired by the ministries of agriculture from both countries, including processors and traders from both sides, NGO's and research institutes. The PPP aims at collaborative efforts to enhance market access of seafood products from Vietnam into the EU in general and the Netherlands in particular, to enhance quality standards related to food safety, sanitary and veterinary measures, as well environmental and social measures in order to achieve sustainable development of the fisheries sector in Vietnam. Through collaboration between the two agriculture ministries Vietnam is now on its way to become a member of the regional fisheries organisation (WCPFC), which requires certification. Also, a joint environmental impact assessment of Tra fish production has been carried out, resulting in measures which are now being implemented. By building trust, the partnership can help preventing or managing negative consequences of changes in trade regulations or consumer perception for this major economic sector in Vietnam, involving thousands of households. The Vietnam Relay Facility funds research and technical assistance under this partnership, to which also the other stakeholders contribute.

### **5.3 Government-to-Government instruments**

The Dutch report difficulties in generating real interest from Netherland and other government agencies, while other development partners report no such problems with well-established HQ-managed G2G instruments. The Netherlands approach, however, demands sincere and long-term interest from the relevant organisation in the Netherlands, combined with strict reporting on cooperation activities. The cooperation instruments of some other development partners are less rigorously implemented. How to distinguish “real interest” from simply “dipping into the aid budget” is another question. For the Netherlands and Swedes, their philosophy is always “objective first, instrument last”, for without genuine interest and commitment to achieve something by both partners then sustainability prospects fade away. For the Netherlands, first they seek interest from the Netherlands side to be involved in Vietnam, and then they facilitate the partnership. In Vietnam there are G2G “mutual interest” partnerships in consumer protection and in MARD on market access issues (guided by Results Agreement).

Finland has a well-established G2G instrument, the Institutional Cooperation Instrument (ICI), run out of Helsinki and presently funding three projects in Vietnam. The instrument overview document emphasizes Vietnamese demand (see Section 6.1 for more discussion of the ownership issue) and provides proposal guidance that hints at problems that the Netherlands mentioned about ensuring time and travel commitments from Government officials:

“The main requirements for ICI are that it is clearly based on partner organisations’ demand with evidence of strong ownership of the project and cooperation, and the cooperation is results-oriented with well-defined, measurable objectives ... ICI is based on cooperation between civil servants of two agencies. Consequently, out-sourcing or sub-contracting implementation of project activities is a small share (usually some 5-10%) of total project costs. It is advisable to allocate sufficient time and human resources for the early phases of the project to allow cooperating partners to get to know each other better. At a later stage video- and internet- based conferences may be utilized to exploit the possibilities of modern technology in communication.”

AusAID has a centrally managed G2G instrument, the Public Sector Linkages Programme (PSLP), which has funded several projects in Vietnam complementary to AusAID sectoral priorities. While AusAID advertises the PSLP, it does not give itself a “matchmaker” responsibility. PSLP projects are funded for 6-18 months, unlike ACIAR projects which can be for up to six years (see Box 3). Most other development assistance PLC instruments, G2G and others, set maximums at or below two years of funded cooperation. That may make sense as a general rule, but there would be instances where support beyond two years may be justifiable. Some development counsellors felt that funding particular PLC projects for 4-6 years was often justified and necessary.

The Irish IDEAS PLC in Vietnam is directed by an MPI/Irish Steering Committee (after initial discussion about a PMU). IDEAS funds various projects, normally partnerships but not always. When non-government partners are sought they go to tender. If G2G, IDEAS pays all Irish costs. In Ireland there is also an Inter-Departmental Committee on Development (IDCD) that meets to approve allocation of budgets within the aid programme.

The Irish, as with all donor agencies to some degree, find themselves having to balance broader stakeholder interests (trade, human rights, etc.) and the interests of many organisations trying to access the aid budget. They are exploring ways to respond to the demand for Irish experience sharing while maintaining their commitment of 100% untied grants. All donor agencies may be viewed as somewhere on a spectrum from “poverty only” to “multi-objective”, and where they are determines their working definitions and uses of ODA.

## ***5.5 Competitive sector instruments***

The Dutch Private Sector Investment (PSI) instrument is a typical HQ-run B2B instrument with three open competitive rounds per year for “innovative” partnerships. In Vietnam, the Vietnam Chamber of Commerce and Industry (VCCI) was appointed the formal counterpart for the instrument to assist on administrative matters such as ensuring instrument funds flow exclusively through the Dutch partner. The Swedes have found the need to revert mostly to this sort of formal HQ-managed competition model for research and B2B funding through ODA, rather than use a more informal and internal system for PLC in Vietnam. It is necessary because the decision to fund one particular research proposal or Swedish firm – and not others – should be transparent and accountable. The Belgians reportedly experienced a scandal in this area years ago and have shied away from B2B support from ODA ever since.

Yet if we are to support B2B partnerships and “embed” development objectives, then that support must be quick and with a minimum of administrative and reporting costs on the firms. This is rarely achieved and is why B2B projects are few relative to other ODA partnerships. Some large international firms may undertake partnerships they know will not make sustained profits as part of a CSR charity and public relations strategy. Most firms, however, will not be interested unless they see a real prospect for ongoing unsubsidized profits – no matter what the initial subsidy. That “prospect” diminishes as development partners impose development objectives (extra costs), and administration costs in time and money. This issue was discussed in the final workshop, as were solutions to intensify private (and public) sector interest, including the use of networking and educational tools.

### **Box 3: The Innovation Partnership Programme**

The Innovation Partnership Programme (IPP) is an official development assistance programme taking place between Finland and Vietnam. The first phase of the programme took off in August 2009. Its 2009-2011 duration has a budget of 3.38 million Euros (4.57 million USD). Additional funds of 2 million Euros have been approved by the Ministry for Foreign Affairs of Finland for the first implementation phase.

The programme is jointly financed by Finland and Vietnam. The competent authorities for the programme are the Ministry of Science and Technology (MOST) in Vietnam and the Ministry for Foreign Affairs (MFA) in Finland. The host organisation is the Department of the International Cooperation of the Ministry of Science and Technology.

The programme's overall aim is to support the Vietnam government's ambitions to middle income industrialized status by 2020. Science and technology play a key role in these national level development plans.

The programme has four main components:

1. Forming a more effective institutional environment through supporting S&T and R&D strategies;
2. Capacity building of universities, companies, government agencies and other players in the national innovation ecosystem;
3. The creation of Public-Private Partnerships with the help of an open innovation forum established to disburse innovation practices and ideas at provincial and national levels. In particular, Vietnam is planning to invest in ICT, biotechnology, new materials, automation and nanotechnology, nuclear energy and renewable energy forms and environmental technology.;
4. Building partnerships between Vietnamese and Finnish organisations.

The programme is built on a platform concept that involves open innovation; conceptually this involves linking up with current best practice, the idea being that not everything needs to be invented in-house. The platform aims to conceptualize and support the development of public-private partnerships between R&D and business and business to businesses.



## **5.6 Financials and cost sharing**

Sida is unique in that it funds many small PLC projects. In recent years they have provided 60+ Planning Grants of up to US\$40,000 for a total disbursement of maybe US\$2 million. Further, they explicitly discourage talk of their funding role while bringing partners together, and consider not having to provide Planning Grants or directing the partners to other non-ODA instruments as good outcomes. Thus, the administrative burden is high relative to funds disbursed. Sida also have a few Cooperation Grants active or in the pipeline, and they are more typical of the larger PLC projects being funded by other bilateral development partners.

Sida Planning Grants cover 90-100% of project costs, while Cooperation Grants are 50/50 cost-shared or at least with “a substantial” contribution from partners. Sida report that it is easier for Vietnamese partners to find a cost-share than it is for Swedish organisations (“which often are not allowed or have no funds for international projects”). This may be true for the small Planning Grants, but for larger projects securing a substantial cost share from the Vietnamese side for partnerships is reported as a problem by other development partners. The Dutch, like others, may highly subsidise one project, but always with a “focus on future sustained economic cooperation”.

## **5.7 Outsourcing administration and advisory expertise**

PLC is “administration heavy”. It also demands a wide range of technical expertise to evaluate proposals across a wide variety of subject matter and partners. Sida report strong demand from both Swedish and Vietnamese organisations for PLC. Sida consider their role to include “facilitation”, or bringing partners together. For this they will soon establish an independent Centre with four staffs to “create sustainable relations in environment and climate change” (Sida Embassy staff would still maintain the assessment of ideas and proposals). For technical advice about particular partnership proposals Sida also have specific “sectoral facilitators” on call in Sweden. Other LMDG development partners, however, question why facilitation should be the responsibility of the development agency.

The Netherlands employ AgentschapNL, a semi-government body, to manage many of their instruments from the Netherlands. AgentschapNL manage the project cycles, while Dutch HQ and Embassy staff provide advice and make key decisions.

## **5.8 Working within Embassies**

Swedish Embassy staff has consisted of 9 to 12 persons in recent years, necessitating increased cooperation between Sida and other Embassy staff. Sida may financially support activities with commercial objectives (as well as developmental outcomes), but in close consultation and involvement of the Trade Section. Sida, for example, funded a “Green Solutions” event to display Swedish technologies, but it was led and implemented by the Trade Section. They see PLC as “a bridge to working with other Swedish agencies” rather than in conflict, although they emphasise that it “depends on how you are organized within the Embassy”. Other development partners see synergies, such as Finland who this year organized an “Aid for Trade” workshop in Vietnam.

The Netherlands are in the process of merging their aid and trade sections, tasking all thematic responsible officers to work on finalising their traditional ODA activities, developing PLC projects and advising on PLC proposals, plus using their networks for commercial activities. Focus in on win-wins between development objectives and Dutch (mainly economic) interests, because the Netherlands consider the impact of their relative limited funding highest on areas of mutual benefit.

CIDA is concerned about overlapping mandates and activities between ODA and trade officials (i.e. what is eligible under Canadian ODA legislation). There is the Investment Cooperation Program (ODA funds), now run out of the Canadian Ministry of Foreign Affairs and trade. DFAIT-Inc. has the task to embed development concerns into foreign direct investment. They may, for example, fund feasibility studies, environment impact assessments or gender impact studies as part of a larger investment by a Canadian firm overseas. CIDA in Vietnam considers that they helped trade people to get connected through a broad network of contacts generated by early PLC ODA projects (when INC was housed within CIDA). They now consciously try not to allow their mandate to creep into trade areas.

Other embassies try to separate, at least to some degree, particular PLC support from formal ODA by establishing discrete organisations. Enterprise Ireland focuses on B2B support. New Zealand has NZinc, which works on developing G2G exchanges. In the 1980s NZAID had formal links to New Zealand Government Departments to call upon technical advice, but that was replaced by hiring private sector consultants. Now NZinc is reviving those links.

## **5.9 Understanding “Sustainable Relationships”**

It was mentioned above that funding partnerships between NGOs is difficult to justify in establishing a sustainable relationship. Sometimes it does, often it does not. Sida funds exchanges between the Swedish Lesbian Gay Bisexual and Transsexual (LGBT) NGO and its Vietnamese equivalent to support their rights in Vietnam, in both a “keeping in touch” sense and in a more supportive role.

Development partners must evaluate the likelihood that PLC projects will actually lead to sustained relations into the future. It is always a probability call, yet the main objective for giving

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the support it cannot be avoided. Nor indeed, should evaluation of sustainability be avoided, which means post-evaluations of PLC projects some years after formal funding finished.

The judgment on sustainability also directs thinking on what is a reasonable cost-share by the development assistance partner. NGO PLCs typically require high cost-shares and have low sustainability chances. Are these reasons not to support NGO PLCs? In essence, the decision must be made to continue supporting charities through the PLC aid cooperation mode for particular case-by-case reasons.

Sustainability of G2G projects depends crucially on the “mutual interest” of both parties. If that is real and evident from the outset, then most Government agencies can source the modest funds required to sustain an institutional relationship (as can universities and their academics). “Sustainability” can take other forms, however. The most evident is that the activity results in some sustained change (as in any project, such as regulatory drafting assistance that leads to actual regulatory reform). For PLC we would hope the sustainability went further and led to ongoing cooperation between the relevant organisations, or that project spin-offs lead to new cooperation’s (such as in trade and investment due to, say, regulatory reforms). It is very hard to determine the potential sustainability of a proposed cooperation activity, and yet essential to deciding if it should receive support in some form.

Development assistance partners’ judging of sustainability is least difficult in B2B PLC, where both partners make their own evaluation of possible future profits that determine if they will cooperate or not. Why would a business provide, say, 50% of the costs of a PLC B2B project if they were quite sure it would not lead to downstream business and profits? For the development partner, sustainability is not the key question, rather: “Would they do this project anyway without any ODA funding?” – that (counterfactual) is the judgment call on B2B proposals.

## 6 Development Assistance Effectiveness

One astute observation was that the Paris-Accra principles were developed with traditional PMU project aid in mind. PLC-type instruments to strengthen bilateral relations through generally small partner-led projects were not the focus for reform, and consequently it is hard to square PLC with all of the principles (as it is for any aid instrument).

PLC is, almost by definition, tied technical assistance, typically delivered through many small and fragmented projects, and often in competition with other Embassies. These “weaknesses” may be weighed against the strengths of enhanced ownership, sustainability, flexibility and cost-effectiveness – as well as the “beyond ODA mutual benefits”. Further, much of the concern behind Paris and Accra was to provide greater support for non-state Actors in development, for which PLC is well suited.

### 6.1 Ownership

“Ownership” is a particular strength of the PLC mode. The partner organisations (the immediate beneficiaries) must bring forward and specify their own ideas for cooperation, and then manage and report on their own project. Typically this is done on a project cost-sharing basis, which “screens” for real commitment and interest by both organisations. Unlike traditional ODA, there is no donor organisation or Government Ministry deciding and specifying what the implementing organisations should be doing.

On the other hand, sometimes ostensibly PLC “partnerships” are token partnerships, where the foreign partner finds a Vietnamese partner to play a minor role without having to cost-share. ODA funds flow only to the foreign partner, but the local partner gets some net financial benefit or at least free assistance. In such cases, joint “ownership” is a fiction and sustainability undermined. For DANIDA, the most effective PLC instruments are those structured to be led by the Vietnamese partners. The concept of Vietnamese ownership was a strong thread running through the final workshop, and was unanimously considered by participants to be central to a successful PLC partnership.

DANIDA in Vietnam have been trying to make both their B2B and Research Cooperation instruments “driven by the Vietnamese”. Under the research instrument, Concept Papers are evaluated by the Embassy and the Ministry of Science and Technology, with 2-3 selected, who are then funded to visit partners in Denmark and develop proposals. Funds flow through the Vietnamese and the Danish partners must agree with them on activities and outcomes. This is novel and not particularly liked by Danish research organisations, but DANIDA argue that it makes research focus on the needs of Vietnam not the interests of Danes. Similarly the B2B instrument works through Vietnamese proposals that sub-contract assistance from Danish firms. DANIDA

have observed that making instruments “Vietnamese-led” has been hard, particularly in getting proposals up to required standards of specification for approval.

## **6.2 Policy coherence**

Is there scope for “policy dialogue” under PLC? Formal policy dialogue is probably more suited as an aspect of other “top down” aid modalities, notably budget support and sector programs. If PLC instruments are thematically focused (e.g. “climate change”) then they could be linked to formal policy dialogue mechanisms, but somewhat awkwardly. PLC projects emerge “bottom up” and may subsequently be seen to support particular policy reform objectives, but unlike traditional sector support programs, they are not a set of activities defined “top down”, starting with broad policy and development objectives. In other words, PLC projects are supported because they will lead to sustained relationships of mutual benefit – that is all – and not because they are relevant activities flowing from a policy log-frame analysis.

In reality, policy dialogue happens more informally through various PLC projects – an outcome of the interaction between the partners. This can be a very effective mechanism for fostering change because the relation is not between a donor and the receiving government but between two technical agencies of government. Thus the scope for successful policy dialogue is greater because it is based on mutual respect and mutual expertise – a more horizontal relationship.

PLC projects also deepen the understanding of Embassy officials and provide connections to Government officials, giving them some scope to follow-up policy issues, but more in an *ad hoc* and reactive manner than is done under other aid modalities.

## **6.3 Tied aid**

All PLC instruments are explicitly or *de facto* tied aid. In practice most LMDG development partners have no problem with this, while others might advertise widely but with donor country-specific experience listed in selection criteria. In practice, PLC open tenders are almost all won by firms from that donor country, with very few exceptions.

That PLC aid is tied is, technically, not an issue as “technical assistance” is excluded from the OECD-DAC commitments on untying development assistance (and is less of a concern for recipients when it is grant funding). Further, all aid modalities are strong or weak when measured against the set of Paris-ACCRA principles. Thus, the tying of aid is an unavoidable reality of the PLC mode because its purpose is to foster sustained relations between development assistance partner and developing country organisations.

## **6.4 Accountability**

Accountability to the developing country government is often weak under PLC, as such instruments are often global or regional and therefore not covered in bilateral ODA agreements. Further, PLC does not fit comfortably with traditional top-down G2G ODA management systems. PLC is “bottom up”, with partner organisations defining their needs and how to address them. The role for development partner officials is to evaluate partnership ideas against criteria (e.g. “is this sustainable?”) and decide on the extent and nature of support to be given. The role of the developing country Government should be similarly “hands off”.

In Vietnam, a CIDA regional project is based upon an “Exchange of Letters” with the Vietnamese Ministry of Health, while the Netherlands are developing a “Results Agreement” between themselves and the Ministry of Agriculture for one PLC project. The idea is that it should be enough: a “higher level” agreement on what the “lower level” partnership is trying to achieve. Dutch funds will go only to the Dutch partner and not through the Vietnamese system, so there is no need for MPI or MoF involvement. The “Results Agreement” specifies the nature and objectives of the project, which is reasonable accountability.

Many other PLC instruments, however, do not report in any formal way about each project funded in Vietnam. This is typically because the projects are initiated from the donor country HQ under multi-country instruments (and funds flow only to the donor country organisation). Sometimes Embassies are not even aware of such projects in Vietnam, particularly research cooperation or partnerships where organisations have sourced their own funds (e.g. particular Ministries or cities). Yet the lack of reporting, even about the titles of projects being funded in Vietnam, is also sometimes a conscious decision – because the projects are so small, or to avoid bureaucratic attempts to impose “top down” controls on the “bottom up” process, or because they are HQ-managed. Those are not really valid reasons for evading basic accountability.

## **6.5 Fragmentation**

PLC does not fit well with the goal of avoiding fragmentation. Given tied aid and country-specific sustainability objectives, prospects for harmonization and coordination are poor. On the other hand, this goal, as others, was devised in the context of traditional G2G aid projects, with the idea to coordinate under sector-wide or similar modalities (including on policy advocacy). PLC involves small projects often with non-state actors. In this context, overlap may be less of a concern, policy coordination not necessary, and competition sometimes desirable (e.g. several development partners demonstrating green-friendly technologies). One pitfall to avoid which was mentioned in the final workshop was that of duplication, although some participants claimed that even this is not necessarily a bad thing as long as Vietnam maintains true control of the partnership.

## 7 Making PLC Work for Vietnam

Most PLC instruments are uniformly applied by development assistance HQs across a selection of countries, without country-specific adjustments. More complex instruments, such as the Dutch Vietnam and Indonesia facilities, will be somewhat different in each country. Other instruments have different characteristics in different countries. Australian ACIAR, for example, pursues 50/50 cost sharing in India but not yet in Vietnam. Nevertheless, putting aside the inflexibility of HQ instruments for the moment, what are characteristics suitable and desirable in the Vietnam context?

In Vietnam, Sida are unique in making PLC a core mode of cooperation and in funding many small cooperative projects (up to US\$40,000 per “Planning Grant”). Other development partners normally fund projects in the \$200,000-\$500,000 range, which is necessary to justify complex systems of advertising, management and evaluation. The Sida model is more efficient, but also internal and not transparent. That has worked well, except that B2B and research funding has had to follow more formal and transparent processes (and are therefore larger projects) to ensure open competition for funds.

Sida-type Planning Grants are little used by other development partners and it should be considered. They can be delivered quickly and flexibly at the discretion of the Embassy. Many are effective stand-alone projects that need no further funds. Others find funds elsewhere, and a few move to obtain larger subsequent Sida Cooperation Grants. They seem to work, and it would be helpful if Sida was to share its mid-term review findings next year.

Planning Grants are also a useful tool for supporting more Vietnamese-led PLC projects, as DANIDA have been trying in recent years. This is desirable from an ODA perspective, but also to strengthen ownership and commitment from the Vietnamese side, and to secure cost-sharing in the future. To achieve Vietnamese leadership, instruments need to be structured to encourage and support applications from Vietnamese organisations, either exclusively (DANIDA) or as well as foreign organisations (Sida). Vietnamese organisations will often need support to develop full proposals, which is where planning grants can help.

Cost-sharing should be introduced and increased whenever possible. There is no better indicator of genuine demand and possible sustainability. In Vietnam, there is little familiarity with cost-sharing, other than in-kind contributions. Nevertheless, Sida report few problems in securing cost shares for various PLC projects. Most instruments, however, expect little financially from the Vietnamese side, which may be appropriate given that Vietnam only became a middle-income country in 2010 – compared to say, China (\$3,687) or Indonesia (\$2,349). One interesting cost-sharing model is where the Vietnamese partner pays for all in-Vietnam costs only (in-kind plus international consultant flights and per diems), and the foreign partner (with instrument support) pays for their time and ex-Vietnam costs (including visits by Vietnamese). In this way the

Vietnamese pay a clear but smaller share of the financial cost. Cost sharing played a central role in final workshop discussions, where these arguments were echoed and elaborated on; see Annex 2.

On a more strategic level, each development partner must consider where they want PLC to take them in Vietnam. Is it, as with DFID in China, to influence policy and good governance by providing G2G PLC which “cannot be bought on markets”? Or is it for narrower commercial gains – ideally linked to global public goods? If the latter, then cost sharing must be increased over time to ensure sustainability. If both are reasons for staying engaged in Vietnam, then several PLC instruments are probably necessary – a directly allocated instrument for G2G, and more open competition instruments for B2B and research.

As MKE have argued above, however, the PLC instruments do not need to be exclusive to any set of focal areas or the perceived comparative advantages of each development partner. Those “strong areas” will emerge naturally to be the bulk of PLC activities, but there will be other successful ones in various other areas. There is no need to exclude possible areas for PLC from the outset. More important is that PLC projects that receive support have passed a meaningful evaluation of key criteria: both organisations show genuine commitment, national mutual benefit is evident, sustainability is clearly possible, there are developmental outcomes.

PLC is an attractive means of cooperation for agencies that have multiple objectives to achieve in their allocation of ODA support. It has traditionally been a minor aid mode, yet also one that most development partners have used. In the context of middle-income Vietnam, with a reduction in aggregate funding by some development partners and increasing emphasis on developing “trade not aid”, it seems appropriate to consider increasing the share and importance of PLC instruments.



## 8 Conclusions

Implementing PLC in Vietnam is a viable option in the context of the transition of development cooperation as the country ascends to middle income status. Several PLC instruments will likely be necessary – a directly allocated instrument for G2G, and more open competition instruments for B2B and research – however, the PLC instruments do not need to be exclusive to any set of focal areas or to the perceived comparative advantages of each development partner.

Firstly, the focus groups implemented to consider perceived comparative advantages of the LMDG development partners in Vietnam revealed several key take-aways for development partners operating in Vietnam. It was considered that PLC should be best supported to focus on ‘entry points’ – new strategies, laws and market changes – rather than bending political will, which requires the highest political level to acknowledge that ‘better quality’ growth has a cost. The focus group on agriculture value-chains concluded that the most sustainable PLC oriented approach would be through agriculture extension and certification services. Lastly, the focus group on tertiary and vocational education isolated the need for institutional reform to enable a more market-responsive system that responds to gaps within PLC.

Overall, when examining PLC for development efficacy it is evident that PLC has the potential to be a new kettle of fish in terms of development in a middle income context. Although ownership is considered to be a particular strength of the PLC mode, all PLC instruments are explicitly or *de facto* tied aid. One of the sticking points for PLC could in fact lie in weak institutions and insufficient policy coherence – and it has been shown that policy coherence is more suited to top-down modalities.

Another issue to be considered is that of accountability to the developing country government, which is often weak under PLC, as such instruments are often global or regional and therefore not covered in bilateral ODA agreements. PLC has in the same way been shown not to fit well with the goal of avoiding fragmentation.

Sustainability has been seen to be a key issue for development oriented assistance. Development partners must weigh up the probability of sustainability (in varied forms, both conventional and other) in each individual PLC project. Sustainability of G2G projects in particular depends crucially on the mutual interest, as well as effective communication and cooperation of both parties. The likelihood of sustainability is easiest to judge in B2B PLC, where both partners are able to make their own evaluation of possible future profits that then will determine cooperation. Overall however, given tied aid and country-specific sustainability objectives, prospects for harmonization and coordination are currently poor.

# Annex One: Terms of Reference (February 2010)

Terms of reference

PLC Steering Group – Final draft Feb. 2010

for a consultancy assignment financed by the Like Minded Donor Group (LMDG) Innovation Fund within the Harmonization Project.<sup>10</sup>

Title: Study on Partner-led cooperation in times of transition – the case of Vietnam.

## Introduction:

- Vietnam is in transition towards becoming a Middle-Income Country. This poses new challenges for Vietnam. Its needs with regard to international assistance will change. At the same time the nature of external funding by development partners will change. Levels of ODA will drop over time.
- This study will focus on the “Partner-led cooperation” in the transition context of development cooperation in Vietnam.
- Partner-led cooperation (PLC) is understood here as needs- and/or interest- based assistance to be carried out in cooperation between (at least) one organisation from the donor country and one from the recipient country. These organisations can be private or public, commercial, academic or not for profit. As part of the work of many bilateral development partners in Vietnam this form of cooperation has been supported for many years and has taken different forms. Partner-led cooperation, however, with the specific aim of promoting cooperation and bilateral ties beyond ODA, by providing seed money for spin-offs beyond the ODA programmes, is gradually gaining ground as an attractive way of working in the context of transition.
- Increasingly, given the changing economic context in Vietnam, bilateral development partners are considering how their evolving cooperation strategies can both cater to the needs of Vietnam as well as maintain and broaden existing bilateral ties by promoting forms of cooperation which explicitly serve mutual interests. These development partners have begun to put partner-led cooperation at the core of their

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<sup>10</sup> <sup>10</sup> The Like Minded Donor Group is a group of 14 bilateral development partners with a common understanding that working together is more effective than working bilaterally. The LMDG aims to promote change by facilitating exchange, underpinned with analytical work, and to take up joint activities.

Harmonization Project – Innovation Fund: this fund is financed and managed by the LMDG-partners and intends to support activities of innovative or pioneering nature which can contribute substantially to the policy dialogue and cooperation in Vietnam. The objective of the Harmonization Project is to increase the efficiency and effectiveness of development cooperation in Vietnam to maximize the contribution that international development partners can make to Vietnam’s development and poverty reduction.

assistance programme while others are continuing their work in support of Vietnam's development goals keeping ODA at the heart of business.

- The key question is how partners can effectively adapt to this new context. As not all development partners are at the same stage of transition, the study will be instrumental in creating clarity about the current positioning of the various actors, the state of play and the trends in adapting and responding to the changing needs of Vietnam and cooperation countries.

#### Objective:

The objective of this study is to

- strengthen knowledge and foster understanding about partner-led cooperation in the context of Vietnam's transition toward becoming a Middle Income Country and non-aid financed cooperation and relations,
- to analyse opportunities and challenges of this type of cooperation and
- to provide directions for application of partner-led cooperation and formulate advice and guidance to partners and stakeholders in Vietnam and the cooperation countries in question.

#### Scope:

The focus of the PLC-study will be on Vietnam.

However, a limited amount of time (5% of time) may be spent on consideration of good practices from other countries that have made the transition to middle income status which have preceded Vietnam in MIC-graduation or which display similar characteristics of changes in ODA relationships.

The focus will be on bilateral cooperation partners (governmental, private sector and non-governmental). However, for the sake of mapping and complementarity of efforts in terms of human and financial resources it is important to also contextualize the changing role of multilateral partners – especially the World Bank, the Asian Development Bank, IFC and the One UN family - in the transition context (5% of content/time).

#### Clients and Resource groups:

The primary client of the study is the Like Minded Donor Group.

They are represented through the following members of the Steering Group: Belgium, Canada, Ireland, Netherlands (lead), Norway, Sweden.

In order to enable interaction amongst a broad range of stakeholders who may benefit from the study and the learning process resource groups will be formed on an ad-hoc basis:

1. Businesses, NGOs and development partners will be invited to discuss opportunities and challenges for public-private partner-led cooperation. These partners will include representatives of the Peoples Aid Coordinating Committee (PACCOM), the Vietnam Chamber of Commerce and Industries (VCCI), the Vietnamese Academy of Social Sciences (VASS), universities research institutions, sports and cultural organisations.

2. International Cooperation Departments from different ministries will be invited to discuss with MPI opportunities and challenges of partner-led cooperation.

### Methodology:

The assignment is expected to be based on a two tier approach: the study on the one hand, and a dynamic process of interaction and dialogue amongst key stakeholders. This requires an analytical approach as well as a facilitating role of the consultant. It is expected that this method will create a common frame for dialogue on PLC and will lead to a better mutual understanding of the challenges and win-wins of PLC in a transition context.

The sequence of roll-out of the assignment will include the following steps:

- Specifications of TOR by the consultant with the Steering group to agree on work schedule
- Bilateral interviews with:
  - Interested development partners, willing to dedicate time and energy to this PLC exercise
  - Government organisations – CIEM (Mr Cung) who works on a new administrative structure – plus representatives of the Ministry of Planning and Investment (MPI/Foreign Economic Relations Department), MARD, MOFA, MoF, MoIT, MoC, MoET, MoNRE, MoT, MoLISA.
  - Private and non-governmental organisations: Peoples Aid Coordinating Committee (PACCOM), VCCI, academia, VASS, Vietnam Union of Friendship (VUFO), representatives of the NGO community in Vietnam.
- Meetings with the Steering Group
- Meetings with the resource groups according to agreed work schedule
- Presentation to LMDG, based on the draft report (agreement on follow up)
- Workshop with a wider group.

### Content of the assignment:

The study will comprise an inventory of PLC models which bilateral development partners are currently applying and will make an inventory and analysis of the following issues (non exhaustive; to be defined in more detail at the start of the assignment):

- the definitions of PLC;
- modalities, instruments and financing mechanisms (including implementation modalities: Capacities of embassy/tasks vs. headquarter tasks);
- the risks and opportunities involved in putting PLC into practice;
- challenges for aid effectiveness: policy coherence, accountability, tied aid, fragmentation of aid;
- win-win options through linkages with global issues of market access and quality assurance: CSR, accountability, product standards, sustainability, carbon footprints etc.

It will include a section on emerging trends, risks and opportunities and recommendations for future development of PLC strategies.

### Key deliverables will comprise:

Written report based upon interviews with key stakeholders including recommendations for cooperation at field level (to both Vietnamese and external partners) and a number of useful learning experiences for our head quarters as well; an inventory of PLC models currently applied should be added in annex; summary interview transcripts will be made available to the Steering Group.

Interactive learning process with stakeholders and reference group and harvest of bottle-necks and potential 'win-win' opportunities;

Summary report identifying next steps, areas of consensus and areas for further exploration.

Dissemination workshop for wrap up and outreach.

### Required qualifications of consultant:

The consultant will have knowledge and experience in the following areas:

- the recent history and current political, socio-economic and cultural challenges in Vietnam;
- the current ODA landscape in Vietnam and the aid effectiveness agenda;
- the legal and institutional environment in Vietnam, the major internal and external flows of finance and related management mechanisms;
- the major global and transition related challenges for both Vietnamese and bilateral partners;
- issues of voice and accountability.

### Skills required:

- capacity to analyse and restructure complex information from a variety of sources;
- facilitation and presentation skills;

- excellent communication skills.

Communication:

Contact points in Steering Group: Elke & Annelies

Timeframe:

The assignment will be accomplished within a timeframe of 12 weeks (starting in March 2010.) Ultimate delivery date: End of June 2010.

Budget, financing source, contract:

- Budget: should not exceed 50,000 Euro (taking competitive price into account).
- Source: LMDG Innovation Fund under the Harmonization Program.
- Contract: with Belgian Technical Cooperation (BTC).

Suggested next steps:

Discussion in the LMDG on February 5<sup>th</sup> 2010:

Steering Group members and lead (NL);

Maximum amount approved for contracting by BTC;

Time frame when LMDG gets involved (e.g. in draft discussion), suggestions consultant, any other suggestions e.g. for resource contacts;

Share final TOR with 3 consultants for a written statement and „pitch“– interview with the Steering Group, and selection of consultant.

Contracting of consultant.

## Annex Two: Final Workshop

The PLC review culminated in a final workshop, detailing findings and asking for feedback on some important questions related to the progression of PLC in Vietnam. This half day workshop was held at the Melia Hotel, Hanoi, and attended by donors, embassy officers, NGOs and several of the previous focus group attendees. The aim of the workshop was to come to recommendations on how to promote PLC to work better for Vietnam, establish the benefits and issues of PLC, and begin to think about efficient means of delivery in Vietnam's middle-income context.

The meeting began with some opening comments from Steven Collet, the Deputy Chief of Mission for the Netherlands in Hanoi. Steven outlined the LMDG's role in terms of representing stakeholders and furthering aid effectiveness through joint dialogue, analytical work and studies. He went on to explain the growth of PLC as a tool which, in the context of MIC Vietnam, could be used to assist development partners in their increasingly facilitative role, in particular in relation to Vietnam's focus on improving its institutions, education and infrastructure. As well as funds, partnerships and relationships are also an important part of the modern donor-recipient relationship; Vietnam is therefore looking for cooperation beyond ODA, and PLC could provide opportunities to encourage relationships broader than aid and deepen bilateral ties. Some interesting areas of exchange could include G2G (government to government), B2B (business to business), and K2K (knowledge to knowledge). Promoting G2G ties for example is not only a technical assistance activity, but also a policy need on the part of partner governments considering future trade and investment opportunities with Vietnam.

Following this discussion, Max von Bondsdorff (Head of Development Cooperation, Finland Embassy) explored the development of the new ODA Strategic Framework 2011-2015 which is expected to be completed in November 2011 and will set out a broad strategy for Vietnam's use of ODA financing. Max discussed the possible role for PLC within future aid partnerships with the Government of Vietnam. Grant assistance is expected to reduce and the proportion of loan-funded ODA will increase. At the same time, there will increasingly be a move away from ODA funded service delivery and investment projects towards focussed technical assistance in specific areas – for example knowledge transference and climate change. Donor governments are expected to look increasingly for mutually beneficial trade-based relationships.

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In such a context, there will be pressure to find new and innovative ways to support Vietnam's socio-economic development in the most effective way possible. Aid effectiveness principles, such as those arising out of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action will, of course, need to be considered. However, PLC does not tick all the traditional aid effectiveness boxes. Lack of Government ownership, accountability for results and tying of aid are often inherent with PLC type activities. Other potential areas to be explored include the inbuilt risk of the fragmentation of aid and the important potential for facilitation of knowledge relationships by PLC.

A 45 minute overview of the PLC study by Adam McCarty followed these opening discussions. This summarised some of the key principles set out in this report and was followed by some Q&A time and examples of PLC at work in Vietnam.



## **Research Questions:**

Following these discussions, participants divided into five smaller focus groups in order to explore two main research questions:

1. Making the market for PLC work: how to ensure that partners find each other for effective cooperation to the mutual benefit?
2. Maximizing effectiveness: how to ensure complementarity, prevent fragmentation and ensure ownership of PLC off-shoots?

These questions were then broken down into a series of sub-questions isolating distinct avenues of enquiry, which participants considered, using each others' varying experiences and viewpoints, and then fed back. The following summarises some of the suggestions made by the working groups.

### **1. Making PLC work: developing the market for PLC in Vietnam**

#### *1.1 How to inform, stimulate, and guide Vietnamese demand?*

In order to conceive solid PLC partnerships, Vietnamese demand for PLC must first be strong and reliable. It was suggested that this is a needs based/demand driven process, and support to bring together public, private and other actors should be outsourced.

Active promotion of PLC seemed to be a workable option to generate demand, including the use of websites, workshops, seminars, and networking events.

#### *1.2 How to find interested country partners?*

When soliciting country partners, it is imperative to ensure that they are fully committed to their role in the partnership. It was agreed that this will mean making comprehensive background assessments of potential partners from the beginning. The assessment process could include commitments tests, checks and pilot phases, M&E frameworks, and should be participatory and multi-level. A phased approach to full partnership is generally an effective model; one group used the analogy of an engagement before a wedding. The creation of a centralised platform for recipient and development assistance requests could help find and cultivate country partners. It was also suggested that matchmaking attempts were outsourced for efficiency.

### *1.3 Can we improve on typical G2G, B2B, K2K instruments?*

There was little cohesive agreement within groups on ways to improve on these instruments, although the general consensus was that each of these tools are context specific, and as such different instruments are required for different models and actors/partners.

## **2. Maximising Effectiveness: how to help partners find each other and prepare good proposals?**

- *Some variations of PLC business models:*

### *2.1 Embassy-led Partner Matching*

Embassy-led PLC business matching models have the benefit of being centralised and therefore coherent and harmonised. On the other side of the coin, however, embassy-led models are by definition biased and politically invested, which of course leads us to the difficult issue of tied aid.

### *2.2 Designated Funded Centre*

Having a Designated Funded Centre whose sole purpose is to help partners find each other and to support them in their proposal writing appeared to several participants to be an efficient solution, and would allow for each partnership to receive sustained attention, leading to higher success rates. However, although this model is undeniably effective and able to reach a wide audience, it is also one of the most costly models, and requires continued funding and resources, something which cannot be relied upon, particularly considering the changing role of development partners in Vietnam in the near future.

### *2.3. Competitive Outsourcing*

Outsourcing business matching and partner finding tasks to a third party were also posited as another effective means of partner matching, and would have the benefit of being competitive and efficient, and without political bias or reliance on donor funding. On the other hand, it is inherently profit driven, and requires resources.

## **3. Making PLC work: how to ensure genuine ownership and subsequent sustainability?**

### *1.4 Is cost sharing enough?*

It was widely agreed that it is important to have some cost-sharing in order to make sure each partner has a material interest in the partnership. Reasonable transaction costs are also an

important part of the PLC process as they balance individual and partnership gains. However, most suggested that cost-sharing alone is not enough to ensure long-term balanced and sustainable commitment to the project. Cost sharing is generally considered to be only one criterion for success in PLC, the type and level of cost sharing depending ultimately on the nature of the project.

Furthermore, cost sharing activities must be harmonised; if one donor country asks for cost sharing and another doesn't it is very difficult to create a functioning PLC 'market', and a realistic division of labour between development partners.

An indirect approach to financing partnerships in a way to encourage sustained ownership could be to support professional associations that have the capacity to provide more direct support rather than injecting support into specific partnerships.

Financial incentives and financial cost-sharing should be considered only one option, if other incentives or means of balancing are not immediately visible – relying purely on financial incentives for commitment is after all potentially a very risky long term approach.

One important point made was that in all cases, there should be a clear framework, measuring impact and results, used to stop partnerships that are not sustainable (problems with cost-sharing are often a hurdle to true sustainability) – once of course the nature of 'true sustainability' has been defined and agreed on by all stakeholders.

#### *1.5 How to encourage Vietnamese organisations to lead and develop proposals?*

The overall impression given by workshop participants on this question was that for this to work Vietnam would have to be firmly in the driving seat. Baseline criteria include a clear policy framework and the ability and will of all actors to work together within it. Networking opportunities and capacity building assistance activities include targeted workshops and road trips, as well as bringing in alumni from overseas universities and mining existing relationships forged prior to the specific support of the partnership. All these activities could catalyse these processes, as well as joint efforts by embassies in order to bring for example trade and development cooperation sections together.

Another possibility could be to have a built in PLC-type objective in the mandates of developed country organisations (the example given being city twinning).

#### *1.6 How to avoid "dipping" partner organisations?*

In discussion of "dipping" into aid budgets by partner organisations and ministries ('dipping' being the practise of using aid budgets to fund other organisations' or ministries' projects, and

the discussion around whether they are considered 'aid' or not), interestingly several participants queried whether it was really as much of a problem as it is generally considered to be. Instead, they reasoned that any possible ill-effects of dipping (such as leaching money to other sources that could possibly be better used for purer aid or development projects) should not be exaggerated, as it is inherent in many forms of co-operation, and part of the mutually beneficial relationship.

#### **4. Donor Cooperation: what possibilities are there?**

##### *4.1 Is fragmentation a bad thing?*

Irrespective of the pros and cons of fragmentation, in a PLC relationship the issue is unavoidable. Again, it was agreed that if Vietnamese stakeholders retained control of the process then fragmentation is not necessarily a bad thing. Indeed, the fragmentation of knowledge is beneficial, and allows partners to compare benefits. On the other hand, there are numerous pitfalls to avoid, creating as it does opportunities for duplication and overlap, especially when the partners involved are not at the top of their field or there are scarce resources to draw from.

##### *4.2 Is competition a bad thing?*

Competition is certainly not considered a bad thing in the PLC context, as long as coordination is tight enough to avoid marginalisation and overlap. Some participants also posited that duplication is similarly not an issue either, as long as Vietnam can choose in which areas to allow it. For this reason, information sharing is integral to this issue.

##### *4.3 Given tied aid and different regulations, in what ways could development partners effectively cooperate?*

For some of the reasons explored above, coordination for PLC is generally much more difficult than for traditional ODA activities. Some strategies for effective cooperation between development partners suggested included creating joint guidelines, and facilitating a role for multiple partners. Prevailing opinion was to make sure that PLC processes were kept as simple as possible to allow for effective harmonisation and encourage new partnerships.

## Annex Three: Mutual Interest Profiles of LMDG Development Partners

### **Canada: CIDA**

**Focus Areas:** Food security and agriculture (rural livelihoods), sustainable economic growth

**Explanation:** A main focal point for CIDA is the promotion of food security through support to agriculture such as rural SME development and increasing agricultural productivity as well as food safety and quality. It will also assist with training to enhance skills for employment and create an environment suitable for future investment. Environmental effects from implementation of the county strategy and success in implementing mitigation and enhancement measures will be monitored on a regular basis within the regular monitoring, evaluation, and review functions of the country strategy.

**References:**

CIDA (DATE), "CIDA programming framework for Vietnam" [online] available at: <http://www.canadainternational.gc.ca/vietnam/development-developpement/cida-acda.aspx?lang=eng>

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### **Denmark: DANIDA**

**Focus Areas:** Economic and judicial reforms, water sanitation, agriculture, environment

**Explanation:** Support to fisheries, including strengthening of management, administration and sustainable aquaculture. Agricultural development with a focus on poverty and equality, e.g. by targeting ethnic minorities, women etc. B2B development will have an important role here. DANIDA is committed to securing sustainable livelihoods in an effort to prevent environmental degradation, and also pollution control and capacity development for environmental planning and management. This will focus on benefiting the urban poor, who often live in most polluted areas. Mainstreaming HIV and gender into all sector programs and relevant activities.

**References:**

DANIDA, "Vietnam-Denmark Partnership: Strategy for Development Cooperation" [online] Available at: <http://amg.um.dk/NR/rdonlyres/4C883C00-AC4F-439F-AFD0-F556F10A71B6/0/vietnamDenmark2006.pdf>

### **Finland: Ministry for Foreign Affairs.**

**Focus Areas:** Water and sanitation, the forest sector, science & technology and rural development.

**Explanation:** Promote cooperation in the sectors of. Focus areas include strengthening innovation policies and partnerships, environment and climate change and poverty reduction in poor areas and regional development. Environmental concerns are also reflected in the strategy for the forest sector, with sustainable management of forests and the conservation of biodiversity being central to the Finnish strategy. Another key

priority is the development of water supply and waste management on the basis of consumer demand and needs. Developing local government and promoting good governance are also important themes in the projects in Vietnam that are supported by Finland.

**References:**

Finland (2009), "Development Cooperation Plan for Vietnam 2009-2011" [online]

Available at:

(<http://formin.finland.fi/public/default.aspx?nodeid=15373&contentlan=2&culture=en-US>)

**Australia: AusAID**

**Focus Area:** Water and sanitation, human resources, infrastructure, climate change

**Explanation:** Support basis transport and energy infrastructural projects that will increase trade, such as funding a feasibility project for the Cao Lanh bridge and construction of 600km of feeder roads and canals. Public awareness campaigns are aimed at changing attitudes and practices, with additional encouragement for the government to focus on ethnic minority groups in remote areas. Climate change is also a focus point for AusAID and they are active in projects including the Technical Assistance to Natural Disaster Risk Management Project (NDRMP), aimed at improving acceptance, application and understanding of Integrated Risk Management Processes by disaster management agencies in Vietnam. The important of human development for growth etc is clear to both partners, and AusAID intend to fund the under-grad and post-grad study of 225 students in 2010, in areas of study including climate change and water sanitation.

**References:**

AusAID (DATE), "Vietnam", [online] Available at:

<http://www.usaid.gov/au/country/country.cfm?CountryId=33>

**Ireland: IrishAID**

**Focus:** Social inclusion, local development, knowledge sharing

**Explanation:** Focus on economic growth of the private sector by supporting small and medium sized enterprises in Vietnam. A programme of equipment, construction, technical exchange and scholarships aim to build diagnostic capacity for diseases such as HIV/AIDS and Hepatitis B through the Ireland-Vietnam Blood-Bourne Virus Initiative. All Irish Aid projects deal with social inclusion, with special attention paid to the most disadvantaged people such as ethnic minorities. Ireland supports Vietnam's national programme for Ethnic Minorities (P135), promoting local development through improved local production of food and cash crops. Ireland's IDEAS programme facilitated institutional linkages (G2G) between the national socio-economic forecasting agency in Vietnam (NCSEIF) and its counterpart in Ireland (Economic and Social Research Institute ESRI), Vietnam's National Financial Supervisory Centre and the Central Bank in Ireland and between entrepreneurs (B2B) and the chamber of commerce (G2G) and their peers in Ireland. Scholarships, seminars and high level exchange visits complement this programme in response to Vietnamese requests. The programme is intended to link Vietnamese policy makers (G2G) with their peers in Ireland to learn of Ireland's domestic experience with rapid growth, moving from an agrarian to a

knowledge economy, high foreign direct investment, financial markets and banking supervision.

**References:**

IrishAID, "Vietnam: Overview" [online] Available at:  
<http://www.irishaid.gov.ie/vietnam.asp>.

**New Zealand: NZAID**

**Focus:** Rural livelihoods, primary education, health.

**Explanation:** New Zealand's technical expertise lies in agriculture, and so the main focus for their development assistance is in the field of rural livelihoods. This is to focus on plant and animal health as well as improving rural people's incomes through facilitating linkages between rural producers and markets that are most relevant to their local context capacities and opportunities. They also offer assistance to combat and tackle outbreaks of avian flu, and help build the skills of animal health workers and the government to better understand how the virus is spread. Basic education however will receive the bulk of NZAID funding, supporting early education programmes and improve primary school quality levels as well as management of education. Children will also be targeted in the context of health, with maternal and child health being the main focus of development aid in this area.

**References:** NZAID "Vietnam Country Strategy Paper" [online] Available at:  
<http://www.aid.govt.nz/programmes/c-vietnam.html>

**Netherlands:**

**Focus:** Environment, water, reproductive health, Education

**Explanation:** Through NUFFIC the Netherlands focuses on education, and will offer funding for study with special preference to ethnic minority students and those from remote areas. Such funding will be for courses related to Vietnam's needs; flood management and delta technology; agriculture/ fisheries (food safety and hygiene, research on the environmental and socio-economic impact of agricultural activities); the financial sector; shipbuilding; urban planning (lowland and flood prone areas); logistics and distribution; tourism and culture; design, fashion and architecture. The Netherlands has a comparative advantage in expertise relating to water and the environment, and so it also does much work with water sanitation projects, flood management etc as here it can provide added value. Reproductive health has also become a major focal point for the Netherlands in all of their partner countries, and they use active diplomacy and financial investments to focus attention on the women's agenda.

**References:**

NUFFIC "Vietnam's higher education- trends and strategies" [online] Available at:  
<http://www.nuffic.nl/home/docs/neso/neso-e-newsletter/2010/vietnams-higher-education-trends-and-strategies.pdf>

"Policy Note Dutch Development Cooperation 2007-2011" [online] Available at:  
<http://www.minbuza.nl/dsresource?objectid=buzabeheer:32207&type=pdf>

## **Sweden: Sida**

**Focus:** Democratic governance, human rights, corruption, environment

**Explanation:** Sweden supports local democracy, public administration reform and the fight against corruption. With a focus on democracy and human rights, the aim is to create a pluralistic society through support for civil and political rights with relation to freedom of speech and information, the rule of law, legal aid, and anti-corruption and transparency. There is also a focus on the environment, specifically sustainable use of natural resources, and the enhancement of Vietnam's ability to reduce green house gas emissions. Further, through raising awareness and building public sector capacity for prevention, Sweden will assist Vietnam in mitigating the effects of climate change.

### **References**

Sida, "Strategy for development cooperation with Vietnam 2009-2013" [online] Available at: <http://www.sweden.gov.se/content/1/c6/09/40/06/4409ef7c.pdf>

## **Belgium:**

**Focus:** Water and sanitation, governance, institutional capacity building

**Explanation:** Belgium's focus is on assisting Vietnam's management of natural resources and the environment in response to increased industrialization and urbanization. Assistance will be through a combination of institutional support for the elaboration of appropriate development policies, such as policy making and water resource management planning, as well as financial support, all of which are designed to help the relevant policymakers and the agencies regulating water management. Special attention is being paid to policies governing water use and quality and to the establishment of systems designed to ensure the sustainable management of Vietnam's water resources. Capacity building is also a focal point as the Vietnamese economy is developing faster than the country's government departments and institutions, which lack capacity and do not always work in a transparent manner. Belgium is supporting Vietnam's aim to consolidate its basic democracy via three projects, which focus on public services and participatory reform.

### **References:**

Belgium Ministry of Foreign Affairs, "Indicative Cooperation Programme Vietnam" [online] Available at: [http://diplomatie.belgium.be/en/binaries/pic\\_vie\\_2007-2010\\_tcm312-64032.pdf](http://diplomatie.belgium.be/en/binaries/pic_vie_2007-2010_tcm312-64032.pdf)

Belgium Ministry of Foreign Affairs, "Vietnam Policy" [online] Available at: [http://diplomatie.belgium.be/en/policy/development\\_cooperation/countries/partner\\_countries/vietnam/](http://diplomatie.belgium.be/en/policy/development_cooperation/countries/partner_countries/vietnam/)

## **United Kingdom, DFID**

**Focus:** Education, Growth, Governance, Health, (governance, corruption, human rights and climate change)

**Explanation:** A focus on governance, with DFID assisting the government in strengthening the impact of international development assistance, and will also work on improving government accountability, citizen's participation and tackling corruption. The majority of DFID development aid is aimed at education, and a major focus point is targeting those who live in upland areas. Addressing the inequalities between rural and urban, as well as gender disparities is central to education and other areas of



assistance. Climate change is another important issue, and DFID aim to work more closely with the Department for Environment, Food and Rural Affairs on this.

**References:**

DFID, "Vietnam Country Assistance Plan (2007-2011)" [online] Available at: <http://webarchive.nationalarchives.gov.uk/+http://www.dfid.gov.uk/pubs/files/draft-vietnam-cap0607.pdf>

DFID, "Vietnam" [online] Available at: <http://www.dfid.gov.uk/Where-we-work/Asia-East-Pacific/Vietnam/>

**Germany:**

**Focus:** Economic policy, vocational training

**Explanation:** In terms of economic policy, there will be a focus on strengthening the governments' core functions in the course of further economic and social policy reforms. The goal is to improve the capacity of selected institutions with regard to market-oriented and social policymaking and regulation, and as such assistance will target government policy making etc. Vocational training is another area in which Germany has expertise, and its goal here is to improve the labour supply with qualifications that meet demand. This will be achieved through practice-orientated training, institutional development and improved opportunities for women to access vocational training.

**References:**

**German Foreign Office, "Vietnam: Priority Area Strategy Paper" [online] Available at:** [http://gdc-vietnam.org/downloads/DownloadDatei\\_Wirtschaft.pdf](http://gdc-vietnam.org/downloads/DownloadDatei_Wirtschaft.pdf)

**Switzerland: SDC**

**Focus:** Rural development, good governance, private sector support

**Explanation:** SDC's focus on rural development is centered around sustainability, as it focuses on sustainable forest and agricultural land use. It also aims to strengthen the capacity of local agrarian institutions and develop mountainous regions through the imparting of agricultural knowledge and support of small, family-run farms. Good governance is also considered important, and SDC aims to help strengthen the legal system, the rule of law and the training of administrative staff. Human rights is also central, and the Political Affair Division is involved in dialogue with Vietnam with regard to torture, the death penalty, rights of minorities and women, freedom of religion etc. It will also contribute to reforms in Parliament and the management of public finances. With respect to the private sector, the focus will be on basic infrastructure and national, regional and international trade.

**References:**

"Development Cooperation: Priorities in the Mekong" [online] Available at: [http://www.sdc.admin.ch/en/Home/Countries/Southeast\\_Asia/Mekong\\_Vietnam\\_Laos\\_Cambodia\\_Myanmar](http://www.sdc.admin.ch/en/Home/Countries/Southeast_Asia/Mekong_Vietnam_Laos_Cambodia_Myanmar)

**Norway: NORAD**

**Focus:** Natural resource management, energy, governance, environment,

**Explanation:** Norwegian assistance has been aimed at improving access to public services, raising awareness of rights and simplification of administrative procedures. For example, people have been trained in areas such as collective bargaining and industrial

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relations, with a focus on the involvement of women. Through the Oil for Development programme Vietnam has access to upgraded software to map oil and gas resources, and Norway continues its cooperation with the state oil company on environment, health and safety in the petroleum sector. Norwegian experts were used as lecturers on transparency and economic management which is aimed at capacity building for the sector in general.

Norway's main aim was to support Vietnam's efforts to prevent and deal with natural disasters, and they attempt to provide transitional aid for water for those affected by floods.

**References:**

NORAD, "Vietnam" [online] Available at: <http://www.norad.no/Vietnam.167590.cms>

## Annex Four: LMDG Development Cooperation Officials interviewed for this Study\

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Note: \*\* = participants who have since left Hanoi.

## Annex Five: Online References & Related Information

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