

Policy brief:
DFID support for the
MDGs in Vietnam



Introduction

Development cooperation between the United Kingdom (UK) and Vietnam dates back to the early 1960s. It entered a new phase in 1998 when UK-DFID opened an office in Hanoi, appointing a Head of Office in 1999. Soon after, DFID scaled up the level of development assistance to Vietnam substantially. The UK has been one of Vietnam's principal bilateral official development assistance (ODA) donors over the last 15 years. Almost all DFID ODA to Vietnam has been allocated under three so-called pillars: (a) the Millennium Development Goals (MDGs); (b) Governance; and (c) Wealth Creation. The MDG pillar is by far the largest in terms of expenditure; up to 2012, just under 60% of total DFID bilateral support for Vietnam was allocated under it.

Bilateral development cooperation between the UK and Vietnam will end in 2016 with the closure of the DFID office in Hanoi. DFID has engaged Landell Mills to undertake an evaluation of UK development cooperation with Vietnam since 1999. This document summarises and highlights key findings, distilling some emerging key lessons for development cooperation.

The big picture: Vietnam's national development profile



“Vietnam’s MDG performance has been exceptionally good by international standards. It has already accomplished most MDGs, and by 2015 is likely to achieve them all except for the environmental MDG7.”

In the early 2000s, Vietnam was well positioned to embrace the MDGs among its own development policy objectives. This position built on a high-level government commitment to MDG-type objectives, following a strong upward development trajectory during the 1980s. This resulted in Vietnam receiving significant levels of support from the international donor community. There were, however, emerging inequality and governance challenges: in particular, high disparities in living conditions between provinces and groups within Vietnam. Vietnam’s MDG performance has been exceptionally good by international standards. It has already accomplished most MDGs, and by 2015 is likely to achieve them all except for the environmental MDG7. Its performance against MDG1 target (poverty reduction) has been particularly impressive. The target to halve income poverty from its 1990 level by 2015 (see Figure 1) was

achieved by the mid-2000s and by 2015 will have reduced income poverty by more than three-quarters.

Vietnam was heavily supported by the international donor community throughout the 2000s. ODA receipts continued the 1990 trend upward (see Figure 2), resulting in Vietnam being among the top ten aid recipients in terms of ODA volume. Internationally it is considered to be an aid effectiveness success story. The aid architecture in Vietnam did, however, become more congested throughout the 2000s both in terms of the number of donors operating in the country and, in particular, the number of activities they fund, which increased from 72 in 1990 to 3,801 in 2012. Throughout the 2000s, in purely quantitative terms, ODA became a relatively small source of development finance in Vietnam. Private remittances, mainly from Vietnamese living abroad, and foreign direct investment (FDI) were

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more than twice the level of ODA toward the end of the first decade of the 2000s.

While ODA flows to Vietnam might have become low relative to other forms of development finance, they remain high by international standards relative to its population size and gross domestic product (GDP); in fact sufficiently high to expect observable development impacts at the national level. Aggregate ODA to Vietnam has tended to focus on its relatively well-off provinces, with a bias against those with high poverty rates, which has the potential to increase already large gaps in living conditions between provinces. Whether this tendency is intentional or not, or driven by a lack of high level coordination by the GoV and the national and sub-national levels, is a question that requires further investigation.

Vietnam's impressive MDG performance was, however, accompanied by a number of increasingly pressing challenges. Economic growth per capita remained high by international standards, trending downward from the early to mid 2000s (see Figure 3). Governance levels also continued to slide downward, with poorer provinces falling still further behind others. Some poorer ethnic minorities experienced an improvement in their average living conditions (although conversely some areas experienced greater poverty) but still fell further behind the Kinh ethnic majority and many remained very poor (see Figure 4). Environmental vulnerability was assessed to be at an alarmingly high level, with Vietnam judged to be among the most environmentally vulnerable countries in the world. These challenges have made the international donor operating environment much more complicated in Vietnam. This situation faced DFID upon its entry in Vietnam, and throughout the entire period of operations within the country.

Figure 1: Income poverty based on international poverty lines, 1993–2008

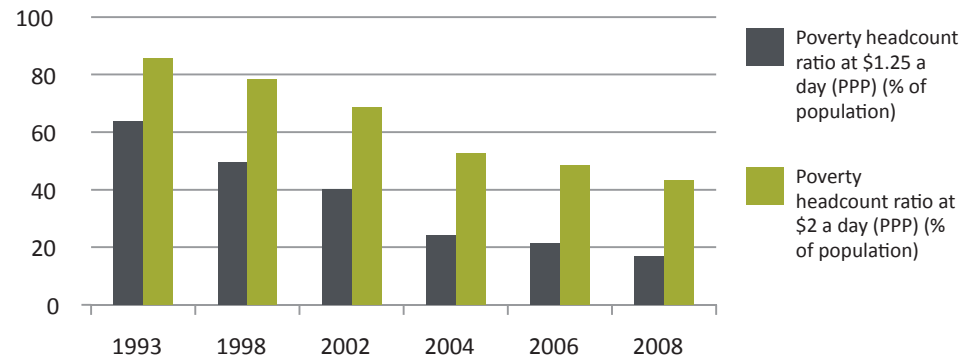


Figure 2: ODA volume, 1990-2012

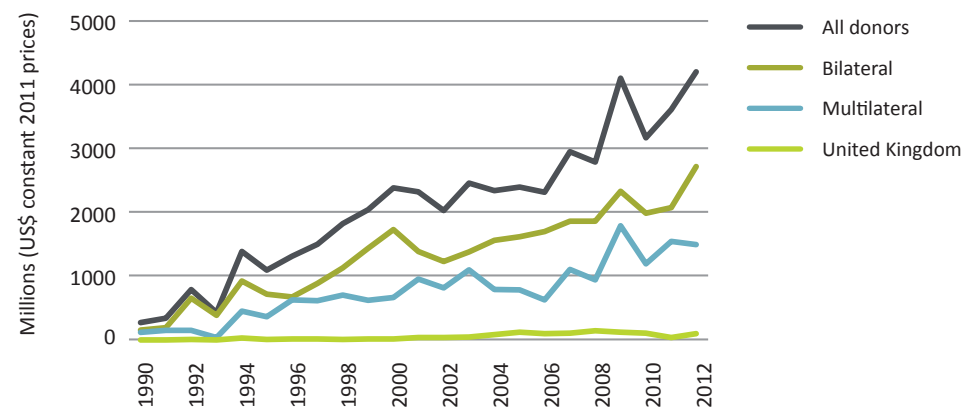


Figure 3: Real GDP per capita growth

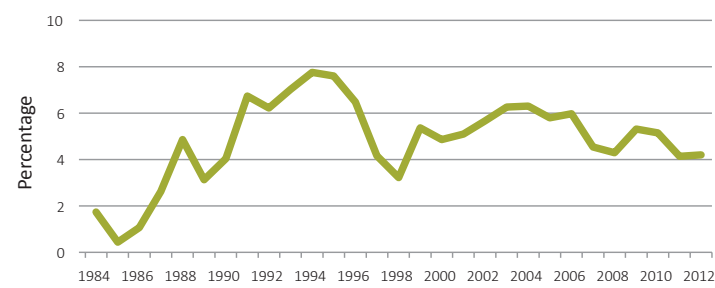
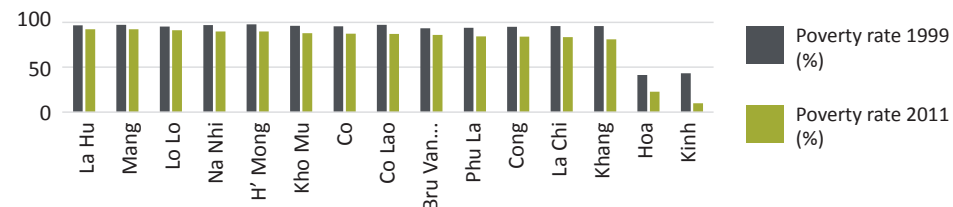


Figure 4: Poverty rates for selected ethnic groups, 1999 and 2011



DFID's bilateral programme in Vietnam has largely been poverty-focused, given that approximately 60% of the support has been devoted directly to the MDGs through its MDG pillar. The annual expenditure on its MDG pillar, measured in terms of disbursements, has followed an upward trend since 2001 (amounting to UK£12.4 million in that year – see Figure 5). The maximum yearly disbursement was £33.82 million in 2007. A total £266.52 million was allocated to the pillar between 2001 and 2013.

The programme has also been focused in terms of the number of activities it has supported – small by the standards of most donors. There have been 34 activities funded under the MDG pillar: 22 of these sit solely under the pillar itself and nine shared with the other two DFID pillars, wealth creation and governance. This selective focus bodes well for the development effectiveness of DFID support. The vast majority (97%) of DFID MDG pillar activities have been delivered either through multilateral agencies or GoV entities (see Figure 6). This is good in terms of the aid effectiveness criteria of harmonisation and alignment. It does, however, involve some risk because it means that DFID is heavily reliant on others to achieve its own operational objectives.

DFID entered Vietnam at a particularly challenging time. Vietnam had made tremendous development achievements throughout the late 1980s and 1990s. But in the late 1990s and early 2000s a number of tensions became apparent; i.e. the “increasingly pressing challenges” noted previously. These challenges exacerbate the case for development partners in Vietnam, including DFID.

Figure 5: DFID MDG pillar disbursements, 2001–13

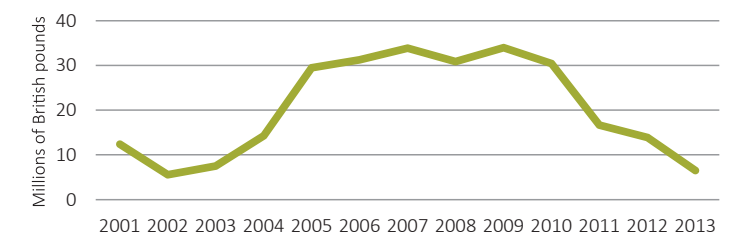
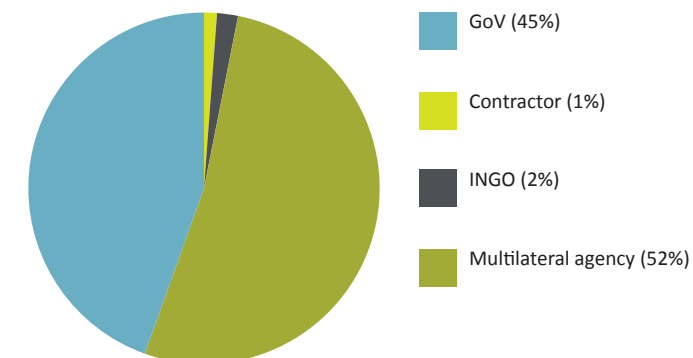


Figure 6: DFID MDG pillar delivery modality, 2001–13



Characteristics of DFID support for the MDGs in Vietnam

The Landell Mills evaluation identified three defining characteristics of DFID support for the MDGs in Vietnam. This identification was based on the analysis as presented above, as well as from detailed case studies. These case studies, programmes and projects that were supported by DFID through working with partner donor agencies and the GoV are listed in Table 1.

The three characteristics are the *strategic consistency* of DFID's development cooperation approach, its *longitudinal programmatic focus*, and its *spatial portfolio selectivity*. In the context of long-term development cooperation, strategic consistency is the extent to which a donor exhibits long-term commitment to a consistent set of development cooperation organising principles. This not only includes formal commitment through planning documents and partner-level agreements, but also to the operationalisation of such principles in everyday interactions. *Longitudinal programmatic focus* is the extent to which a donor exhibits long-term sectoral commitment, "staying the course" in a sector despite the challenges, and building on previous achievements while tackling systemic issues. *Spatial portfolio selectivity* refers to the focus of the DFID portfolio at the activity and sectoral levels. In the evaluation team's view, these combined characteristics are necessary (although not sufficient) conditions for effective development cooperation. The sufficient condition is identified in the following section, when lessons learned are identified.



The quality of DFID support for the MDGs in Vietnam

The Landell Mills evaluation of DFID support for the MDGs was based on a mixed methods approach that combines quantitative and qualitative investigation. The evaluation team examined both the broad development operating environment in which DFID operates as well as carefully selected case studies of DFID activities delivered under its MDG pillar. This investigation was informed by a conceptual framework that provides channels through which development cooperation can potentially reduce poverty and achieve other significant development outcomes in Vietnam. It is also a quality evaluation framework that asks whether aid has addressed pressing development challenges, has been delivered in a manner consistent with the Paris Declaration principles, and whether it is aware of development capacities.

The evaluation crucially rested on four evaluation questions (EQs). The EQs and the evaluation's response to them are as follows:

EQ1 Has UK's development assistance responded to pressing development needs in Vietnam?

UK development assistance delivered through DFID's MDG pillar has responded to pressing development needs, evident at a number of levels. Foremost is the support responding to the most pressing MDG needs: reducing poverty and malnutrition, improving health and education, eliminating gender bias and the promotion of environmental sustainability can hardly be considered as important, non-pressing development needs. One must remember that at the time of the Millennium Declaration in September 2001 Vietnam was still quite some distance short of achieving most of the MDGs, despite its impressive development trajectory at the time.

The sectoral concentration of DFID MDG support in Vietnam was also appropriate, responding to pressing needs. Support for activities including pro-poor service delivery, rural transport and local capacity building are among those having high development priority. A focus on outcomes in health and education in addition to income poverty reduction was also appropriate. This is consistent with contemporary thinking that poverty is multidimensional, and requires a direct focus on non-income dimensions. But one should recognise that Vietnam's pre-MDG development trajectory would have gone a long way to achieving the MDG poverty reduction target without the commencement of DFID support in the late 1990s. As such, achieving the health and education MDG targets were likely to be more challenging for the GoV than achieving the poverty reduction target, i.e. donor support for the former was likely to have greater value added.

Much emphasis was given to the growing disparities in Vietnam during the MDG era, and the relatively low development achievements of some Vietnamese at its start. Those in remote provinces and certain ethnic minorities had the lowest standards of living, hence the concern for disparities. These disparities increased enormously throughout the MDG era, which meant

Programmes supporting poverty reduction (MDG1)

- Ha Tinh Poverty Alleviation Project (HTPAP)
- Northern Mountains Poverty Reduction Programme (NMPRP)
- Capacity Building for Central Region Poverty Reduction Project (CACERP)
- Central Region Livelihood Improvement Programme
- The Socio-economic Development Programme for Ethnic Minorities and Mountainous Areas Phases I and II (P135-I and P135-II)
- Poverty Reduction Support Credit 1 to 10 (PRSC 1-10)
- Poverty Analysis and Policy Advice Programme (PAPAP)
- Public Financial Management Modernisation Project (PFM-MP)
- Rural Transport 1 to 3 (RT1-3)

Programmes supporting education (MDG3)

- English Language Teacher Training Project (ELTTP)
- Primary Teacher Development Project (PTDP)
- Primary Education for Disadvantaged Children's Programme (PEDC)
- Education for All Programme
- School Education Quality Assurance Programme (SEQAP)

Programmes supporting control of major diseases (MDG6)

- Preventing HIV in Vietnam Programme (PHP)
- HIV/AIDS Prevention Programme

Programmes supporting environmental sustainability (MDG7)

- National Target Programme for Rural Water Supply and Sanitation II (NTP-RWSSP II)

Table 1: Case studies of DFID MDG support classified by MDG

that addressing them became an even more pressing development need. DFID's support for activities such as the Ha Tinh Poverty Alleviation Project (HTPAP), Northern Mountains Poverty Reduction Programme (NMPRP), and P135-II, and to a lesser extent the CACERP, were certainly consistent with addressing these disparities, to the extent that they focused on poorer provinces and ethnic minority groups. In many cases, however, the provinces and ethnic groups, while poor by national standards, were clearly not the poorest in Vietnam. Among those activities, P135-II in particular had the potential to target the very poorest, but it is not clear that this actually happened.

This issue is complicated by the evidence that targeting the poorest provinces does not necessarily mean that the poorest people are reached, and that, at the aggregate level, there has been a bias in the overall donor community effort in Vietnam in favour of better off provinces at the cost of the poorer ones. A potential consequence of this bias is that it exacerbates pre-existing differences in living standards if this effort has been effective from a development perspective. Because DFID support was not primarily directed at the poorest provinces means that it might have contributed to this bias. This, however, requires more empirical investigation that comprehensively identifies the allocation of DFID support by province. That such a bias exists is indeed an issue that warrants investigation by the donor community in Vietnam and if validated requires a strong policy response.

DFID's efforts to build the capacity of the GoV bureaucracy, or, more broadly, to improve the operational and technical aspects of governance in Vietnam, arguably were a means to offset the abovementioned bias. Whether these efforts were sufficient is a legitimate question, albeit asked with the benefit of hindsight that DFID would obviously not have had. We return to this issue below, when discussing DFID's contribution to the enabling environment.

DFID's response to pressing development

needs is not isolated to the activities it funded. It also responded to these pressing needs through the leadership and influence it exhibited in championing various issues, including gender equality, women empowerment, HIV/AIDS, and human rights. Not only does the case study and other qualitative investigation of the evaluation point to these issues being raised by DFID, but that the agency influenced action over them through policy dialogue with the GoV. There is also clear evidence of this dialogue having helped sharpen the poverty focus of and harmonising donor support for P135-II. There is evidence that DFID took a lead role in promoting aid effectiveness issues through its participation in the Partnership Group for Aid Effectiveness (PGAE) and the Like-minded Donor Group. All of this evidence would suggest that DFID was a donor that 'punched above' its weight, having the potential for greater impact on development than the level of its expenditure on the MDG pillar would alone suggest. Filling a possible leadership void left by DFID's departure from Vietnam is an issue that donor agencies which remain in the country need to address.

EQ2 Has UK's development assistance been delivered in an efficient, effective and sustainable manner?

On balance, the overall answer to this question is yes as becomes clear if each of the efficiency, effectiveness, and sustainability criteria are addressed individually.

Efficiency

It is abundantly clear from the case study investigation that UK development assistance delivered bilaterally through DFID was efficient, in the sense that it achieved an impressive array of outputs. Almost all the DFID-supported activities involving the delivery of outputs performed impressively in this regard. Arguably the most impressive were the CRLIP and NMPRP.

Among the outputs of the former were:

- 52,181 households trained in ways to improve food security; and
- 32,402 households provided with clean water.

DFID support for the NMPRP resulted in:

- the establishment of commune-level decision-making bodies in all 356 targeted communes; in 20,500 local projects being finalised; and
- in the training of 16,980 commune, district and provincial cadres (the clear majority of which were from ethnic minority groups).

These numbers speak for themselves. Not all DFID-supported activities were as productive as the NMPRP, but generally the DFID's MDG pillar rates very well against intended outputs.

Effectiveness

The question relating to the effectiveness of UK development assistance is significantly more challenging, involving judgements as to whether DFID support contributed to expected or desired poverty reduction outcomes.

At a highly aggregated level it would be easy to conclude that DFID support for the MDGs in Vietnam has been delivered in an effective manner. This is partly based on simple correlations between donor support and MDG or MDG-related achievements in Vietnam. The correlations point to the fact that as donor support has increased quantitatively, child mortality has declined and human development income levels have increased. Yet, while data availability does not allow for a correlation analysis of individual donor support and poverty levels, as overall donor support has significantly increased, the latter has substantially decreased. Because DFID has worked largely through and with others, this might suggest that DFID support has been both efficient and effective. A relative lack of progress on the sustainability MDG (MDG7) does, however, question the sustainability of these achievements. There is also evidence that Vietnam has done very well against almost all MDG targets and

that it is considered an aid effectiveness success story; but the reality is much more complicated. A closer scrutiny of available evidence, looking behind and beyond these associations and Vietnam's MDG and aid effectiveness track record, suggests a rather different outlook.

This closer scrutiny involves looking at the consistency of DFID support with the conditions for effective aid provided by the Paris Declaration principles and consideration of the evidence of multidimensional poverty reduction results identified in the case study investigation.

It is reasonably clear that DFID MDG support scores highly against the Paris principles, due to its working with and through others orientation. Delivering much of the support directly through GoV has promoted ownership, which in turn has created a reasonably high degree of alignment. The same applies to harmonisation, given that much of it has also been delivered through multilateral agencies. As said, 97% of DFID MDG pillar support has been delivered through the GoV and multilateral partners. There also seems to have been a focus on the partners working together in managing for results, albeit with one principal exception relating to P135-II (identified below). Because the MDG pillar exhibits the characteristic of spatial selectivity, this means that it has not placed excessive demands on development capacity, both in terms of placing undue pressure on DFID to deliver aid, and the GoV to absorb aid for development purposes.

Evidence from the case studies is less clear, suggesting that, in some instances, UK MDG pillar support has been highly effective, but less so in others. This could be on account of either a lack of evidence or that particular activities have indeed been ineffective. If we look at support for the HTPAP, there is evidence of some beneficial impact, but the absence of a rigorous *ex post* evaluation makes it very difficult to assess the programme's poverty reducing impact. A similar conclusion applies to the NMPRP: poverty levels in the targeted region decreased but it is impossible to isolate the impact



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owing to it being one of many programmes operating in the area at the time. Similar conclusions are drawn for the CACERP and the CRLIP. In the latter's case, it appears to have resulted in a number of positive outputs, but a lack of sufficient outcome level indicators, and a baseline, makes it difficult to assess the programme's overall contribution to its stated aims – i.e. the achievement of sustainable livelihoods and improved quality of life for the targeted communities.

DFID support for P135-II was arguably the least effective, owing to a situation in which DFID and the GoV seemed insufficiently focused on the same development results. The reason for this is discussed below under EQ4 "lessons learned". The ineffectiveness of P135-II would appear to be self-evident from the outcomes noted in section 3 above, in particular the large increases in standard of living differences between different groups in Vietnam. Of course it could be argued that these differences would have been larger in the absence of P135-II, but a principal objective of the programme was to reduce the differences and at the same time increase absolute living standards. However, the programme did have its successes. There is, in particular, evidence that the programme resulted in higher living standards for the ethnic minority households it targeted. Yet there is clear evidence that the living standards of ethnic minorities fell further behind those of the Kinh, the ethnic majority group.

Support for PRSC 1 seems to be more effective, but not to such an extent that it outweighs the less than convincing evidence for the other targeted activities. Support for rural transport, primary education and environmental sustainability appears to have been delivered in a highly effective manner. Support for rural transport was particularly impressive from an effectiveness perspective: some six million people, one million of whom were poor, attest to this. But it seems that DFID's support for MDG6, through long-term assistance for HIV/AIDS programmes seems to be the most effective of all its MDG pillar

activities; available evidence suggests that it made a critical contribution to the particularly difficult task of reducing the HIV/AIDS prevalence in Vietnam.

Taking into account the material presented above, has UK development cooperation provided under the DFID MDG pillar been delivered in an effective manner? Obviously a clear and unambiguous answer would be desirable. The evidence presented is not, however, sufficiently robust to be able to do so. Evidence is, in short, mixed and points to a paradox in an evaluation of DFID support from 1999. This support has clearly been of high quality and delivered in a manner consistent with the Paris principles. It has also been very focused, both longitudinally and spatially, as noted in the discussion of section 4 on the characteristics of DFID MDG support. So why is the evidence not sufficiently robust to permit an overall positive response to the question at hand? The answer would appear to lie in consideration of the response to EQ3 (below) and the broader enabling environment in which DFID operated. This also has clear ramifications for lessons learned.

Sustainability

The question of sustainability requires us to speculate on whether the benefits of UK support for the MDGs in Vietnam are likely to continue after DFID funding has been withdrawn. The evidence is rather mixed and this, again, dictates that drawing a clear overall answer to the question is difficult. Our response is that UK support was, on balance, delivered in a sustainable manner, although we note that there is evidence that questions the sustainability of a number of DFID-supported activities.

The most sustainable part of the programme is the general budget support and funding for associated technical assistance programmes. This budget support has all the hallmarks of sustainability: it has good ownership and is very much aligned with the priorities of the partners through or to which it was provided. Moreover, the very nature of the support lends itself to sustained benefits.

The PAPAP perhaps best demonstrates this. Poverty reduction and the provision of advice on how to achieve it is clearly a priority of the World Bank in all of its operations. There was also a clear appetite within the GoV and its bureaucracy for more information on, and a greater knowledge of, poverty issues. As such the DFID's funding of PAPAP scores highly in terms of ownership and alignment. In addition, the provision of information on poverty – particularly levels of poverty at particular points in time across Vietnam – not only has immediate but a long-term effect given that it constitutes a baseline for later comparisons.

On the other hand, a number of concerns over a potential lack of sustainability were identified in the case study investigation. There were concerns over the maintenance of the infrastructure items provided by DFID support for the infrastructure components of area-based and targeted poverty reduction programmes and for rural roads. It was noted that there was a lack of appropriate operation systems to provide maintenance, a lack of local commitment to maintain, or an absence of a "maintenance culture". In addition, there were concerns raised in the case study material regarding the continuation of funding by GoV bureaucracies for DFID support in education, HIV/AIDS, and water and sanitation activities. These bureaucracies are at the sub-national level in the cases of education and water and sanitation, suggesting a mix of lack of local ownership and capacity.

EQ3 Has UK's development assistance contributed to an enabling environment for sustainable poverty reduction in Vietnam?

Enabling environment for poverty reduction could take on different meanings and forms. Landell Mills' evaluation found that within the context of UK's development assistance to Vietnam, it is embodied in first, DFID's adherence to the Paris Principle of ownership, and, DFID's strategy of working with the GoV, through which so much of DFID funding was delivered. The former provided

the GoV a sense of ownership over the development policies and strategies supported by DFID while the latter built development capacity within the GoV.

The short answer to the question is yes. Through DFID, UK development assistance has on balance contributed to an enabling environment for sustainable poverty reduction in Vietnam. DFID has its successes in this area, but also instances in which the evidence of success is ambiguous. Yet the enabling environment remains a critical issue for ongoing development progress in Vietnam, and as such this answer requires some elaboration.

It must be remembered that DFID entered Vietnam in a particularly interesting and challenging period of its development history. As noted, Vietnam was very well positioned to tackle the MDGs. It had successfully implemented Doi Moi, growth remained, the blockade had ended, the East Asian Crisis caused some problems but growth recovered, huge reductions in poverty were achieved, and health and education levels were high by developing country standards. Vietnam had a long history of comprehensive development planning, there was the prospect of WTO membership and Middle Income Country status, many donors had returned to Vietnam and it was receiving enormous amounts of aid by international standards, but at the same time was not aid dependent as it also received large amounts of FDI, non-concessional finance and remittances.

But then a few serious challenges started to emerge at the turn of the century. Governance started to become a problem. Decentralisation was putting pressure on local authorities that had very low capacity levels. Inequality began to increase. There was more awareness of the problems faced by some regions and ethnic groups, particularly that their living conditions were lagging behind others. Overall the enabling environment, or the capacity to achieve ongoing development results, started to become far more complicated. It was into this environment that DFID entered in the late 1990 and early 2000s.



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Working with the sub-national Government

There are a number of instances that demonstrate the importance of sub-national partner government systems, but none better than the experience with P135-II funding. As stated, district and provincial government levels reallocated non-P135-II funds away from communes targeted by the programme to non-P135-II communes in an effort to compensate the latter. P135-II communes did not receive any more funding than other communes as a result of this decision, which significantly undermined the very intent of the programme. This possibly contributed to the noted increase in inequality among ethnic groups in Vietnam, i.e. were the non-P135-II communes able to use these funds more effectively for development purposes? This result could be attributed to a lack of capacity of sub-national government, but in other contexts it could occur simply because the relevant level of the partner government did not share the same objectives as other parties, including donors. This is indeed a classic case of the “fungibility” problem of aid, which has long been recognised as an issue for development cooperation. It follows that by “systems” it is not just the mechanisms by which funding is allocated, but the preferences of those individuals responsible for determining and implementing priorities. Effective partner systems were largely in place, although there is evidence that Asia Development Bank systems proved to be problematic on too many occasions and limited development impacts of DFID support delivered through that institution.

There is strong evidence relating to DFID support for poverty measurement, analysis and advice through the PAPAP. Poverty reduction requires good measurement and analysis. Poverty reducing strategies are based on this advice, and DFID through its support for PAPAP clearly made a positive difference in this regard.

It is also clear that DFID sought to promote the enabling environment in Vietnam for poverty reduction by seeking to improve capacity within the GoV and through attempting to reduce bottlenecks to poverty reduction. Its support for rural transport appears to have been effectively delivered. But support for improving the capacity of the GoV is clearly crucial given the DFID operational principle of working through and with others. The evidence of DFID’s success in building this capacity is mixed, as our case study analysis made clear. It was not clear whether capacity enhancement was achieved in all cases. It could be argued that DFID was not sufficiently aware of development capacity bottlenecks in Vietnam, specifically at the sub-national government level, and consequently did not sufficiently build capacity at this level in order to mitigate against it. It remains to be seen whether this was truly the case, but it should be stressed that DFID had some success at building capacity in certain areas.

EQ4 What lessons can be learned from UK’s development cooperation with Vietnam to enhance development effectiveness?

A response to this question follows directly from the above-noted characteristics of DFID support for the MDGs in Vietnam. If acted upon, these lessons can:

- improve DFID development cooperation with other partner countries;
- improve future cooperation between GoV and donor agencies remaining after DFID’s departure;
- improve GoV dealings with donor

agencies and in development policy;

- and improve management activities generally, including those that are not supported by development assistance.

As such the lessons learned potentially apply not just to development cooperation but development effectiveness in general.

There are five main lessons learned from our evaluation of DFID support for the MDGs in Vietnam. The first three are to promote and achieve:

- (a) strategic consistency;
- (b) longitudinal programmatic focus; and
- (c) spatial portfolio selectivity.

We consider these achievements to be necessary conditions for development effectiveness, but themselves are not sufficient for such effectiveness. To promote development effectiveness they should be accompanied by the following fourth lesson learned, which is to ensure that there are in place:

- (d) developmentally capable and effective counterpart and partner systems.

The first three conditions have been outlined in some detail in section 4 above. It is sufficient to note that they are particularly distinctive characteristics of DFID’s support for the MDGs in Vietnam, and if replicated elsewhere will enhance development effectiveness. It is necessary, however, to highlight the importance of having capable and effective counterpart and partner systems.

This is particularly relevant for donors, such as DFID, working with and through others’ orientation in the provision of development assistance. Effective counterpart systems were largely in place on the delivery of DFID support for the MDGs in Vietnam, but not at the sub-national level, where much of the funding for this support was allocated. One reason for questioning the effectiveness and sustainability of DFID support for poverty reduction in Vietnam is the (lacking) capacity of some of its partners to deliver intended development results. This is in spite of DFID efforts to build capacity at the governmental level in Vietnam.

The major single, forward-looking message emerging from the evaluation of DFID’s support for the MDGs in Vietnam is that if donors are to work with and through others, even though such a strategy might make perfect development effectiveness sense in principle, donors must ensure that the “others” have as much development capacity as possible to enable the achievement of donor programme objectives.

The fifth overall lesson emerging from this evaluation is related to the above, it is as follows:

- (e) to ensure that there is greater cognisance of the complexity of targeted poverty reduction and the dynamics of poverty and inequality in Vietnam.

It seems reasonably clear from the evaluation that DFID and the other donor partners that funded P135-II were at best overly optimistic or at worst naïve as to the reality of the fiscal decisions of sub-national governments in Vietnam. It has been suggested that the prime reason for funds being re-allocated away from the targeted communes to ensure those which were not targeted would not be disadvantaged was that regional governments were concerned about a potentially adverse political reaction from the communes not targeted. The likelihood of this might not have been obvious to the donor community in Vietnam, and no amount of prior investigation might have pointed to it. But it does suggest that the donor community was not sufficiently cognisant of the complexity of sub-national targeting of poverty reduction, and that a greater appreciation of these complexities is needed if progress on reducing the significant living standards between ethnic groups and provinces in Vietnam is to be achieved in the future.

The largely historical nature of this evaluation, covering programmes that date back to the 1990s, impose limitations on the breadth of beneficiaries and implementation partners’ interviews. Having adopted a multidimensional concept of poverty, available information on different poverty dimensions were



used to the extent possible. Monitoring of changes over time and with reference to key target groups such as women and ethnic minorities was not always possible due to inevitable data constraints. Over and above these, the evaluation is only a part of a broader work on UK’s development cooperation with Vietnam, which necessarily limited the scope of the investigation as well as the available time and resources for it.

The Landell Mills evaluation highlighted the need for further investigations on areas that are beyond its remit but will benefit the donors remaining in Vietnam and the GoV. It is recommended that further work be undertaken on (i) donor and GoV’s budget allocation at the sub-national level, disaggregated by grants and loans; (ii) policy and instruments to implement and improve impact of both targeted interventions and broad-based growth; (iii) what constitutes an effective graduation approach in various contexts in terms of the length of transition period, communication strategy, and the balance of strategic phase out and setting legacy in the last years; and (iv) the political economy of donors’ portfolio selectivity and systematic focus.

Donors that remain in Vietnam continue to face a number of ongoing challenges in supporting the development efforts of the GoV. Such challenges will be more manageable if donors will gain a better understanding of (i) the allocation of ODA between rich and poor provinces; (ii) ways of effectively supporting ethnic minorities; (iii) the changing nature of poverty and inequality and how aid policy dialogue can reflect these dynamics and keep up with the rapidly evolving landscape; (iv) how to enhance leadership and policy impact around key development issues; and (v) how to support the GoV in focussing on and addressing these issues through aid. More generally, this understanding needs to be built into a more effective development cooperation model that meets Vietnam’s changing development needs. For those donors due to exit Vietnam in the foreseeable future, effective exit remains a challenge and DFID’s experience can provide lessons in this regard.

