



**Mid Term Review of Project 00059714 'Support for enhancing capacity in
advising, examining and overseeing macroeconomic policies'**

Final Evaluation Report

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“Good project that helps to provide information to Party leaders.”

Mr. Nguyen Huu Tu, Vice Secretary of the Central Party’s Office

“The only project where President agreed to involve his office.”

Dr. Bui Truong Giang, General Director of the Department for General Affairs, President Office of Vietnam

“Undoubtedly the most valuable project of UNDP on macro economy.”

Dr. Le Dang Doanh, Senior Economic Advisor

“One of the most influential projects I have ever seen.”

Dr. Nguyen Thang, Director of the Centre for Analysis and Forecasting under VASS

“One of the good projects.”

Mr. Ha Huy Tuan, Vice Chairman of the National Financial Supervisory Commission

“This project has a good impact on policy making process.”

Dr. Vo Tri Thanh, Vice President of the Central Institute for Economics and Management

“It is one of voices that attract attention.”

Mr. Sanjay Kalra, Resident Representative of International Monetary Fund in Vietnam

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Abbreviations

ADB	Asian Development Bank
APR	Annual Progress Report
AWP	Annual Work Plan
CCPD	Common Country Programme Document
CIEM	Central Institute for Economics and Management
CPAP	Country Programme Action Plan
DEPOCEN	Development and Policies Research Centre
DPO	Detailed Project Outline
ECNA	Economic Committee of the National Assembly
GDP	Gross Domestic Product
HPPMG	Harmonized Programme and Project Management Guidelines
IMF	International Monetary Fund
MAG	Macroeconomic Advisory Group
MoF	Ministry of Finance
MPI	Ministry of Planning and Investment
NA	National Assembly
NEU	National Economics University
NFSC	National Financial Supervisory Committee
ODA	Official Development Assistance
PMU	Project Management Unit
PPP	Public Private Partnership
PSC	Project Steering Committee
QPR	Quarterly Progress Report
QWP	Quarterly Work Plan
SMART	Specific, Measurable, Achievable, Relevant, Timely
SOE	State Owned Enterprise
ToR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
VASS	Vietnamese Academy of Social Sciences
VNU	University of Economics and Business
WB	World Bank

Project Synopsis

Project Title:	Support for enhancing capacity in advising, examining, and overseeing macroeconomic policies
Project Number:	00059714
Country:	Viet Nam
Name of Donor:	United Nations Development Programme
Executing Agency:	National Assembly
Implementing Agency:	Economic Committee of the National Assembly
Co-Implementing/Beneficiary Agencies:	Party's Central Office Office of the Government National Financial Supervisory Committee Vietnamese Academy of Social Sciences Office of the President (since 2012)
Project Research Network:	Central Institute for Economics and Management VNU University of Economics and Business DEPOCEN National Economics University National Center for Socio-Economic Information and Forecast Vietnamese Academy of Social Sciences
Government Aid Coordinating Agencies (GACA):	Ministry of Finance Ministry of Investment and Planning
Project Duration:	2010 – 2014
Project Budget:	4 000 000 USD

1. Executive Summary

Mid Term Review of the Project 00059714 'Support for enhancing capacity in advising, examining and overseeing macroeconomic policies' focuses on reviewing and assessing the attained results, relevance, effectiveness, efficiency and sustainability of the Project.

It is an independent evaluation using result based approach that treats the first evaluation criterion 'Project progress and results' as the core and the other three criteria (Relevance, Effectiveness & Efficiency and Sustainability) as measurements of both internal and external factors contributing to/affecting the levels/quality of the project's contributions to the results. Overall approach of the evaluation team was participatory and forward looking. The information about the Project comes from the reports and documents provided by UNDP and Project Office, interviews with stakeholders and official Vietnamese documents.

Major limitation of the midterm review is the problem of finding evidence on the Project contribution to macroeconomic policy changes in Vietnam over past few years. In this respect appraisal of Project contributions is mainly based on stakeholder's and expert's views and opinions and detailed analysis and comparison of project deliverables with official policy documents and laws.

The key findings from the evaluation can be summarised as follows:

Project progress and results

The Project made a good progress in achievement of its overall objective "Enhanced national capacity for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies". There is a common opinion recognising the contribution of the Project to the shift of Vietnam's macroeconomic policy from growth to stabilisation over the past few years. The workshops and fora are believed to create a critical mass that put policy makers under pressure to conduct necessary reforms. At the same time it is noted that the potential of the Project was not fully used, particularly with regard to research and capacity building components. Taking a few procedural and organisational measures proposed in this report would help to improve the results in the final year of the Project's implementation.

The progress has been achieved in both capacity building and macroeconomic policy making result areas of the overall objective and to a limited extent addressed also the intended pro-poor aspects of macroeconomic policies. Overall assessment of Project's contribution to results based on a set of measurable indicators is following:

Project output 1 Policy dialogue made high contribution to both Result 1 Enhanced national capacity for macro-economic policy advising, examination, and oversight and Result 2 Sound and pro-poor macroeconomic policies. Major achievements of the Policy dialogue component are:

- Organisation of 3 fora, 8 policy dialogue workshops, 7 technical workshops, 3 technical seminars and publication of 6 policy notes;
- Establishment of MAG and organisation of 5 official meetings;
- High participation of NA deputies and participation of 23 policy makers from Governmental bodies at workshops and fora;
- High media coverage of workshops and fora;

- Recognised contribution to the shift of Vietnam's macroeconomic policy from growth to stabilisation;
- Confirmed provision of valuable inputs for the National Assembly sessions and discussions;
- Contribution to 8 policy papers on strategic level and 3 ECNA reports;
- Follow-up discussions with the President after each forum;
- Provision of inputs for regular VASS monthly reports for the Government and ad hoc responsive reports elaborated by VASS for the Government;
- Contribution to Governmental decision to stop establishing new economic zones in the old model.

Project output 2 Research made medium contribution to both Result 1 Enhanced national capacity for macro-economic policy advising, examination, and oversight and Result 2 Sound and pro-poor macroeconomic policies. Major achievements of the Research component are:

- 7 research papers published, another 8 research papers under preparation;
- 1 research paper jointly prepared by several research institutions;
- Contribution to 2 law amendments and 1 ECNA report;
- Study on public debt brought alarming data on public debt risks that have been discussed in the XIII National Assembly 5th session in 2013;
- 1 follow-up discussion/presentation to policy makers.

Project output 3 Capacity Building made low contribution to both Result 1 Enhanced national capacity for macro-economic policy advising, examination, and oversight and Result 2 Sound and pro-poor macroeconomic policies. Major achievements of the Capacity Building component are:

- 8 issues of Economic Bulletin published;
- 2 study tours, 2 trainings and 2 workshops organised;
- Participation of 8 policy makers on study tours, 7 policy makers at training on bottlenecks, and 50 policy makers at workshops;
- Contribution to 1 ECNA report;
- Introduction of hearing sessions in ECNA inspired by the study tour to US.

Relevance

In its conception and design, the Project responded directly to the largely under-met needs of the beneficiary agencies for evidence-based policy research and advice. The support for strengthening capacity of both demand (policy makers) and supply sides (research institutions) and the linkages between the two was an appropriate approach to achieve the outcome. In the course of Project implementation, its relevance has been strengthened by addition of the President's Office as a co-implementing partner/beneficiary agency and the recent proposal of the re-established Economic Committee of the Central Party Office to participate in the project as another beneficiary agency.

The policy environment and context over the past years were marked by a shift from growth to stability, strategic orientation on macroeconomic restructuring, but slow implementation of restructuring measures. Relevance of the Project has been confirmed by new challenges resulting from economy entering into a new phase of development, in particular by growing tasks and functions of the National Assembly, the Project's executing agency. On the other hand, evaluators found that the project has not fully adapted planning and implementing to these changes. To achieve better results, actionable research would be needed, defining the reasons for reform implementation's deviations from the plan, providing answers on how to address identified problems, to implement identified solutions, to analyse the implementation of reforms and their economic and social impacts. Support for the implementation of reforms through providing specific

international technical inputs and experiences would be needed. The impact assessments would also be necessary to inform policy debates and discussions on adjustments of reform implementation strategy.

Sustainability

Sustainability of the Project results is still an open issue. It is essential that ECNA has a clear plan/exit strategy after the project is over, but so far there has been not yet a strategy or action plan developed. As reported, ECNA will discuss with UNDP on follow-up work and implementation plan of the project in the next period. Without further donor funding, some activities – in particular fora and selected research activities – may be continued by ECNA, but likely on a smaller scope due to restricted resources and funding. Sustainability of MAG would depend on if and how MAG mechanism could be fully used and institutionalized, which is still not clear. The publication of quarterly bulletins, organisation of study tours and application of innovative mechanisms in research would be unlikely to be continued with no more funding.

Effectiveness & Efficiency

Despite high personal involvement of project managers at PMU and UNDP, the way the Project is implemented significantly differs from management arrangements suggested by DPO which reduces the potential of the Project to achieve better results:

- It is difficult to draw the line between the implementer and beneficiary role of the Project management (which was – as stated in DPO – one of the lessons learned from previous UNDP interventions).
- There is a general tendency to follow rather individual than collective needs, in particular by ECNA that has the biggest share of powers and responsibility for the Project implementation. Up to now, there has been no decentralised implementation of Project activities foreseen by DPO applied.
- Implementation of the project revealed some unbalance in understanding of roles and powers and occasional conflicts between UNDP and the Project office. Nevertheless, the relationship between both parties is adequate and their communication mostly leads to compromising solutions or acceptance of counterpart's arguments.
- National Project Manager works with the Project office part-time (according to DPO it supposed to be a full time position).
- Relatively low role of the Project Steering Committee (DPO foresaw a strong role of the PSC).
- Limited coordination between UNDP and other donors.

Comparing the procedures and delays in the three Project components again reveals the differences between them and indicates additional reasons for their higher/lower contribution to Project results:

Project design suggests MAG a highly respected body that will provide strategic advice and recommendations to top level policy makers. As an intellectual body creating ideas, MAG is supposed to serve all Project beneficiaries and possibly also other institutions beyond the Project framework. However, present composition and utilisation of MAG do not fully reflect its mission set by Project design. Upgrading the role of MAG to strategic level remains a challenge that may contribute to better Project results.

Medium results achieved by research component suffer mainly from procedural issues:

- Identification of research questions to be addressed in the Project is based rather on individual needs of beneficiary agencies than on a broad consensus among concerned stakeholders and experts.
- Restricted competition in some research topics reportedly negatively affects the research results. Moreover, bidding neither encourage cooperation between research institutions nor attracts international experts to an expected extent.
- Difficulties in application of the research quality assurance.
- Delays in all phases of research life cycle that is one of major shortcomings of the project.

Low results of the capacity building component have been caused mostly by procedural reasons, namely by misinterpretation of the designed capacity building activities by Implementing Partner and Co-implementing Partners. Capacity building component of the Project has been designed mainly to support policy dialogue and research, not to cover wide range of training needs of Project beneficiaries and research network. Not accepting this logic by Project managers led to limited application of learning by doing activities, problems and delays in organising training courses, difficulties to provide capacity building to the right target group (policy makers) and unnecessary extensive and expensive training needs assessments.

Comparing the total UNDP disbursement of 824 532 USD spent cumulatively over the period of three years (2010 – 2012) with the wide range of activities conducted and deliverables produced leads to the conclusion that the overall project implementation has been cost efficient. However, a deeper insight shows differences in cost efficiency of activities. While cost/benefit comparison makes clear that the most cost efficient activities are fora and workshops, study tours are the least efficient activity conducted so far. The budget spent on research is too small which discourages the best Vietnamese experts and hinders cooperation between research institutes and involvement of international experts.

Lessons Learned

Lesson 1: Innovative approaches given by the design require utmost attention and thoroughness in their application into practice.

Lesson 2: Overambitious annual planning combined with limited managerial capacity of the Project office leads to delays and affects the quality of deliverables.

Lesson 3: The level of impact on macroeconomic policy and capacity building depends on a mix of several factors: knowledge on the political context and how policy advocacy/advising would best work, relevant topics, reputable experts, high level policy makers, professional work with media and efficient dissemination of policy recommendation notes.

Lesson 4: Inadequate quality control mechanism of research work and low budget on research bring delays and average results.

Lesson 5: Monitoring and Evaluation framework with inclusion of mechanisms and indicators for collecting evidence and monitoring the use of project results in all 3 outputs (dialogues, research, capacity building) for policy making as well as provisions ensuring translation of all Project deliverables into English language shall be established during the inception phase of the project.

Lesson 6: Strong national ownership and commitment from the leaders would be the key in ensuring effective implementation and sustainability.

Conclusions

Conclusion 1: The Project exhibits a strong UNDP added value. All Project stakeholders see obvious benefits and added value from the Project activities in which they participate. In the Evaluator's opinion, the Project is generating added value due to:

- helping to address long-standing structural problems of Vietnam in the field of macroeconomics (less on pro-poor policies);
- supporting the freedom to express often critical views on macroeconomic policies;
- reducing gaps between policy makers and research community;
- facilitating policy debates and evidence based research on national level rather than providing advice; and
- building capacities of ECNA and other co-implementing partners in both macroeconomic policy and project management.

Conclusion 2: The implementation of the Project has constituted a significant challenge for both Project office and UNDP team. Ambitious design, innovative approaches, political sensitivity, difficulties in quality assurance, problems in communication and capacity limitations are the most challenging aspects of this Project. As a result, there are significant differences in progress between the components and a number of activities has not yet been implemented.

Conclusion 3: The Project is now at a critical point, entering into the last third of its implementation period. After lengthy struggling with procedure and delays, the bulk of the research studies are under realization and a number of training activities is under preparation. Remaining 18 months will require high organisational readiness but are an opportunity to improve the performance of the second and third components.

Conclusion 4: The Project is facing new challenges with regard to changing macroeconomic context. Growing significance and scope of the National Assembly's duties and slow implementation of restructuring policies are the recent developments that the Project has to face. A shift to actionable policy dialogue and research would be needed, providing answers on how to address identified problems, to implement identified solutions, to analyse the implementation of reforms and their economic and social impacts.

Conclusion 5: Focusing on quality instead of quantity. The Project shall admit that the design was too ambitious and not all objectives and results will be fully achieved. A pragmatic combination of activities to be supported in 2014 shall be identified, giving the priority to groups of activities that will demonstrate the highest contribution to Project's results and overall Project outcome.

Recommendations

Project Strategy

- UNDP in cooperation with ECNA could add value of the Project by conducting research and policy dialogue on implementation of reforms and their economic and social impacts.
- For the final year of Project implementation it is advisable to focus on activities leading to the best results.

MAG

- The role and membership in MAG shall be reconsidered from the Project design perspective, i.e. MAG members shall interact with top level policy makers and give strategic guidance to the Project.
- Measures should be taken to ensure the sustainability of MAG after the end of the Project.
- Consider creation of thematic subgroups within MAG.

Fora

- Additional efforts should be made to ensure participation of policy makers from Ministries and other executive bodies.
- Agenda and discussions at forums need to be more focused on selected key issue(s) of economy.
- Invite international speakers, preferably from Asian countries with relevant development experiences.
- Invite more representatives of the private sector and regional and local authorities.
- The structure of fora can be improved, e.g. by drafting framework paper outlining the topics and better facilitation of discussions in terms of time and content management.
- Policy recommendation notes shall be published after each forum, disseminated also to governmental bodies and translated into English.

Research

- Topics for research shall be identified by MAG which would shift from institutional needs driven research to country-wide needs driven macroeconomic research.
- Thematic shift of research from identification to addressing problems is needed.
- Consider opening the research network to other research institutions. When doing so, transparent criteria for selection of new network members shall be applied.
- Budget limit for one research should be significantly increased.
- It is necessary to support cooperation between research institutions and increase involvement of international researchers.
- More direct interaction between policy makers and researchers is needed.
- Each research paper should have an executive summary of around 10 pages in a simple language understandable for policy makers.
- Each research paper should be translated into English.

Capacity Building

- Consider introducing learning by doing by sending beneficiary agency's officials to research institutions for solving particular problem.
- Consider conducting capacity building of policy makers by short informal trainings/presentations/sessions in simple language.
- International experts shall be invited to Vietnam. Overseas study tours and trainings are an expensive and thus less efficient alternative.
- Conduct training on policy briefs/executive summaries writing for the researchers in easy-to-understand language for disseminating the research results to the policy makers.

Project Office

- It is necessary to engage an International Economic Advisor as an important quality assurance instrument designed by DPO as soon as possible.
- A monitoring system should be established including early warning provision to reduce delays in research component and indicators and mechanism to collect evidence and measure / assess project impacts on policy change.
- Better coordination among beneficiary institutions, and a more smooth information flow is needed.
- In order to support sustainability of the Project, Project office should take a more proactive role in ensuring results and synthesis in the remaining time.
- Consider making an institutional agreement with a translation agency that would provide translations of all project outputs.
- Increase the quality of reporting. In particular the quality of Annual Progress Reports needs further improvement in terms of completeness, consistency and detail. Minutes shall be taken and circulated at all Project Steering Committee, MAG meetings, AWP meetings, Technical meetings and other project meetings. Consider using the new system of measurable indicators suggested in this report.
- All outputs in both languages and major working documents shall be published on Project website.
- Follow more closely the quality assurance mechanism designed in the DPO, including the segregation of responsibilities, authorities and accountabilities, avoiding conflicts of interest, using the current system of the public research institutions for appraisal and approval of the research funded by the state budget.

2. Introduction

“The purpose of outcome-level evaluation is to find out how UNDP has gone about supporting processes and building capacities that have, indeed, helped make a difference. In doing so, evaluation aims to identify which approaches have worked well and which have faced challenges, and to use lessons learned to improve future initiatives. Evaluation also serves the purpose of holding UNDP accountable for the resources invested in its work.”¹

The UNDP-supported project 00059714 “Support for enhancing capacity in advising, examining, and overseeing macroeconomic policies” aims at strengthening capacity of its beneficiary agencies for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies. This shall be achieved through the accomplishment of three project outputs:

Output 1: Research programmes are developed annually/bi-annually based on key macro-economic policy issues, options and hypotheses identified (on broad consensus basis);

Output 2: Evidence-based macro-economic policy analyses and/or studies are conducted to provide quality inputs to macro-economic policy making; and

Output 3: Capacity of involved policy advising, examination, and oversight agencies and research institutes is strengthened for the former to better understand and use research results and the later to better conduct and communicate research work.

After 3 years of the Project implementation, the Project Steering Committee decided at the Annual Review Meeting held in January 2013 to conduct an independent project mid-term review. Mid-term review shall not only take stock of the project’s progress so far, its contributions to outcomes and lessons on ensuring the most effective project contributions to the outcomes, but also to assess the changing context/situation and help refine the project’s directions both in terms of the substantive contents/areas of support and management/implementation strategy to enhance the project support and contributions to more relevant policy changes in more effective and sustainable manners.

Evaluation activities have been carried out in accordance with the timing and other arrangements set out by the Terms of Reference and the provisions of the approved Detailed proposal of methodology, work plan and research tools. Evaluation took place between June 17 2013 and July 8 2013. Current report has been drafted by Mr. Jan Helbich, international expert and team leader, and Ms. Hoang Thanh Mai, national evaluation expert.

The main text of this Report contains eight Chapters, including the Executive Summary. In particular, the subsequent Chapters of this Report are structured as follows:

- in Chapter 3 we elaborate on the applied evaluation methodology.
- In Chapter 4 we provide an assessment of Project performance to date compared to planned results.
- In Chapter 5 we examine the continuing relevance of the Project.
- In Chapter 6 we analyse sustainability of the Project results.
- In Chapter 7 we consider the effectiveness and efficiency of the Project implementation.
- In Chapter 8 we summarise the lessons learned by this Project and present our conclusions and recommendations.

¹ UNDP Outcome-Level Evaluation: A Companion Guide (UNDP Evaluation Office, May 2011)

3. Evaluation Framework and Methodology

3.1 Objectives and Scope of the Evaluation

The objectives of the independent mid-term review of the project are:

- (i) To assess the project's progress so far, its contributions to outcomes and against expected results defined in the Detailed Project Outline and annual work plans;
- (ii) To assess the ability of the project to adapt to the changing development context/situation and help refine the project's directions both in terms of substantive contents/areas of support and management/implementation strategy.
- (iii) To assess the effectiveness, efficiency, sustainability of the project in planning and implementing the activities
- (iv) To identify lessons for refining the project's future directions both in terms of the substantive contents/areas of support and management/implementation strategy to enhance the project support and contributions to more relevant policy changes in more effective and sustainable manners.

As outlined in the ToR, anticipated scope of work for the midterm review includes, but is not necessarily limited to, conducting necessary assessments to provide the answers to the following review questions:

- *Project progress and results:* What has been the project progress so far, e.g. results at output and outcome (contributions to the outcomes and impacts) levels against the designed/expected results (as stated in Detailed Project Outline and annual work plans), by the output areas (policy research, dialogues and capacity strengthening) and at the project aggregated level?
- *Relevance:* To what extent have the project design (Detailed Project Outline), planning and actual project management, implementation of activities (by outputs and as the whole) been able to take into consideration the changes in the economic context and project's institutional arrangements to ensure that the project support its beneficiary-agencies in addressing relevant issues, produce relevant results and contribute to relevant outcomes? What are the key factors contributing and not contributing to enhancing the project's relevance? This will include a brief analysis of the changes in the economic context and project's institutional arrangements since the project was conceptualized to the current year.
- *Effectiveness and efficiency:*
 - In which areas has the project achieved intended results and why? Have project activities, as a whole, built on the results of each other for the synergy to achieve the planned results in the most effective way? What were the major factors influencing the timeliness and effectiveness of achievement or non-achievement of the project results?; what project implementation and management processes and approaches contributed and/or affected the attainment of project results, for example: examination of preparation and readiness of the project, country ownership, stakeholder involvement, financial planning, effectiveness of national and local implementing agencies and designated supervision agency, coordination mechanism with other relevant donors projects/programmes, and reasons for any bottlenecks and delays in delivery of project outputs, outcomes, etc.?

- Were the activities cost-efficient and was the project implemented in the most efficient way compared to alternatives?
- *Sustainability:*
 - To what extent will the benefits of the project continue after donor funding ceases? What are the major factors influencing the achievement or non-achievement of sustainability of the project?
 - Is there a clearly defined exit strategy and to what extent does it contribute to sustainability?
- *Assessment of Partnership and coordination:* has the project sufficiently coordinated and built on synergies with activities funded by other development partners and undertaken by the project beneficiary-agencies and the project network research institutions? How could such coordination and synergies be improved for enhancing the ability of the project to produce better results and with better effectiveness and efficiency and sustainability?
- *What are the key lessons learned and recommendations* in each of the above mentioned aspects that could be useful inputs to refining the project's future directions both in terms of the substantive contents/areas of support and management/implementation strategy to enhance the project support and contributions to more relevant policy changes in more effective and sustainable manners?

3.2 Methodological Approach

The complexity and multiplicity of Project activities and a relatively high number of stakeholders and beneficiaries necessitates the application of interrelated analytical and participative methods, adapted in the specific context of Vietnamese socio-economic development and institutional setting.

The most challenging questions that the midterm review aimed to answer were related to Project outcomes, i.e. to the extent to which the Project produces the intended improvements, in particular how the Project outputs contribute to macroeconomic capacity building and policy changes in Viet Nam and what can be done to increase their real impact.

As a result of methodological considerations, evaluation team developed an Analytical Framework for Result Based Approach that suggests treating the first evaluation criterion 'Project progress and results' as the core and the other three criteria (Relevance, Effectiveness & Efficiency and Sustainability) as measurements of both internal and external factors contributing to/affecting the levels/quality of the project's contributions to the results.

More specific, the relevance criterion analyses and assesses in how far and why the given level (high or low) of Project's contributions to the results was influenced by the relevance of the project interventions. The assessment looks at different stages of the Project life cycle (design / planning / implementation) and tries to identify the respective factors.

Similarly, effectiveness and efficiency criterion analyses and assesses in how far and why the given level of Project's contributions to the results was influenced by different effectiveness and efficiency of the project interventions.

Sustainability is a forward looking criterion. Evaluators analysed and appraised measures already taken and possible provisions and factors that would support the sustainability of results after the end of the Project funding.

Given the lack of quantitative data it was particularly important to check and validate the findings. Their consistency and reliability was increased by using more than one source of information, reviewing findings with stakeholders during the evaluation process and what is most important, by trying to identify objective and clear evidence. Possible sources of evidence on project achievements (with different relevance and reliability) have been found in adopted policy documents, statements of policy makers, media releases, experts' opinions etc.

Recommendations are addressing the identified factors behind the high/low levels of project's contributions to results. They have been drawn from two perspectives: 1) operational perspective that suggests possible modifications of the current project for the last year of its implementation (2014), and 2) strategic perspective that provides recommendations and lessons learned to enhance the design of future interventions in this area.

Overall approach of the evaluation team was participatory and forward looking. Independent nature of the midterm review allowed evaluators formulate their own judgments. Nevertheless, evaluators did their best to formulate justified and unbiased conclusions, reflecting balanced views and attitudes of different stakeholders.

3.3 Limitations

Major limitation of the Midterm review is the problem of finding evidence on the Project contribution to macroeconomic policy changes in Vietnam over past few years. Complexity and sensitivity of policy making process and lack of reliable data does not allow the application of quantitative evaluation methods. In this respect appraisal of Project contributions is mainly based on stakeholder's and expert's views and opinions and detailed analysis and comparison of project deliverables with official policy documents and laws. Although the list of persons interviewed includes many respected Vietnamese economists whose involvement increases the relevance and reliability of the Report's findings, many of them were involved in implementation of the Project and thus may tend to present the Project in more positive light than the reality.

Another limitation is the fact that evaluators didn't have the opportunity to interview all relevant stakeholders. In particular, the Office of Government (as Project's co-implementing/beneficiary agency) is the most important institution missing on the list of Midterm review interviews. In addition to that, the reliability of findings could have been supported by interviews with policy makers who were supposed to use Project deliverables in their daily work. Unfortunately neither evaluation team nor Project office succeeded in arranging interviews with National Assembly deputies and/or other policy makers. However, by the end of the evaluation, the evaluation team could collect some opinions from NA deputies through a questionnaire (3 out of 7 deputies responded to the questionnaire).

A methodological limitation is given by the timing of the evaluation. In general, impacts refer to consequences of the project/program beyond the immediate effects and thus are not necessarily measurable during the implementation phase. Considering that it is a midterm review of an on-going project, only initial impacts of the intervention could have been identified. Further impacts on capacity building and macroeconomic policy making may come into effect later.

Another obstacle in evaluating the progress of the Project is absence of an evidence tracking system. Project office is not keeping records of achievements at the result level and due to that some reported outcomes could not have been tracked.

4. Project Progress and Results

The Project targets UNDAF outcome 1 “Economic growth is more equitable, inclusive and sustainable”, One Plan II outcome 1 “Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions” and output 1.10 “Knowledge increased and policy options identified to promote more pro-poor public finance policies that take into the account the impacts of trade liberalization and financial reforms”. The Project aims to contribute also to the One Plan III Outcome 1.1 “By 2016, key national institutions formulate and monitor people-centred, green and evidence-based socio-economic development policies to ensure quality of growth as a middle-income country”, and Output 1.1.2 “Strategic options for development policies defined and considered by policy-makers to promote inclusive, people-centred and equitable development”.

Contributions to the above mentioned One Plan Outcome and Country Program Output have been achieved through the implementation of the Project overall objective “Enhanced national capacity for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies”, and production of the key outputs. The Project has made progress in both capacity building and macroeconomic policy making result areas of the overall objective.

Although the implementation remains mainly on macroeconomic level, the intended pro-poor aspects of macroeconomic policies have been addressed by the project as well. Pro-poor aspects, equitable and inclusive growth such as social security, employment, poverty reduction, living standard improvement, vulnerability of agricultural and rural households, green economy, social impact from real estate market crisis, etc. were raised in fora, workshops and to limited extent analysed also by research papers. For more details see Annex 2 – Pro-poor Aspects of Policy Dialogue and Research.

Each Project output is structured into several groups of activities that are expected to produce results/key deliverables. An overview of Project deliverables produced up to 1 July 2013 is displayed in Annex 1 List of Project Deliverables.

Assessment of the Project’s contribution to achievement of the results and overall objective including the interlinks between activity groups and output areas are presented in Diagram 1: Interlinks and Contributions (see next page).

Methodological note: Some activities and deliverables have been financed from budget lines that don’t fully correspond to their purpose and contribution, e.g. study tour to US has been paid under activity group 1.1 although it is a capacity building exercise (3.2); workshop on inflation targeting (budget line 1.1) and workshop on macroeconomic indicators (budget line 1.3) are rather capacity building activities (3.2); policy notes following workshops and fora are financed under activity group 3.2 instead of 1.1. This section treats them according to their logical contribution rather than respective budget line.

Diagram 1: Interlinks and Contributions

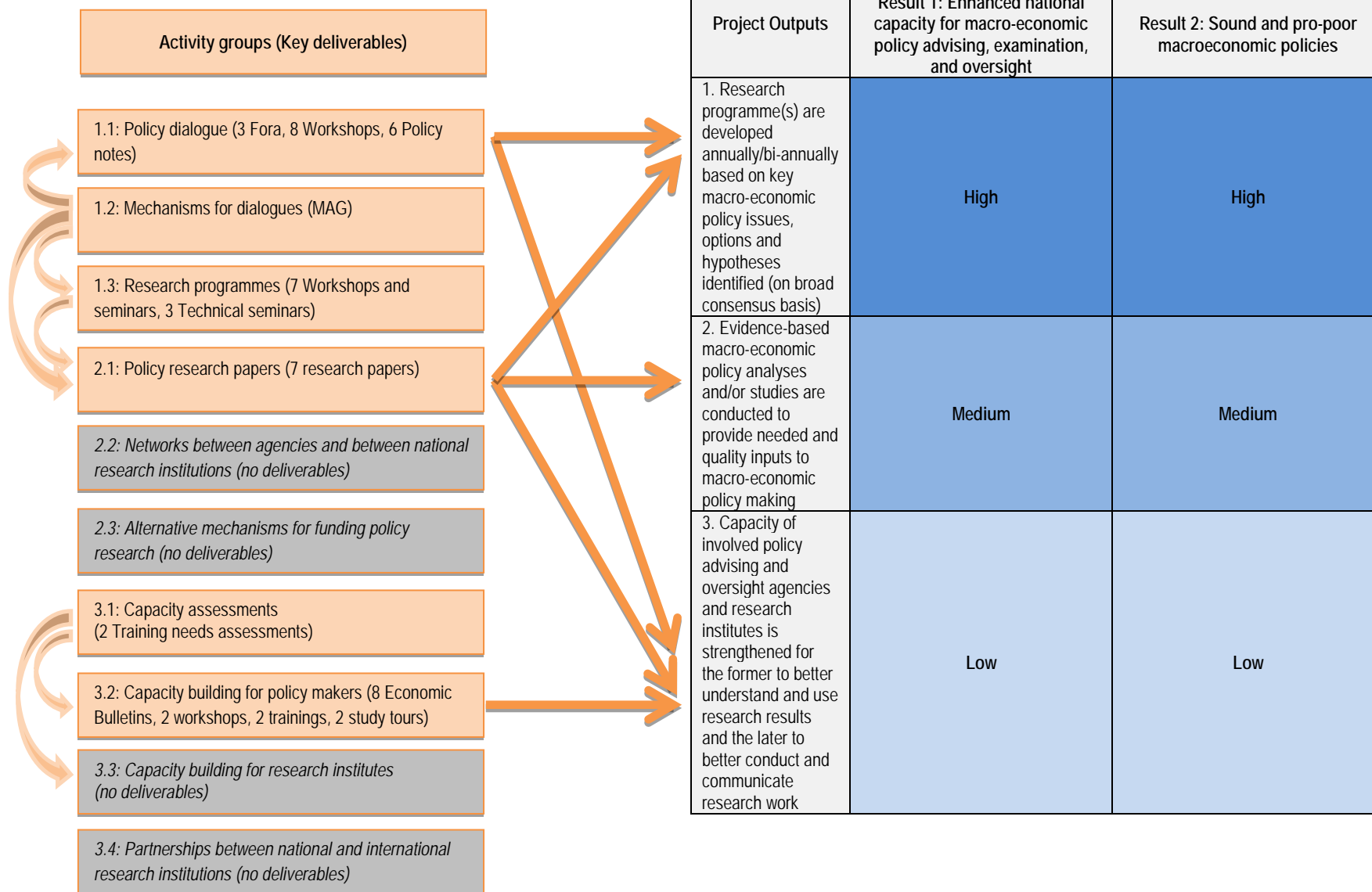


Diagram 1: Interlinks and Contributions summarises major Project progress findings of the midterm review. It can be interpreted in the following way:

- Only 6 out of 10 activity groups have been implemented so far. Activity groups 2.2 Networks between agencies and between national research institutions, 2.3 Alternative mechanisms for funding policy research, 3.3 Capacity building for research institutes and 3.4 Partnerships between national and international research institutions have not yet contributed to Project results.
- Activity groups 1.1 Policy dialogue, 2.1 Policy research papers and 3.2 Capacity building for policy makers directly contribute to achievement of Project results.
- Activity groups 1.2 Mechanisms for dialogue, 1.3 Research programmes and 3.1 Capacity assessments are supporting activities increasing the contribution of activity groups 1.1, 2.1 and 3.2 to Project results. The fact that MAG (1.2) is just a supporting mechanism for other activity groups (instead of direct contribution to capacity building and policy making) is considered as one of major gaps of the Project.
- Activity group 1.1 Policy dialogue contributes to Project output 1 and Project output 3 (learning by participation at policy dialogue events and disseminating policy notes).
- Activity group 2.1 contributes to all Project outputs (to Project output 1 by providing inputs for discussions at fora, to Project output 3 by learning by doing research).
- Activity group 3.2 contributes only to Project output 3. Capacity building for research community has not yet been implemented thus there is no contribution to Project output 2.
- The level of contribution of the Project output 1 to both Project results is assessed as high. The level of contribution of the Project output 2 to both Project results is assessed as medium. The level of contribution of the Project output 3 to both Project results 1 is assessed as low.

The above assessment of the level of contribution to Project results is based on a set of measurable indicators which have been compiled as a combination of selected (measurable) indicators defined by DPO² and additional indicators developed by Evaluators for this purpose. Although there is a lack of data on their actual achievement they can be used for monitoring of Project progress for the remaining 18 months of Project implementation.

Measurable Indicators and their actual achievement are presented in the table below:

² Surprisingly, indicators defined by the Detailed Project Outline have not yet been monitored. It was noted that DPO is not a binding document for UNDP; rather the AWP with specific project activities were discussed and agreed among the concerned organizations and signed by the Project Director and UNDP Country Director. However, assessing the progress against the DPO could probably be the first attempt to assess the progress of the Project by fulfilment of indicators. In addition, it has to be stated that the indicators set by DPO are rather qualitative and thus not necessarily SMART: several indicators are not measurable and/or have no target values.

Project Outputs	Table 1: Contribution to Project Overall Objective	
	Result 1: Enhanced national capacity for macro-economic policy advising, examination, and oversight	Result 2: Sound and pro-poor macroeconomic policies
1. Research programme(s) are developed annually/bi-annually based on key macro-economic policy issues, options and hypotheses identified (on broad consensus basis)	<p><u>Overall assessment of contribution: HIGH</u></p> <ul style="list-style-type: none"> • Number of effective mechanisms for dialogues between involved policy making/advising, examination and oversight agencies and policy researchers established and institutionalized (<i>MAG established but only informally institutionalised</i>) • Number of policy makers³ participating in policy dialogue events (<i>High participation of NA deputies + 23 policy makers</i>) • Number of follow-up discussions/presentations with/to policy makers (<i>Follow-up discussions with the President reported</i>) • Number of ad-hoc policy questions raised by policy makers addressed by MAG (<i>1 - the 5th MAG meeting on Macroeconomic indicators</i>) • Number of policy notes disseminated to policy makers and concerned stakeholders (<i>6 with a total of 4000 copies</i>) • Number, timeliness, and clearness of policy questions raised by policy makers referring to the conclusions/recommendations provided by policy dialogue events and/or policy notes (<i>reportedly higher number and better quality of questions/issues raised by NA deputies in NA sessions</i>) 	<p><u>Overall assessment of contribution: HIGH</u></p> <ul style="list-style-type: none"> • Number of macro-economic policy issues/hypotheses identified annually based on broad consensus for research work (<i>No evidence⁴</i>) • Evidence based number of policies influenced by the policy dialogue activities (<i>8 policy papers on strategic level + 3 ECNA reports</i>)
2. Evidence-based macro-economic policy analyses and/or studies are conducted to provide needed and quality inputs to macro-economic policy making	<p><u>Overall assessment of contribution: MEDIUM</u></p> <ul style="list-style-type: none"> • Number of policy research papers produced annually which are (i) based on and meeting the demand of policy makers/policy advising, examination and oversight agencies on macro-economic management; (ii) evidence-based and up to good/international standards/quality; and (iii) used for macro- 	<p><u>Overall assessment of contribution: MEDIUM</u></p> <ul style="list-style-type: none"> • Evidence based number of policies influenced by / referring to Project research papers (<i>3 - Amendment of the Corporate Income Tax Law, Amendment of the Law on Cooperatives and ECNA Appraisal Report 1123/BC-UBKT13</i>)

³ For the purpose of this report policy maker is defined as Department Director/Deputy Director or higher level official at the Ministry or other state executive body and the macro-economic policy advising, examination, and oversight agencies. National Assembly Deputies are classified as policy makers as well.

⁴ There was no evidence provided on macro-economic policy issues/hypotheses identified annually based on broad consensus for research work, and if any, not to the expected level. Possibly there have been some policy issues consensually agreed on workshops and forums. Regarding the topics for research work, although a research master plan was designed, it is not fully followed, and there is no broad consensus among beneficiary agencies reached at the expected level (for more details see section 7 Effectiveness and Efficiency).

	<p>economic policy making (7 policy papers published)</p> <ul style="list-style-type: none"> • Number of effective networks between agencies in charge of macro-economic policy advising, examining, overseeing, and making established and institutionalized (0) • Number of effective networks/partnerships between national research institutions established and institutionalized (0) • Number of research studies jointly prepared by at least 2 research institutions (1 - 2012 Macroeconomic Report) • Number of research studies jointly prepared by Vietnamese and international researchers (1 - the research Estimating Potential Output for Vietnam by DEPOCEN involved 1 international expert) • Number of follow-up discussions/presentations with/to policy makers (1 - Workshop on Inflation targeting) • Number of researchers benefiting from learning by doing research (No exact evidence, reportedly medium) • Number of research reports disseminated to policy makers and concerned stakeholders (7 with a total of 4900 copies) • Number, timeliness, and clearness of policy questions raised by policy makers referring to the conclusions/recommendations provided in research papers (reportedly research results used by NA deputies) 	
<p>3. Capacity of involved policy advising and oversight agencies and research institutes is strengthened for the former to better understand and use research results and the later to better conduct and communicate research work</p>	<p><u>Overall assessment of contribution: LOW</u></p> <ul style="list-style-type: none"> • Number of effective long-term partnerships between national and international research institutions established (0) • Number of policy makers participating in trainings (6 deputy directors and 1 director at the training on bottlenecks) • Number of policy makers participating in study tours (3 high level members of ECNA in study tour to US, 2 high level members of ECNA cum NA deputies, 1 of Economic Department of ECNA, and 2 other NA deputies in study tour to Bulgaria, Czech Republic and Poland) • Number of policy makers participating in learning by doing activities (26 policy makers from ECNA, beneficiary agencies at workshop on macroeconomic indicators and 24 policy makers from ECNA, beneficiary agencies and State Bank at workshop on inflation targeting) 	<p><u>Overall assessment of contribution: LOW</u></p> <ul style="list-style-type: none"> • Evidence based number of policies, processes influenced by capacity building activities (2- Hearing session by ECNA after US study tour, ECNA Appraisal Report 1123/BC-UBKT13 with input from bottlenecks training)

	<ul style="list-style-type: none"> • Number of capacity building activities conducted upon ad hoc request from policy makers (2: Workshop on macroeconomic indicators requested by ECNA and Workshop on inflation targeting requested by the State Bank) • Number of macroeconomic bulletins disseminated to policy makers and concerned stakeholders (8 with 700 copies/each) • Number, timeliness, and clearness of policy questions raised by policy makers referring to macroeconomic bulletins (reportedly macroeconomic bulletins used by NA deputies) 	
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More details on actual achievement and factors influencing the level of contribution to Project results are provided in the following sections.

4.1 Appraisal of Project Results

Detailed Project Outline provided an indicative budget of 4 Mil USD spread over 5 years of implementation (2010 – 2014) which foresaw a yearly budget of 640 – 910 thousand USD. This rough initial estimate has been provided for the purpose of getting the project approved by the Vietnamese counterparts.

As shown in the table of financial management from the beginning of the project until the end of 2012, the real annual allocations approved in Annual Work Plans have been significantly lower than the estimates in the project design:

Table 2: Project Financial Situation

Budget line	DPO allocation cumulative 2010 - 2012	AWP allocations cumulative 2010 - 2012	Disbursed cumulative 2010 - 2012	Disbursed / Allocated by AWP
Project output 1 Policy Dialogue	449 000	300 212	350 015	117%
Project output 2 Research	1 028 000	735 433	244 078	33%
Project output 3 Capacity Building	567 800	367 366	109 149	30%
Project Management	511 200	355 758	121 291	34%
Total	2 556 000	1 758 769	824 532	47%

The real drawing of funds reached only 47% of annual allocations given by Annual Work Plans. While the cumulative annual allocation 2010 – 2012 for the Project output 1 Policy Debates has been overdrawn by 17%, the other two project outputs as well as the project management spent only around one third of their budget. It can be stated that the level of spending corresponds to the level of activity in all three components as well as to the level of their contribution to Project results. Under-spending in Project management component is caused mainly by the absence of International Economics Expert and affects both capacity and quality of work performed by the Project office.

Project Output 1: Research programmes are developed annually/bi-annually based on key macro-economic policy issues, options and hypotheses identified

Although the title of the project output 1 does not clearly indicate the content of its activities, it is the most visible output having the highest impact on macroeconomic policies in Vietnam. In the frame of the *Activity group 1.1: Public debates*, there have been so far 9 workshops, 3 fora and 1 study tour. *Activity group 1.2: Mechanisms for dialogues* lead to establishment of the Macroeconomic Advisory Group (MAG) and organisation of its five meetings. *Activity group 1.3 Development of research programmes* supported project management and research activities (conducted under project output 2) by organising 4 meetings on annual working plans and 7 seminars related to research. For more information on how activities are being implemented and what are the major factors influencing the achievement or non-achievement of the project results, please refer to Section 7 Effectiveness and Efficiency.

Evaluators identified the following evidence of Project output 1's contribution to macroeconomic capacity building and policy changes in Vietnam:

At the strategic level, majority of interviewed stakeholders recognise the contribution of the project's debates and recommendations to the shift of Vietnam's macroeconomic policy from growth to stabilisation. Although the impact may not be measurable, thanks to good attendance, open discussions, excellent media coverage and effective dissemination of policy briefs and notes, the workshops and fora are believed to create a "critical mass" that put policy makers under pressure to conduct necessary reforms. Macroeconomic strategic turn from growth to stability resulted in adoption of many policies:

- Resolution 11/NQ-CP on "Main solutions to control inflation, stabilize macro economy, ensure social security" adopted by the Government of Vietnam on 24 February 2011. Stabilisation package includes prudent monetary policy, strict fiscal policy, decreasing public investments, reducing the over-expenditure of the State budget and export promotion that have been addressed also in the project's workshops held in 2010. Level of compliance between the Resolution 11/NQ-CP and the policy notes "Overcoming challenges of crisis: Viet Nam's Economy in 2009 and Prospects for 2010" (published in May 2010) and "Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam's Economy in 2010 and Prospects for 2011" (published in October 2010) is in both cases high (see Annex 3). 3rd Resolution of Central Party adopted in October 2011, setting the overall objective for the next years on "fast and sustainable economic development, linked with reform of growth model and restructuring in the direction of improving quality, efficiency and competitiveness" and the orientation for 2011-2015 period with the focus on 3 most important areas (i) investment restructuring with focus on public investment, (ii) financial market restructuring with focus on restructuring of commercial banks and financial institutions, (iii) State owned enterprises restructuring with focus on economic groups and state owned corporations. In particular the workshop "Vietnam's economy: issues in the medium and long run" held in Can Tho city in March 2011 and the workshop "Vietnam economy in 2011, Prospect in 2012 and Measures for implementing Socio-economic Development Plan of 2011-2015" held in Ho Chi Minh city in September 2011 proposed the policy recommendations corresponding to the above orientations. Level of compliance between the 3rd Resolution of Central Party and the policy note "Viet Nam's Economy: Issues in Medium and Long-run" (published in July 2011) is high and the policy note "Viet Nam's Economy in 2011, Prospects for 2012 and Measures to Implement 2011-2015 Socio-economic Development Plan" (published in October 2011) is medium (see Annex 3).

- Directive 1792 by the Prime Minister dated 15 October 2011 on “Strengthening investment management from state budget capital and government bonds capital” set stricter new rules for public investments. The recommendations given by the policy note following the workshop “Public investment restructuring in the context of the reform of growth model and restructuring the economy” held in December 2010 are highly relevant to this Directive (see Annex 3).
- Resolution 10/2011 on Social Economic Plan for 2011 – 2015 period adopted by the National Assembly on 8 November 2011 defined the restructuring priorities (corresponding to recommendations provided by the workshop “Vietnam’s economy: issues in the medium and long run” in March 2011 and the workshop “Vietnam economy in 2011, Prospect in 2012 and Measures for implementing Socio-economic Development Plan of 2011-2015” held in Ho Chi Minh city in September 2011), including public investments, financial market, state owned enterprises, inflation, monetary policy, fiscal policy, export and import. Level of compliance between the Resolution 10/2011 and the policy note of the workshop “Vietnam’s economy: issues in the medium and long run” (published in July 2011) is high and the policy note “Viet Nam’s Economy in 2011, Prospects for 2012 and Measures to Implement 2011-2015 Socio-economic Development Plan” (published in October 2011) is medium (see Annex 3).
- Directive 11/CT-TTG by Prime Minister on “Duties for implementation during 2013 – 2015 period to implement overall Project on economic restructuring associated with reform of growth model in the direction of improving quality, efficiency and competitiveness during 2013-2020 period” issued on 19 June 2013. This Directive follows the Prime Minister’s Decision 339/QĐ-TTg of 19 February 2013 on “Approval of overall Project on economic restructuring associated with the reform of growth model in the direction of improving quality, efficiency and competitiveness during the 2013 – 2020 period”. Directive 11/CT-TTG has been issued after critical voices pointing the Government’s reluctance in implementation of measures of economic restructuring grew stronger. According to Dr. Le Dang Doanh, Senior Economic Expert, the Spring Economic Forum 2013 “Vietnam’s economy in 2013 - Restructuring the economy - A year look back” organised in Nha Trang in April 2013 has been one of the loudest voices calling for action. There has been no policy note following the Spring Economic Forum 2013 published so the level of compliance could have been checked by reviewing presentations and discussions⁵ that recommended measures for restructuring in three core areas (SOE, commercial banks, public investment), calling the Government to take more concrete and quicker actions for reform. Level of compliance between the Directive 11/CT-TTG and forum recommendations is high (see Annex 3).
- Annual resolutions by the National Assembly on Socio Economic Development Plans in 2011, 2012 and 2013 set the objectives, duties and solutions for each year, highly in line with the policy recommendations proposed in economic fora and workshops. The resolutions in all the 3 years pursue the objective of maintaining macroeconomic stability, controlling inflation, restructuring macro economy, renovating growth model and ensuring social security. In particular, the level of compliance between Resolution 51/2010/QH12 dated 19 November 2010 on Socio Economic Development Plan in 2011 and the recommendations of the workshops “Overcoming challenges of crisis: Viet Nam’s Economy in 2009 and Prospects for 2010” and “Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam’s Economy in 2010 and Prospects for 2011” is high. Similarly, the level of compliance between Resolution 11/2011/QH13 on Socio Economic Development Plans in 2012 on 9 November 2011 and policy recommendations in the workshop “Viet Nam’s Economy: Issues in Medium and Long-run” is high. Finally the level of compliance between the Resolution

⁵ Source: <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/kinh-te-co-xu-huong-xau-di-tren-nhieu-phuong-dien-2727430.html>

31/2012/QH 13 on Socio Economic Development Plan in 2013 approved on 8 November 2012 and policy recommendations from 2012 Spring and Autumn Economic fora is high (see Annex 3).

Box 1: Economic workshops – an effective information channel for National Assembly Deputies

The policy brief and discussion papers of the 2 workshops “Overcoming challenges of crisis: Viet Nam’s Economy in 2009 and Prospects for 2010” in April 2010 and “Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam’s Economy in 2010 and Prospects for 2011” in September 2010 provided important recommendations on the strategic directions in the next period of 2011-2015, particularly the shift from growth to macroeconomic stability. The analysis and recommendations from the workshops on ensuring economic stability, controlling inflation, improving public investment effectiveness, reducing state budget deficit, controlling trade deficit, restructuring SOE provided relevant and useful inputs for the NA deputies when making enquiries to the Government officials in XII NA Sessions 7&8 (May/June and October/November 2010). The Deputies sent a total of 228 questions in writing to the Government representatives during XII NA 8th session, including 44 questions to the Prime Minister. The macroeconomic questions focused on burning issues such as containing inflation, controlling price, reducing trade deficit, restructuring SOEs, resolving public debt, etc.⁶ As a result of this XII NA 8th session, the NA Resolution on Socio Economic Development Plan in 2011 was approved on 8 November 2010, with the overall objective “Increase macroeconomic stability and control inflation, associated with renovation of growth model and shifting of economic structure, improve quality, efficiency and competitiveness of the economy, ensure social security and benefits, improve the lives of the people”. Following this Resolution, 3 months later, to speed up the implementation of controlling inflation, stabilizing the economy and ensuring the social security in the face of the increasing price, instability and risks, the Government issued the Resolution 11/NQ-CP on “Main solutions to control inflation, stabilize macro economy, ensure social security” on 24 February 2011. The Resolution 11 affirmed that “focus on containing inflation, stabilizing the economy and ensuring social security is the key and urgent task”, and specified the solutions and duties of the concerned government bodies for the implementation of these solutions.

Project deliverables had an impact on the following activities of the National Assembly / ECNA:

- ECNA Appraisal Report 1821/BC-UBKT12 “Assessment the implementation of NA Resolution on Socio Economic Development Plan in 2010; Directions and Duties on Socio Economic Development Plan in 2011” dated 18 Oct 2010 set the overall goal of 2011 as strengthening macroeconomic stability and defined related macroeconomic targets that have been addressed also by the project’s workshop “Overcoming crisis: Vietnam’s economy 2009 and its 2010 outlook” held in Tam Dao in April 2010. Level of compliance between the Appraisal Report 1821/BC-UBKT12 and the policy note “Overcoming challenges of crisis: Viet Nam’s Economy in 2009 and Prospects for 2010” (published in May 2010) is high (see Annex 3).
- ECNA Report 430/BC-UBKT13 “Some opinions on Overall Project on Economic Restructuring linked with growth model renovation in the direction of improving the quality, efficiency and competitiveness” dated 18 May 2012 gave comments on the objectives, directions and solutions set out in the Overall Project on Economic Restructuring of the Government. The report is highly corresponding to the policy note Viet Nam’s Economy in 2012: Strongly Initialising Economy Restructuring Process (published in May 2012) following the Spring Forum 2012 (see Annex 3).
- ECNA Appraisal Report 1123/BC-UBKT13 “Assessment the additional results of the implementation of NA Resolution on Socio Economic Development Plan in 2012, the

⁶ Source: <http://www.baomoi.com/Thu-tuong-Chinh-phu-tra-loi-chat-van-tai-ky-hop-thu-8-Quoc-hoi-khoa-XII-Se-cong-khai-ket-luan-truy-trach-nhiem-vu-Vinashin/144/5261712.epi>

implementation of Socio Economic Development Plan in 2013” dated 17 May 2013 provided critical opinions on economic restructuring and proposed recommendations on duties and solutions that are in line with the Spring Economic Forum 2013 “Vietnam's economy in 2013 - Restructuring the economy - A year look back” organised in Nha Trang in April 2013. The level of compliance between Forum’s presentations and discussions and the Appraisal Report 1123/BC-UBKT13 is high (see Annex 3).

- As reported by ECNA members, the Project provided valuable inputs for them to exercise the function of socio economic policy advising, appraising and overseeing, to contribute opinions on law drafts and resolutions. The policy notes, discussion papers in the fora and research reports provided them with concrete analysis, evidence and data to question the government executives in the National Assembly sessions on implementation of resolutions and policies. The project outputs were also used in preparing socioeconomic appraisal reports and NA resolutions on annual socio economic development plans (in 3 years – 2011, 2012, 2013). (See Box 2 – Some Statements by NA Deputies).

Box 2: Some Statements by National Assembly Deputies

NA Deputy Tran Du Lich: *“Most of my speeches on macroeconomic issues in NA sessions cited contents from project’s documents and results of the fora that the project organized. I myself have mused much of the contents of ECNA Appraisal Reports on Socio Economic Plans to question the government officials and propose solutions to the NA. Mostly recently, in XIII NA 5th Session, I questioned the executives on the divestment of economic groups and state corporations, the effectiveness of using state financial resources, etc.”*

NA Deputy Nguyen Huu Duc: *“Many contents in policy recommendations from the project-sponsored economic fora provided a basis for NA deputies to raise issues, discuss, and question government executives in NA sessions. In the last XIII NA 5th Session, I questioned the government members on the issues related to the topics discussed in spring economic forum in Danang, e.g. I questioned the Minister of Planning and Investment on progress in restructuring groups and state corporations and steps for implementing restructuring project, the Minister of Finance on results of implementation of socialization policy in some areas such as healthcare, sports, to reduce burden on state budget. As a member directly participating in preparing socioeconomic appraisal reports and contributing opinions on economic restructuring project, I could say that the spring and autumn economic fora had topics very close to the appraised contents of the years, e.g. the issue of management decentralization associated with economic restructuring. Some contents from fora were selected and used in NA resolutions on annual socio economic development plans (mostly in the years of 2011, 2012, 2013)”*.

NA Deputy Dang The Vinh: *“The project products provided reference information in the process of appraising the implementation results of socioeconomic development plans, the law drafts and in oversight activities”*.

In addition to the impacts above, the following tangible results have been achieved:

- Dr. Bui Truong Giang, General Director of the Department for General Affairs at the President Office of Vietnam, reported that after each forum, the President asked to brief him on the outcomes of debates. After that the President invited several speakers from fora to present and discuss selected topics (e.g. macroeconomic situation, public debt) in more details.
- As reported by Dr. Nguyen Thang, Director of the Centre for Analysis and Forecasting under VASS, debate on accuracy of unemployment rate at the Spring Forum 2013 initiated their internal research on unemployment data accuracy. Research was finished in June 2013.
- Dr. Nguyen Thang, Director of the Centre for Analysis and Forecasting under VASS confirmed that VASS frequently refers to the project outputs in their regular monthly reports for the Government and ad hoc responsive reports requested by the Government (e.g. public debt issues, inflation targeting issues).

- Dr. Vo Dai Luoc, Senior Economic Expert, informed that recommendations provided by the workshop "Restructuring the economy and developing models: Issues for the economic zones and border gate economic zones" held in Hai Phong in November 2011 influenced the Government in its decision to stop establishing new economic zones in the old model. Since November 2011 there have been no new economic zones in the old model created.

Further indication with no clear evidence has been collected:

- Workshop on Issues related to the Independent Audit Law held in Hanoi in August 2010 generated ideas and recommendations for the Law on Independent Audit 67/2011/QH 12 adopted by the National Assembly on 29 March 2011.

Box 3: Some Press Highlights on Economic Forums

Major activities of the output 1, especially the Spring and Autumn forums have been presented in the website of ECNA, several national mass media such as Vietnam Economic Forum e-newspaper, Vietnamnet, Tuoitre, Bao Xay dung, Nguoi Lao Dong, cafee, VOV, Vnexpress, Bao tin tuc, Bao moi, etc. as well as in international media such as New York Times and Bloomberg. They highlighted the topics for discussion, debates, and recommendations proposed in the forums by participants. Media has been an effective channel to promote project activities, attracting significant attention of researchers, policy makers, and the public at large. By following the press, the interested parties could update themselves on latest developments of the economy, the policy discussions by leading experts of Vietnam, options on restructuring, the barriers for reform, etc. As these topics were discussed within the framework of the project, citing ECNA as the implementing agency and forum organizer, the attention and interest by all relevant parties and the public has been greatly enhanced. In this regard, media could have been considered a channel for the project to make a contribution to the process of creating policy changes.

In the Spring Forum 2012 with the topic of economic restructuring, several participants expressed their opinions on the priorities and proposals for economic restructuring process, including public investment, SOE and financial market. For instance, Dr Le Xuan Ba, President of CIEM, was quoted as saying that "containing inflation and maintaining macroeconomic stability were continued to be the immediate priority and priority for 2011 – 2015 period as this is the premise for economic restructuring and growth model renovating". National Assembly Deputy Dr. Tran Du Lich proposed for "the clear identification of state function in the market economy – a basis for renovating economic institution and public investment"⁷.

The Spring Forum 2013 "Restructuring the economy, one year looking back" – reviewed the achieved results after one year of economic restructuring and proposed the priorities for the next period. The overall opinion was that the past restructuring was very slow, described as "cross-roads, dilemma" and further strengthened reforms are critical, as stated by Dr. Nguyen Van Giau, Chairman of ECNA, "with modest results, it is clear that the restructuring process did not yet achieve practical moves as expected". Dr. Tran Dinh Thien, President of Institute of Economics was quoted as saying that "the economy will continue to be in instability if the government just implemented short term, ad-hoc corrective measures, instead of creating significant changes in the economic structure... The difficulties continued to be addressed slowly and even tended to become worse... The trust in the clear prospects of preventing a decreasing growth rate and of recovering of macro stability is very weak". According to Dr. Bui Tat Thang from the Development Strategy Institute, "the economy is in low growth trap with the reduction of financial leverage, frozen real estate market, weak banking system, reduction of investment by enterprises, and low business trust". In similar tone, Dr. Nguyen Hong Son, Rector of Economics University (VNU) stated "State owned enterprises reform such as Vinashin, Vinalines still did not produce a clear result, the banking restructuring through resolution of bad debts and bank merging was still slow". According to Former Vice Chairman of National Assembly, Dr. Nguyen Duc Kien, "the executive agencies themselves are the cause to the weaknesses in the structure and growth model in the past period, e.g. the

⁷ Source: <http://vneconomy.vn/20120407090419330P0C9920/tai-co-cau-nen-kinh-te-va-muc-tieu-uu-tien.htm>

opening of too many residential zone projects...There should be a clear responsibility identification at which level, which agency, by which individual rather than a general responsibility sharing mechanism".⁸ As reported by Bloomberg, in the forum, Vice Chairwoman Nguyen Thi Kim Ngan said that "Vietnam's government will need to accelerate economic structural reforms to boost growth that was at a 13-year low last year"⁹.

Project Output 2: Evidence-based macro-economic policy analyses and/or studies are conducted to provide quality inputs to macro-economic policy making

Project output 2 aims to provide data, analyses and recommendations for macro-economic policy makers. *Activity group 2.1: Policy research papers* provides funding to selected research institutions that conduct research in line with the contract. Up to now, seven research papers have been published and another nine research tasks are being performed. There were no recorded activities conducted under *Activity group 2.2: Networks between agencies and between national research institutions* nor under *Activity group 2.3: Alternative mechanisms for funding policy research*.

Evaluators identified the following evidence of Project output 2's contribution to macroeconomic capacity building and policy changes in Vietnam:

- According to Dr. Nguyen Thang, Director of the Centre for Analysis and Forecasting under VASS, recommendations given by 2012 Macroeconomic report drafted by MAG contributed to amendment of the Corporate Income Tax Law (adopted on 19 June 2013), which decreased corporate income tax from current 25% to 22% from 1/1/2014 and to 20% from 1/1/2016. Level of compliance between the amended Corporate Income Tax Law and this research is high (see Annex 3).
- As reported by ECNA, research study "The development of cooperative and role of cooperative for social security" published in October 2012 contributed to the amendment of the Law on Cooperatives, number 23/2012/QH13 adopted on 20 November 2012 by the National Assembly (came into effect on 1 July 2013). Level of compliance between the amended Cooperative Law and this research is high (see Annex 3).
- As reported by Dr. Nguyen Thi Kim Thanh, General Director of Banking Strategy Institute under State Bank of Vietnam, the research paper "Inflation targeting and the implication for monetary policy in Vietnam" published in November 2012 provided a good theoretical basis for policy making. After the workshop on Inflation Targeting in May 2013, a list of recommendations, a framework and roadmap were submitted to the Governor of the State Bank of Vietnam. The research has contributed to "a consensus on necessity to apply inflation targeting at different levels, by the Prime Minister, Governor, National Assembly, banking executives, which is an important condition for implementation of inflation targeting... and in fact implicit inflation targeting is being applied", according to Dr. To Thi Anh Duong, Institute of Economics, VASS.
- ECNA Appraisal Report 1123/BC-UBKT13 "Assessment the additional results of the implementation of NA Resolution on Socio Economic Development Plan in 2012, the implementation of Socio Economic Development Plan in 2013" dated 17 May 2013 mentioned the concept of TFP (total factor productivity) and issues of restructuring of public investments and SOEs based on the findings of the research paper "Estimating potential output for Vietnam" (published in April 2013). The level of compliance between the ECNA

⁸ Source: <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/kinh-te-co-xu-huong-xau-di-tren-nhieu-phuong-dien-2727430.html>

⁹ Source: <http://www.bloomberg.com/news/2013-04-06/vietnam-growth-requires-reform-national-assembly-s-ngan-says.html>

Appraisal Report 1123/BC-UBKT13 and the study on Estimating potential output for Vietnam is medium (see Annex 3).

- Research paper “Public debt and sustainability in Vietnam: the past, present and future” (published in May 2013) brought alarming data on public debt risks in Vietnam that have been discussed in the XIII National Assembly 5th session in 2013 (see Annex 3).

Box 4: Some press highlights on research studies

Researches on burning issues of the economy (inflation targeting, exchange rate and financial supervisory indicators) conducted by the project received attention of mass media, with articles and quotations in a number of newspapers, such as Cafef, Vneconomy, Vnexpress, etc. For instance, in the workshop on “Inflation targeting policy: suitable choice for Vietnam” organized by the State Bank, ECNA and UNDP on 18 May 2013, the experts said that “inflation targeting would help stabilize inflation, enhance price stability, create a foundation for sustainable economic development, however this would require a flexible exchange rate scheme, which could result in financial instability... Therefore a roadmap and suitable framework would be needed to improve the effectiveness and Vietnam should not apply immediately and completely inflation targeting.... However in medium term, the country should follow monetary policy framework with inflation targeting¹⁰”.

Significant public attention has been paid to the 2012 Macroeconomic report with the topic “From macroeconomic instability to restructuring”. The report “analysed the macro economic instability in 2011 in relation to the structure and characteristics of growth model, and presented the foundations for growth and important conditions for restructuring. This macroeconomic report is prepared annually to summarize and evaluate macroeconomic situation, analyse in depth key macroeconomic issues and policies in the past year and discuss medium and long terms issues for the economy and make practical policy recommendations”¹¹.

Some controversy was caused by international media reports on a possible IMF bailout for Vietnam, citing some contents of 2012 Macroeconomic report, specifically chapter on “Financial market instability”, with Bloomberg quoting “Vietnam risks becoming the biggest East Asian economy to seek an International Monetary Fund rescue loan since the region’s financial crisis more than a decade ago”¹². However, the author Dr. Dinh Tuan Minh stated that it was a misinterpretation, as the research reflected the personal views of the author, not ECNA, and borrowing from international organizations, including IMF was just one of several proposed options for capital mobilization in the process of bank restructuring¹³. In response to these international media, the Prime Minister affirmed that “the country does not need help from either the International Monetary Fund or regional nations given the country's current positive macro-economic situation, balance of payments, foreign currency reserves and market confidence” as quoted by Vietnamese news agency.¹⁴ These discussions and debates on the media have attracted remarkable attention and interest from concerned parties to this Macroeconomic report. The visibility of the project (its activities, results) has been promoted through media channel. Again, the media could be a powerful tool to channel the messages from and to policy makers, and through this channel the project could alert the policy makers on the macroeconomic risks, as well as cause pressure for policy changes in the face of these risks and dangers.

¹⁰ <http://cafef.vn/tai-chinh-ngan-hang/viet-nam-chua-nen-ap-dung-chinh-sach-tien-te-lam-phat-muc-tieu-2013051817093583319ca34.chn>

¹¹ <http://vneconomy.vn/20120903093933353P0C9920/cong-bo-bao-cao-kinh-te-vi-mo-nam-2012.htm>

¹² <http://www.businessweek.com/news/2012-09-06/vietnam-risks-biggest-east-asia-imf-rescue-since-1990s-economy>

¹³ <http://vneconomy.vn/20120908103939168P0C9920/noi-viet-nam-phai-xin-cuu-tro-tu-imf-la-hoan-toan-sai-lech.htm>

¹⁴ <http://sg.news.yahoo.com/vietnam-pm-banishes-bailout-talk-180354592--finance.html>

Project Output 3: Capacity of involved policy advising, examination, and oversight agencies and research institutes is strengthened for the former to better understand and use research results and the later to better conduct and communicate research work

Project output 3 aims to increase the capacities of both policy makers and research institutions and to reduce communication gap between them. *Activity group 3.1: Capacity assessments* has produced Training needs assessment of Beneficiary agencies and Training needs assessment of research institutions. *Activity group 3.2: Capacity building for policy makers* has been implemented by 2 study tours, 2 training courses and publication of 8 issues of Bulletins on world and Vietnamese macroeconomic situation. Moreover, 6 policy notes following forums and workshops (prepared by consultants) have been published and disseminated under this activity group. *Activity group 3.3: Capacity building for involved research institutions and partnership with international research institutions* has not yet been implemented.

Given that policy notes contributed to the results achieved by forums (see project output 1), there are only two indicated evidences for project output 3:

- Based on the study tour to US in July and August 2010, the first hearing session of ECNA took place in December 2010¹⁵. This created a premise and a best practice for ECNA to organise policy hearings broadcast on TV.
- Training course "Identification of bottleneck points in economic growth of Vietnam" (held in June 2012) contributed to the presentation of the Socio Economic Appraisal Report prepared in May 2013 by ECNA to National Assembly¹⁶. The course discussed economic situation of Vietnam, provided participants with international experience, knowledge and skills to identify bottlenecks in the economy with 3 main sections (i) diagnosis of macroeconomic instability and demand for economic restructuring, (ii) public investment and demand for public investment restructuring, (iii) financial market in Vietnam and demand for banking restructuring. These knowledge, tools and skills reportedly supported the training participants from ECNA in assessing the socio economic situation, bottlenecks in economic growth, and proposing solutions related to economic restructuring (public investment, banks, SOE) in the recent Socio Economic Appraisal Report.

¹⁵ It needs to be noted that the first hearing sessions at the National Assembly have been organised by other NA committees. In September 2009, a workshop on the topic of public hearing in NA was organized, then in December 2009, Office of National Assembly submitted to Standing Committee of National Assembly some issues to pilot this activity. After that the Committee of Social Affairs proposed to pilot the hearing for the first time. On 21 April 2010, the first hearing on Poverty Reduction Policy was organized. Minister of Labor Nguyen Thi Kim Ngan was the first Governmental official to reply the questions by the NA deputies in a hearing of a National Assembly Committee. Six months later, on 19 October 2010, the Committee of Social Affairs organized another hearing on Management of Medicine Price with the participation of Minister and Deputy Minister of Health. More information can be found under: <http://www.baomoi.com/Doi-moi-nghi-truong--Ky-cuoi-Phien-dieu-tran-dau-tien/121/6307230.epi>. In addition, UNDP implemented a project with the National Assembly on Capacity Building for Representative Agencies of Vietnam, which also sponsored a research on international experience in hearings and application in Vietnam (research conducted in 2010-2011).

¹⁶ Source: Project Office. Please note that evaluators didn't have the opportunity to interview training participants.

4.2 Quality of Project Deliverables

Fora and workshops

There is a clear consensus on positive effects and growing attractiveness of workshops and fora among all interviewed stakeholders. First of all they are highly appreciated for being a platform for open discussion on current economic developments in Vietnam. Researchers from country's leading institutions and think tanks have the freedom to express their often critical views on macroeconomic policies and they are using this opportunity for addressing also sensitive issues that most likely could not be presented and published elsewhere. Large diversity of presented views including those of young economists who studied and worked in Western countries generates fresh ideas and contributes to rethinking of macroeconomic policies. At the same time, the solid level of attendance, in particular among National Assembly Deputies is seen a sign that their voices are being heard. Fora are also acknowledged for their high networking potential. Thanks to good media coverage and effective dissemination of policy notes resulting from discussions, fora are believed to create a critical mass that puts policy makers under pressure to conduct necessary reforms. Participation in workshops and fora is also a form of macroeconomic capacity building for policy makers. The quality of speeches and argumentation in macroeconomic issues of National Assembly Deputies reportedly increased over last few years and many interviewed stakeholders feel that fora and workshops contributed to this improvement. Fora are also attended by top representatives of international organisations like International Monetary Fund and World Bank who present their activities and views.

On the other hand, there is still potential for increasing the contribution of workshops and fora to policy making process and increasing their added value. Better results can be achieved through addressing the major gap of Output 1 and perhaps of the project as such, namely the low involvement of the executive apparatus – such as Ministry of Finance, Ministry of Planning and Investment, Ministry of Industry and Trade, Ministry of Natural Resource and Environment, State Bank of Vietnam, etc. The ministries participate in fora and workshops mainly through the representatives of their associated research institutes and experts. Low participation of real decision makers from executive bodies who could explain and discuss governmental decisions does not allow exploiting the full potential of trilateral communication between the National Assembly, Governmental bodies and research community.

In addition to that, the quality of debates suffers from limited input from international experts who could assist Vietnam in looking at itself from cross-country perspective. The same goes for rather limited input from the private sector and regional and local authorities as well as civil society.

Some other weaknesses appear also in organisation of fora. Topics for discussion seem to be too diversified instead of focusing on a few key issues that can be debated and analysed deeper. Structure of fora in terms of drafting a framework paper, improved time management and professional facilitation could contribute to better results as well. And finally, international visibility of fora and workshops requires translation of all policy notes into English.

In terms of dissemination, the most important communication channel of workshops and fora are policy notes prepared by consultants after each event. Up to now there have been 6 policy notes published. The first one, "Overcoming Challenges of Crisis: Vietnam's Economy in 2009 and Prospects for 2010" published in May 2010 has been disseminated only among participants of the workshop. For remaining 5 policy notes published between October 2010 and May 2012, there have been printed 700-800 copies of each policy note (see Annex 4 Dissemination of Policy Notes and Research Papers). They have been disseminated mainly among NA Deputies (500 copies of each publication).

Remaining copies have been distributed to MAG members, ECNA, beneficiaries and research network, experts, publisher and Project Office.

Surprisingly, policy notes were not systematically disseminated to ministries and other governmental bodies and a very limited number of copies to Project beneficiaries, which can be seen as another unexploited potential of fora and workshops. Upon decision of the Project Steering Committee, there were no policy notes printed after the last two fora (Autumn 2012 and Spring 2013). Although the full set of presentations is available on Project website, dissemination of the short summary including recommendations in hard copy (i.e. policy note) has been highly appreciated by all interviewed stakeholders. For upcoming fora, it is advisable to continue publishing policy notes in even higher number of copies and to broaden their dissemination to governmental institutions.

Research Papers

Opinions of interviewed stakeholders on the quality of research papers vary from moderate positive to neutral. There have been neither highly satisfactory nor highly unsatisfactory views registered. In general, all research papers published so far seem to meet the expectations of interviewed stakeholders though the quality differs.. All research studies have been conducted by prestigious research institutes and universities in Vietnam. Some research results have been well recognized as valuable background information for legislation and policy making process by relevant agencies, e.g. research on inflation targeting, cooperatives, public debt. However, the low number of research studies and delays in their publication indicate that their contribution to macroeconomic policy changes is low. A closer look at their topics reveals that the study on cooperatives (“The development of cooperative and role of cooperative for social security” published in 2012) is not a macroeconomic study and thus does not contribute to Project’s overall objective but it has some value in terms of pro poor policies. The topics on ODA and PPP also may not fit the project design in terms of macroeconomic study. In addition, the research results have not been published in international journals as indicated in the project design.

Several interviewed beneficiary agencies feel that deeper research is needed, in particular more emphasis shall be put on practical solutions and their application into real policy. Major problems of Vietnamese economy are considered to be identified, now research is expected to analyze why policies have not been put into concrete actions, to provide more ideas for technical solutions of identified problems (i.e. action research: How to implement these measures? How to avoid institutional failures?). Depth of the research is of course dependent on the time and budget available. There is a clear agreement that both budget and time for research should be increased.

There is also a question of user-friendliness that should be addressed in order to increase the impact of research papers on policy making process. Each research paper should have an executive summary of around 10 pages in a simple language understandable for policy makers, published and widely disseminated to relevant stakeholders. These summaries then should be translated into English.

Research community suggests intensification of direct communication between researchers and policy makers. So far the Project office has been working as a communication interface between policy advice demanders and suppliers. Lack of interaction and feedback on research from policy makers to researchers hinders the learning process on both sides. Value added of research should also be enhanced, by having more rigorous literature review as well as a more thorough peer review and quality control process.

Similarly to policy notes, research papers are printed in 700 copies of each and disseminated mainly to NA Deputies (500 copies of each study). Remaining copies are distributed to MAG members,

ECNA, beneficiaries and research network, experts, publisher and Project Office (see Annex 4 Dissemination of Policy Notes and Research Papers). In order to increase potential influence of the research on policy making process, it is recommendable to identify relevant persons at different ministries and other governmental bodies and to send them at least 10 copies of each research paper published.

Training Courses and Study Tours

There have been delays in provision of training courses with the delivery of only 2 courses so far, including the course “Identification of bottlenecks in economic growth in Vietnam” for all beneficiary agencies, and another course “Data collection and database processing for macro supervision in the financial markets” designed specifically for NFSC. Participants of both courses highly appreciated the training in terms of practicality and applicability in their work. However, most of them are mid-career officials in beneficiary agencies (25% are deputy directors, and 75% are experts) which means that the trainings were targeted on different groups in comparison to the Project design (target group are policy makers). The topics of training also did not closely follow the project design as indicated in the DPO (i) key concepts of macroeconomic management in market economy, (ii) ability to define policy questions/demand, (iii) ability to analyse and translate research results into policy options.

Study tour in the US took place in July and August 2010. Its main objectives were (i) to seek for information and experience related to policies of US during crisis and issues on economic restructuring in post-crisis period, (ii) to learn from experience of the relevant agencies of US Congress in supervising, organizing policy hearings, and mechanism to mobilize the cooperation and support of research agencies and to use research results in the activities of ECNA and NA. A report on the results of the US study tour was prepared by ECNA, including the experience and lessons obtained (US policies to address the financial crisis and economic recession, economic policies and models in post-crisis period, experience in hearings and supervision, experience in involving of research institutions in macroeconomic policy formulation, supervision). The report also provided conclusions and recommendations (necessity of forecasting and early warnings of economic risks, importance of quick and effective policy mechanism to deal with crisis, role of state bank in crisis, effectiveness of tax policy, and finally the importance of hearings and necessity to complete related regulations such as process, principle and method to conduct hearings). As a result of the study tour, the first hearing session was organized by ECNA in December 2010.

The second study tour took place in the Czech Republic, Bulgaria and the Republic of Poland in November and December 2012. The main objectives of the tour were (i) to study the experience of three countries; the role of parliament and parliamentary agencies in co-operation with the government within economic restructuring process; (ii) to exchange experience on the role of the state and the market in defining land price to serve the amendment of Land Law of Vietnam. A report on the survey and research results from the study tour was prepared, comprising of knowledge and lessons learnt on economic transformation process of three countries, issues related to land and land ownership and experience withdrawn for application in Vietnam (the role of the state in the transformation and integration process, privatization of SOE, reform of SOE, and the high priority of private ownership when considering land issues). There has been no direct contribution of this study tour to Project results identified.

Majority of study tour participants were policy makers which – compared to training courses – better reflects the Project design.

In addition to that, there have been two learning by doing workshops delivered upon policy makers’ request. The workshop on "Construction of leading macroeconomic indicators for appraising and

overseeing macroeconomic policies of ECNA" was organized in August 2012 to collect opinions from MAG, economic experts and concerned agencies on this particular issue. The workshop "Towards monetary policy based on inflation targeting: solutions and roadmap for State Bank of Vietnam" was organised in cooperation with State Bank of Vietnam in May 2013 and chaired by Mr. Dao Minh Tu, Deputy Governor of State Bank and Mr. Nguyen Duc Kien, Vice Chairman of ECNA. A good contribution to Project results has been achieved by facilitating the dialogue between policy makers and researchers, involving both Project beneficiary (ECNA) and state executive body (State Bank). It is a good way to follow up on research results of the project (inflation targeting in this case), foster collaboration between researchers and policy makers and facilitate the bringing of research results into policy making process.

Capacity assessment reports

Report on assessment of training needs of beneficiary institutions aims to provide a list of needed training courses. The report covers (i) qualifications of the personnel in beneficiary institutions, the courses they attended in the past and the effectiveness of these courses, (ii) the needed knowledge and skills and (iii) recommendations on training courses. This report provided a basis for designing Project training plan. Several training needs identified have been transformed into Annual Work Plans. The course "Identification of bottlenecks in economic growth" has been already delivered. However, many of the topics proposed by the training needs assessment are more technical (except the course on policy assessment, report writing and presentation skills) and thus not corresponding to Project design in terms of target groups and training types. While DPO suggests policy makers to be the key beneficiaries of capacity building activities, training needs assessment focuses rather on technical staff. The report also did not recommend the ways for learning by doing as emphasized in the DPO.

A comprehensive report on assessment of training needs of research institutions was finished in March 2013 proposing 8 types of training courses. Most of them are focused on improvement of technical skills. Contribution of this training needs assessment to Project results is low because of its timing (it is too late to conduct a training needs assessment at the end of the third year of Project implementation) and questionable practical use (Project design identified trainings to be delivered to researchers "training/learning-by-doing on advanced research methods/tools and skills, including provision of some tools and skills for presenting the results of the policy research work and policy advocacy to policy makers"). A simple needs assessment should have been made instead of this comprehensive assessment, to design 1-2 training courses on communication and policy brief writing skills. So far there have been no trainings for researchers delivered but the project office planned for training to be delivered for this group within this year.

Considering that DPO itself clearly identifies target groups, training topics and training forms, the scope of assessment reports is unnecessarily broad. Another thing is that training activities proposed by assessment reports deviate to some extent from the Project design (policy makers as a target group, learning by doing as a main training form, capacity building within the Project is not a standalone component but rather supporting activity to policy dialogue and research components). Thus the contribution of the assessment reports to project results is limited.

Bulletins on world and Vietnamese macroeconomic events

Macroeconomic bulletins are an important product of the Project, within the cooperation framework between the Project and VASS. They cover general information on domestic and international economy, with the goal of providing brief analysis and assessment of major trends and movements

of the world economy and updating on macroeconomic situation of Vietnam, proposing policy recommendations so as to improve advising, appraising and oversight capacity of the NA. The target readers are beneficiary agencies, NA Deputies and policy makers. Though they were intended to be published on a quarterly basis, so far there have been only 8 bulletins published (2 in 2010, 3 in 2011, 2 in 2012, and 1 in 2013). According to Center of Analysis and Forecast authoring the bulletins, one reason for delay is “GSO releases annual economic data towards the end of January, very close to the Lunar New Year, and consequently, the first issue is delayed, as everyone is very busy then.” In the upcoming time, measures should be taken by the project to assure periodical publication of these bulletins. There has been little evidence on direct results of Macroeconomic bulletins identified, notwithstanding several positive statements of interviewed stakeholders. An NA member mentioned that these bulletins provided readers with diverse information when formulating their opinions on socio economic issues.

Similarly to research studies, each issue of Macroeconomic Bulletin is printed in 700 copies and disseminated mainly to NA Deputies (500 copies of each). Remaining copies are distributed to MAG members, ECNA, beneficiaries and research network, experts, publisher and Project Office (see Annex 4 Dissemination of Policy Notes and Research Papers). In order to increase potential influence of the Bulletin on policy making process, it is recommendable to identify relevant persons at different ministries and other governmental bodies and to send them at least 10 copies of each issue published.

Box 5: Macroeconomic Bulletins

Bulletins on world and Vietnamese macroeconomic events also gained serious media attention, some examples are as follows:

“Vietnam will be among the highest inflation countries in the world?” is the title of an article published in several newspapers, citing the source from Macroeconomic Bulletin number 5 (October 2011). “Though inflation rate in Vietnam is now on a downward trend and expected to reach 19% by year end, this figure will bring Vietnam among the 4 countries with highest inflation this year. This was provided in Macroeconomic bulletin 5 and will be sent to NA Deputies on 26 October 2011 as a useful reference and information channel on domestic and international economic situation”¹⁷.

“In 2012, GDP growth rate is estimated in the range from 5.62%-6.47%, and inflation between 7-12.4%. These figures were presented in Macroeconomic Bulletin 6 published by ECNA and VASS. In addition to forecasts on growth, inflation and unemployment rate, the bulletin provided recommendations related to monetary, fiscal and economic restructuring policies. As an important activity of the project, the bulletin has been published and received positively by researchers, policy makers and NA Deputies”¹⁸.

The view that “the State should not save the property market” attracted considerable interest and attention from the policy makers, NA deputies, researchers and the public at large. According to the latest Macroeconomic bulletin 8 published in March 2013, “the waiting for a bail-out from the State of real estate enterprises is based on wrong assumptions. The State cannot accept the rescue as this will encourage moral hazard on the part of enterprises, creating the basis for bad debts crisis in the future, emphasized by ECNA”. The bulletin also provided notable figures and comparisons e.g. “Housing price in Vietnam increased over 100 times over the past 20 years, is more than 25 times higher than annual average income of laborers. The housing price in Vietnam is over 5 and 10 times higher than that in developed countries and developing countries respectively.”

¹⁷ Source: <http://www.thanhnien.com.vn/pages/20111026/viet-nam-se-nam-trong-top-4-nuoc-lam-phat-cao-cua-the-gioi.aspx>

¹⁸ Source: <http://vneconomy.vn/2012040509272556P0C9920/lam-phat-2012-mot-con-so-la-co-tinh-kha-thi-neu.htm>

4.3 Interlinks Between Output Areas

The Project consists of three interrelated components – policy dialogue, research and capacity building – that are expected to contribute to the Project overall objective “Enhanced national capacity for macro-economic policy advising, examination and oversight to ensure sound and pro-poor macroeconomic policies” individually by delivering expected outputs but also jointly by creating synergies.

DPO foresees the following interlinks between output areas:

- a. Public policy debates and dialogues between demanders and producers of policy research (output area 1) shall create a better demand for policy research (output area 2)
- b. The improved knowledge of policy makers on macro-economic management in market economy (output area 3) together with improved networks among policy making/advising (output area 2) shall also contribute to better demand for policy research.
- c. The improved capacity of research institutes and partnerships between national and international research institutes (output area 3) shall contribute to quality policy research (output area 2).
- d. Quality policy research (output area 2) shall contribute to development of evidence based policy options and reaching consensus within public policy debates (output area 1).
- e. Public policy debates and dialogues between demanders and producers of policy research (output area 1) shall contribute to the knowledge improvement of policy makers on macro-economic management in market economy (output area 3).
- f. Quality policy research (output area 2) shall contribute to the knowledge improvement of policy makers on macro-economic management in market economy (output area 3).

The first three years of project implementation brought some synergies as planned but still there is a big potential to increase interlinks between output areas and to achieve better results.

Some improvements have been identified in demand for policy research, in particular in ECNA. Although not measurable, there are signals that NA Deputies understood the usefulness and availability of know-how provided by the Project. As reported by the Project office, NA Deputies started to approach Project managers asking for ad hoc advice or suggesting topics to be researched or discussed at fora. This is the first important step towards demand driven policy research. It can be stated that this progress has been achieved with some contribution of debates and dialogue between policy makers and researches (interlink a.) and limited contribution of trainings and study tours (interlink b.). The second step that still remains a challenge is to facilitate direct communication between MAG and policy makers for using MAG capacities for mid and long term strategic planning as well as for capacity building. MAG as a group of respected economists can provide advice in anticipating topics that will have to be addressed by policy makers in one or two years. Once the consensus on topics is reached, preliminary agenda for the next 3 – 4 forums can be set and focused research can be launched. Such synergy would shift from institutional needs driven debates and research to country-wide needs driven macroeconomic debates based on solid research papers. With regard to capacity building, one of the first attempts to involve MAG was the workshop on "Construction of leading macroeconomic indicators for appraising and overseeing macroeconomic policies of ECNA" (August 2012).

The capacity of research institutes (interlink c.) has been so far developed solely by learning by doing (conducting research funded by the Project). Neither trainings nor partnerships with international research institutes have been yet put into practice.

Delays in publishing research papers reduce their contribution to development of evidence based policy options and reaching consensus within public policy debates (interlink d.). Despite the low number of studies published, 3 research studies sponsored by the Project have been discussed in the Spring Forum of 2013. The presentation on the topic “Financial regulations, financial sector restructuring and monetary policy effectiveness” by Dr Vo Tri Thanh (CIEM) extracted and summarized some contents in the research on "Financial system supervision - targets and quantitative models" published in January 2013. Some findings of the research on Estimating Potential Output published in April 2013 were used in a discussion related to the potential output of Vietnamese economy and related policy implications (supply side versus demand side). The research on Public Debt published in May 2013 was also discussed directly in the forum by a research team member; in addition, a part of the research was presented and printed in the proceeding of the Autumn Forum of 2012 with the topic “Resolving debts systematically in economic restructuring process in Vietnam” by Dr. Dinh Tuan Minh. Higher number of relevant studies with added value, a more thorough peer review process, and better synchronisation with agenda of fora would definitely support the impact of fora on policy making and capacity building process.

The common opinion by respondents is that there has been observed a notable knowledge growth in macroeconomic questions and discussions by NA Deputies in the NA sessions, considering the number, quality of questions and issues raised. Considering that “the rate of a person’s learning at any task depends on two distinct forces: the effort he applies and the environment in which the learning takes place”¹⁹, it can be stated that fora are the latter factor that contribute to the learning process. Policy notes published and widely disseminated after workshops and fora have been also an important communication channel that positively affects interlink e. However, after the two most recent fora (Autumn 2012 and Spring 2013) there have been no policy notes published.

Similarly to interlink d., there is a limited capacity building effect of research papers published in the frame of the Project (interlink f.) but due to delays, lagging behind the estimated number of research studies and missing international input, their learning effect remains significantly lower than expected.

¹⁹Robert E. Lucas, Jr., Benjamin Moll: Knowledge Growth and the Allocation of Time, April 2013

5. Assessment of the Continuing Relevance

Changing Context

Vietnam has reached impressive achievements in economic growth, social development and poverty alleviation during the last two decades through initial economic reforms. Ending the implementation of the socio-economic plan 2006-2010, the country has reached the status of a lower middle-income country; however, the economic development in this period was at the high expense of severe macroeconomic imbalance and reduced competitiveness. Therefore a new growth model was critical in order to reach sustainable economic growth in the next period. Resolution 11/NQ-CP (February 2011) was a milestone, affirming the goal of macroeconomic stability in place of economic growth. The 3rd Resolution of Central Party (October 2011) also set the orientation on “economic restructuring associated with reform of growth model in the direction of improving quality, efficiency and competitiveness”. As a result, macroeconomic instabilities have been controlled, however policies and measures to renovate growth model and restructure the economy have remained controversial and not come into practice, as a result, so far macroeconomic issues have showed little positive signs of fundamental changes. In sum, the policy environment and context over the past years were marked by a *shift from growth to stability, strategic orientation on macroeconomic restructuring, but slow implementation of restructuring measures*.

To further climb to the next phase of development and overcome the middle-income trap, Vietnam’s Government should look for new sources of growth. One of the important factors of the further economic reforms is to enhance the “national capacity in providing good quality, objective and comprehensive analyses of the situation and possible responses. Such competence and capacity, including good quality and timely policy advices, and constructive policy debates, play an important role in supporting Vietnam’s leaders in making good choices and decisions in policy matters, both for guiding the long-term development of the country and for addressing the short-term economic challenges.”²⁰ The need for high quality macro-economic research and policy advice has been fast growing when the economy has been struggling with serious imbalances and seeking a new and sustainable growth model. Good quality and evidence-based macro-economic research and policy advices are critical to help the policy makers in formulating and implementing sound macro-economic policies aiming at sustaining economic growth.

In light of the above, the project’s goal “Enhanced national capacity for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies” has been relevant to the context of Vietnam. The project’s original design was in line with the needs for evidence based policy research and advice of the beneficiaries.

As the economy is entering a new phase of development, the tasks and functions of the National Assembly become more challenging. In addition to monitoring and oversight, the tasks of National Assembly Deputies are to evaluate and approve important and strategic policies and plans of the country. Due to requirements in economic restructuring and growth model renovating, the National Assembly’s duties become more significant and more demanding, e.g. to appraise and oversee an increasing number of macroeconomic policies, including the complex areas of banking, public debt, SOE reforms. The new socioeconomic context requires changes of National Assembly in terms of structure, activities, working method to improve the effectiveness and efficiency in implementation of its functions.

²⁰ Source: DPO

The Economic Committee of the National Assembly's role and its image have been concerned with the execution of its responsibilities in providing advice to the National Assembly as well as recommendations to the Government and ministries on macro-economic policies. Over the past few years, the role and influence of ECNA has been enhanced through its timely and valuable advice to the NA and well-founded recommendations to the government on macroeconomic policies. ECNA has reportedly been playing more prominent roles in supporting the NA to execute oversight over the macro-economic policies and implementation of socio-economic development programmes/plans. The project design fits well with the needs of ECNA as well as its opportunities and challenges in the new context.

A remarkable change in institutional arrangements of the project was the addition of the President's Office as a co-implementing partner/beneficiary agency since 2012 and the establishment of the General Department in charge of socioeconomic affairs in the President's Office. This is quite a significant event, considering that this is the first project that the President agreed for cooperation. The scope of influence and impact of the project, with this change, increased considerably.

The Economic Committee of the Central Party Office is also proposing to participate in the project as another beneficiary agency. The Committee was re-established on 28 December 2012 and is responsible for advising and proposing directions, resolutions, decisions on socioeconomic issues of Central Party and Politburo, appraising socioeconomic projects before submitting to Central Party and Politburo, and overseeing the implementation of Party socio economic directions and policies.

To better implement their functions in the new context, there has been a high need from beneficiary agencies to build close and effective cooperation partnerships with legislative agencies and research institutes that provide studies for evidence-based policy advising and overseeing. According to ECNA, there have not been effective mechanisms and policies to mobilize the participation of research institutes and universities in formulating, implementing and supervising macroeconomic policies. Most NA deputies do not have an in-house expert team to support in policy research and advising. The project aimed to fill this gap by bringing the policy makers and researchers closer, thus the policies would be improved with timely and high quality research and debates among policy makers and researchers.

Assessment of Relevance

In its conception and design, the project responded directly to the largely under-met needs of the beneficiary agencies for evidence-based policy research and advice. Many policies could have been much better and the function of policy advising, appraising and oversight by beneficiary agencies could have been implemented better if supported by good quality and timely policy research and debates among policy makers and researchers. The support for strengthening capacity of both demand (policy makers) and supply sides (research institutions) and the linkages between the two was an appropriate approach to achieve the outcome. The design of 3 outputs (dialogue, research, capacity building) was logical, systematic, supporting each other, and each output was carefully designed to fit the needs of the beneficiaries, interlinks were intended to create a synergy, which aim to the contribution to the outcome.

The issues to be addressed by the project according to original design have been relevant to the needs of both groups of beneficiaries. Despite some improvements, the policy makers' ability to define clearly policy questions and demands for policy research as well as to understand research results and translate them into sound policy options has been limited. At the same time, the research institutions' capacity in producing timely and quality policy research needed by policy makers has been limited. The project aimed to fill the gap between the two groups so that the policies would be more evidenced-based, better formulated and implemented. The project also intended to enhance

the dialogues and debates on macroeconomic issues and policies between policy makers and research experts which have been limited in both number and quality, while they have been a very effective channel for sharing viewpoints and discussing policy options.

The planning of project as reflected in AWP is not fully in line with project design, as reflected in (i) the lack of linkage and synergy in an overall framework, (ii) the selection of research topics based on individual priorities of beneficiary institutions rather than on broad consensus approach, and (iii) the selection of technical/specialized topics for training instead of basic knowledge on macroeconomic management.

The project implementation has not met the needs and priorities of beneficiaries in all 3 outputs in terms of producing relevant results and contributing to relevant outcomes. The establishment of MAG was considered an innovation of the project in terms of gathering the leading experts to help identify the policy issues and research questions on broad consensus basis. This would address the issue of fragmentation and lack of coordination in setting policy issues and research questions in macroeconomic topics, help the research more focused within a strategic framework, and benefit a wider range of policy makers, agencies engaged in policy advising, examining and oversight. However this project's intended inclusive mechanism in reality was not used as expected, the research topics included in AWP were based more from the proposals of beneficiary agencies than reaching broad consensus on national macroeconomic priorities (please refer to Chapter 7 Effectiveness and Efficiency for more details).

The fora and workshops are reportedly very relevant to the economic context and the needs of the beneficiaries, especially in terms of relevant topics and open platform for discussing current economic developments. However, the quality of fora and workshops organized so far suffered from limited input from international experts who could have provided expertise and experience much needed by policy makers, e.g. international expertise related to restructuring, solution of bad debts, controlling public debt, etc. Limited participation of policy makers from ministries did not exploit the potential of communication between legislative and executives agencies and research experts. Other limitations in terms of organization (diversified topics, time and content management, discussion facilitation) also hindered the results of the fora. Therefore, though fora and workshops have been relevant and made positive contribution to policy changes, the potential was not fully exploited.

The research was envisioned to meet the demand of policy makers, up to international standards and used for macroeconomic policy making, but the results have been much less than expectations. There have been only 7 completed studies so far, against the 5-10 research papers planned to be produced annually. The quality is reported to not fully meet the needs of beneficiary agencies, partly due to a lack of international inputs for both conducting the research and quality assurance. In addition, late delivery of research results has been a hindrance for timely contribution to implementing the duties of policy appraising and overseeing by beneficiary institutions. The establishment of networks between research institutions has also not been made as planned. Due to these above mentioned factors, the contribution of research to policy improvements is lower than expected.

The capacity building component revealed much deviation compared with the design, in terms of lack of on-the-job training for policy makers, the selection of training participants most of whom are mid-career professionals rather than policy makers as well as shortage of training for the research institutions. Learning by doing (in defining needs for policy research, coordinating concretely defined research, dialogues around policy issues and research results for policy advising and making) has been limited, due to the project's not using MAG potential and lacking other initiatives e.g. brainstorming/exposure sessions for policy makers. Capacity building for research institutions is far less than planned, particularly due to lack of cooperation between research institutions for

conducting research, no international inputs and training on communicating research results. Therefore the level of relevance and contribution of this component to the project result have been less than the other two outputs.

As described above, many changes in the policy environment and context have occurred since the project was designed, requiring the project to take into account these changes to remain relevant and contribute to the outcome. Evaluators found that the project has not fully adapted planning and implementing to these changes. It is noteworthy that during the past few years, the research studies have focused more on diagnostic research to define the causes of macroeconomic instability and propose areas for reform. By 2012, these issues were widely recognized and the policies have been formulated by policy makers and put into implementation, in all 3 core areas (SOE reform, banking and public investment). However, so far the implementation of restructuring policies has been much slower than planned (as reflected in the recent Spring Forum). These changes would require adjustments in future direction of the project in 3 components (research, dialogue, capacity development) to fit better the changing context. Actionable research would be needed, defining the reasons for reform implementation's deviations from the plan, providing answers on how to address identified problems, to implement identified solutions, to analyse the implementation of reforms and their economic and social impacts. Support for the implementation of reforms through providing specific international technical inputs and experiences would be needed. The impact assessments would also be necessary to inform policy debates and discussions on adjustments of reform implementation strategy. Learning by doing activities geared towards reform implementation topics should be a priority. As observed, Project's 2012-2013 AWP's and actual implementation hardly took into account the changes to adapt better to the new context by focussing on more relevant topics for dialogues, research and training. The topics for discussion in the forums are too diversified instead of focussing on key issues related to reform implementation and impact assessment. The research is wide-ranging, not well connected to the forum topics and directly related to reform implementation.

6. Sustainability

The question of sustainability aims to review if the results and benefits of the Project would be sustained and continue making contributions to policy changes. The main achievements of the project have been the debates and recommendations which are believed to create a critical mass that put policy makers under pressure to conduct necessary reforms. The research and training activities also make positive contribution to macroeconomic capacity building and policy changes, but to a more limited extent. However whether and how these activities would be maintained after the project is still an open issue.

ECNA has been a committed counterpart in the project and as reported, has contributed its own resources in project activities, in particular, by sharing costs in organization of forums, providing support in peer review for research team and sharing management costs. According to ECNA, the activities of forums, research and training will be continued (even at a more limited level if funding ceases) due to the improved capacity, the high demand by NA deputies for these activities, and the established institutions, processes, and mechanisms from the project. The skill and experience in managing and coordinating the process with various stakeholders by ECNA has been improved, especially for those directly involved in the management and implementation of the project. It was reported that the project helped create a professional team and a more professional practice for ECNA. These skill, knowledge and capacity will remain with ECNA and will generate further demand for capacity building. However, so far ECNA has not devised a specific plan for continuation without donor funding, in particular the sources of funding, the way of deployment, or mechanism for coordination with stakeholders. A look into the sustainability of each output is presented below.

Dialogues (fora, workshops, seminars) have proved to be an effective channel for facilitating the exchange of information and research results needed for supporting the leaders make evidence-based and well informed policies, for reducing the gap between policy makers and researchers. It was reported that these dialogues, especially forums, will be continued by ECNA, but likely on a smaller scope due to restricted resources and funding of ECNA (it was noted that workshop is a regular activity by ECNA and the workshops on macroeconomic issues have been organized by ECNA before the project). However there has been no evidence provided on the sources of funding for continuation by ECNA. The establishment of MAG to facilitate the policy dialogue and enhance broad consensus in policy issues was an innovation of the project. However, sustainability would depend on if and how MAG mechanism could be fully used and institutionalized, which is still not clear. The project website is integrated in ECNA's website and maintained by ECNA, thus the web would be likely to be continued (but regular maintenance and updating of contents would be needed to ensure its effectiveness).

Research activity was also reported by ECNA to be continued (in particular, the Annual Macroeconomic Report), and the publication of the reports will be funded by ECNA. However the number and scope of research studies may be reduced with no donor funding. A mechanism of teaming up, capacity support with international inputs, and co-funding for research was introduced in the project as a way to increase sustainability whereby priority was intended to be given to research teams having these elements. But this mechanism was hardly put into practice. The planned partnerships among domestic research institutions and between domestic and international research institutions were also not established. The research teams instead of being beneficiaries for capacity development as per the design have become rather service providers. Considering that these mechanism and partnerships have not even been put into reality over the course of the project, the

continuation as reported above is very questionable unless efforts will be made in the remaining time to bring them into operation and institutionalize these mechanisms.

Training and in particular leaning by doing are key activities for capacity building with some results recognized. The impact will be enhanced and sustained if training and leaning by doing are integrated in personnel development strategy of beneficiary agencies and mechanisms for maintenance of these activities are designed and realized. A system to track which participants are selected and attend in training, to measure their capacity improvement, level of application and retention of skills and knowledge would be useful. Again there has not been any specific plan for continuation of capacity building mechanisms. The publication of quarterly bulletins (an activity under capacity building) would be unlikely to be continued with no more funding.

It is essential that ECNA has a clear plan/exit strategy after the project is over, but so far there has been not yet a strategy or action plan from ECNA. As reported, ECNA will discuss with UNDP on follow-up work and implementation plan of the project in the next period. It should be stated here that strong national ownership, leadership and commitment are important to realize the target of enhancing capacity in policy advising and overseeing, to ensure that donor funding should be just a catalyst, and that project results would be institutionalized. The reliance attitude on donor funding and lack of institutionalization of project results would pose serious risks and largely affect the sustainability of the project.

Regarding other beneficiary agencies, the project activities are considered relevant to their functions and duties. Workshops and research studies have been conducted as part of responsibilities of these institutions, in parallel with workshops and research supported by the project. After the project is over, these activities will continue. However it is very likely that these activities will be conducted separately without coordinating with other agencies. In this regard, the issues of identifying policy issues and options on broad consensus basis and establishing coordination mechanism/network among beneficiary institutions that the project has been trying to achieve would be hardly sustained. The cooperation mechanism and partnership network between beneficiary agencies would need to be enhanced and institutionalized in the remaining time to contribute to improving sustainability of the project.

It was reported that the research topics of the project are relevant and complementary with the regular research work in beneficiary research institutes. Support for capacity building for these research institutions has been very limited as presented above. The training planned on communication skills for research institutes has also been delayed. The delivery of this training would help build up the capacity of research teams in communicating research results to policy makers and helping understand better the demands for policy research/advice of policy makers. Similarly the mechanism to foster cooperation among domestic research institutes and between domestic and international research institutions would need to be enhanced and institutionalized for building up their capacity and improving synergy.

7. Effectiveness and Efficiency

As an introduction to this section it needs to be underlined that the overall management of the Project is good. All interviewed stakeholders appreciate the active role of the Project office and high personal involvement of the project managers, in particular of the National Project Director, Deputy National Project Director and National Project Manager. Less visible from outside but of the same importance are great efforts and strong commitment of UNDP, in particular of the Project Officer and Policy Advisor who push towards higher quality and better results.

7.1 Management Arrangements

Project design defines the key principles of the project management and implementation structure. They can be summarised as follows:

- a. clearly defined roles, and thus segregated responsibilities, authorities and accountabilities of project partners as project beneficiaries, project implementer (executive), support service providers to the project implementation, and project quality assurers.
- b. Strong role of the Project Steering Committee.
- c. Overall responsibility of ECNA as implementing partner which assigns a senior official to act as the National Project Director.
- d. National Project Director shall be supported by the Project office consisting of (i) a full-time national project manager (ii) a full-time national project coordinator (iii) an international economics expert and a national economics advisor (iv) a national economics advisor; (v) full time project implementation support staff, including a national project accountant and a national project interpreter cum administrative assistant.
- e. Decentralised implementation of some activities (research and capacity building) by co-implementing partners with project implementation and management support from the Project office and UNDP.
- f. UNDP, playing both roles of supplier and quality assurer, taking also „an active part“ in (i) identification of policy research topics, (ii) research work/quality control of the research work, (iii) policy debates/dialogues to be organised in the project.

However, the way the Project is implemented in reality significantly differs from management arrangements suggested by the DPO:

Project Office is managed by ECNA, the implementing agency (and beneficiary agency as well) that has the overall responsibility for the implementation of UNDP assistance to the Project. National Project Manager works with the Project office part-time (conflict with the principle d.). National Project Director Mr Nguyen Van Phuc is Deputy Chairman of Economic Committee of the National Assembly, Deputy National Project Director Mr Nguyen Minh Son works as Director of Economic Department, Office of the National Assembly and National Project Manager Mr Nguyen Tri Dung works in the Economic Department, Office of the National Assembly. Management setup of the Project reflects the high priority that the National Assembly and ECNA give to the Project and serves as a bridge between the Project and National Assembly. On the other hand it is noted that it is difficult to draw the line between the implementer and beneficiary role of the Project management (which was – as stated in DPO – one of the lessons learned from previous UNDP interventions). Furthermore, National Project Manager and National Economics Advisor count also among MAG

members and participate as individual experts in activities of MAG which again raises an issue of conflict of interest a question of clear definitions of roles and segregated responsibilities, authorities and accountabilities (principle a.).

Besides ECNA, there are five co-implementing agencies that – similar to ECNA – also have a second role of beneficiary agencies: Party's Central Office, Office of the Government, National Financial Supervisory Committee, Vietnamese Academy of Social Sciences and Office of the President (joined the Project in 2012). The role of co-implementing partners is realised through their membership in the Project Steering Committee, involvement in preparation of the Annual Work Plan, in tendering procedures, organization of fora and workshops, and project meetings. The beneficiary perspective means using the project outputs/deliverables to contribute to the project overall objective "Enhanced national capacity for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies". The cooperation between ECNA and other co-implementing agencies is generally good. Co-implementing agencies appreciate pro-active and responsible approach of the Project office that allows them focusing more on the beneficiary role. Nevertheless, there is a general tendency to follow rather individual than collective needs (which is understandable but not commendable), in particular by ECNA that has the biggest share of powers and responsibility for the Project implementation. As a result, several co-implementing agencies expressed their wish to be better informed (including sharing of working documents) and more involved in Project management, in particular in budgeting. Up to now, there has been no decentralised implementation of Project activities applied (principle e.).

UNDP provides resources for implementation of the project, participates in project implementation and keeps the responsibility for quality assurance. According to the DPO (principle f.), UNDP shall take an active part in (i) identification of research topics (ii) research work/quality control of the research work (such as providing technical inputs to draft TORs, selection of research proposals, direct participation of UNDP staff in policy research work and/or peer reviews of the draft research outlines/reports/papers), (iii) policy debates/dialogues to be organised in the project (such as providing technical inputs/support/ facilitation to policy debates/discussions and dissemination of the research papers, etc.).

Unfortunately there is no legally binding definition of "taking an active part" (and a large room for interpretation and application) and not surprisingly implementation of the project revealed some unbalance in understanding of roles and powers and occasional conflicts between UNDP and the Project office. While Project office would prefer more independence in implementation of activities, UNDP sometimes feels that its voice is not heard adequately and that quality of terms of references, research outputs are of concern. It has been reported that not all comments and suggestions provided by UNDP (related to AWP, TORs, quality of project deliverables) have been taken into consideration. Some conclusions of the Project Steering Committee meeting held on 30 January 2013 were not strictly followed (e.g. Project office should have provided more information / deepen the 2012 report on Project's results and their contribution to impacts; Project office in cooperation with UNDP and beneficiary agencies should have revised 2013 AWP). Nevertheless, the relationship between both parties is adequate and their communication mostly leads to compromising solutions or acceptance of counterpart's arguments.

Project Research Network is a group of six well-known research institutes that have been selected to participate in the Project as targets for capacity building. As per Project design this should have been conducted by learning by doing (research tasks funded by the Project) as well as by other forms of training. For more details on research and research related procedures please see section 7.2.

As observed by evaluators, the Project suffers from the lack of technical capacity (meaning macroeconomic expertise giving the directions for Project implementation). Within the Project office,

there are two Vietnamese economists (National Project Manager and National Economic Advisor) who work with the Project part time and the National Project Manager is also busy with day-to-day management issues. Lack of capacities underlines the need to engage an International Economic Advisor and to use the potential of MAG as much as possible.

According to DPO, the Project Steering Committee shall (i) advise the IP and project management team on key directions of the project, (ii) approve the AWP and project progress reports drafted by the IP in close consultation with project partners and UNDP, (iii) make other decisions related to changes in the strategic directions of the project. In reality, the role of the Project Steering Committee is relatively low. As there is no voting mechanism, decisions are made on consensus basis which means that unpopular suggestions (mostly related to quality assurance) are not always listened. Surprisingly, before January 2013 meeting there have been no minutes of Project Steering Committee meetings taken so there is no track record on approvals and decisions made.

Efforts have been made by both UNDP and the Project to coordinate and cooperate with other donors. Project office invites international donors to major events and seeks occasionally for their comments on ToRs, AWP and research papers but feedback is limited by their engagement in own activities and language availability of Project deliverables. Representatives of IMF, WB and ADB who met evaluators were aware of major activities conducted by the Project (in particular of fora that they personally attended) but didn't know the context of intended Project results. They confirmed receiving few ToRs for commenting. The coordination between UNDP and other donors to ensure a coherent and complementary approach is reportedly done rather on an ad hoc basis than on regular meetings and often on request of UNDP's policy advisor.

Processes and procedures in the project are reported to follow Harmonized Programme and Project Management Guidelines (HPPMG) and legal regulations of Vietnam, e.g. the Bidding Law. Format of the reports (AWP, QWP, APR, QPR) meets the requirements of HPPMG but the quality of reporting needs further improvement in terms of completeness, consistency and detail. In particular the Annual Progress Reports don't provide standard qualitative information, details described differ from item to item, some activities/deliverables are not analysed in the narrative part, etc.

A thorough review of Annual Progress Reports reveals a number of constraints, such as lacking the updating of economic context and development issues, assessment on the quality and timeliness of project products, assessment of contribution of activities to the results and contribution of activity results to project outcome. A record of the evidence on project contribution to policy changes is missing. Annual Progress Reports (2010, 2011, 2012) mention that "the publication of forum's recommendations was also sent to NA and received positive responses and compliments", however do not provide information on their use in policy making process and evidence on their contribution to policy change. The reports would be of much better quality if the specific evidence is recorded and provided, for instance, the policy recommendation have been used in NA/ECNA's oversight reports, NA resolutions, government policies, etc. Finally, the report should be more specific in terms of recommendations for enhancing project's contributions to the outcome (capacity building, policy improvements).

7.2 Procedures Affecting Project Results

Comparing the procedures and delays in the three Project components again reveals the differences between them and indicates additional reasons for their higher/lower contribution to Project results:

MAG

MAG, the Macroeconomic Advisory Group, has been established in 2011 as a mechanism of dialogue between policy makers and research community. It has 20 members including former and present legislators and policy makers, representatives of universities and research institutes and two representatives of the Project office. MAG members are involved in preparation of Annual Work Plans and thus setting the topics for research and forums/workshops. They also provide comments on draft ToRs²¹ and peer review draft research papers, and provide quick advice and replies to the questions and issues raised by the Project Steering Committee and beneficiaries. MAG drafted 2012 Macroeconomic report and at the time being elaborates the 2013 Macroeconomic report. Up to now, only 5 official meetings of MAG took place²².

Project design suggests MAG a highly respected body that will provide strategic advice and recommendations to top level policy makers. As an intellectual body creating ideas, MAG is supposed to serve all Project beneficiaries and possibly also other institutions beyond the Project framework. However, present composition and utilisation of MAG do not fully reflect its mission set by Project design. Commenting Annual Work Plans, ToRs, research papers and agenda of forums is rather operational and bureaucratic than strategic and creative work. Activities conducted by MAG correspond mainly to technical level of administration which affects its status and consequently its influence on policy making process.

Comparison of designed and real utilisation of MAG is displayed in the table below:

Table 3: MAG design and reality

Aspect	Project design	Reality
Purpose / Tasks	To identify, discuss, and forecast macroeconomic issues/ policies and advise ECNA and beneficiary agencies on macroeconomic issues/policies, i.e. strategic level advisory.	1) Commenting Annual Work Plans, ToRs, research papers and agenda of fora; 2) Research activities (2012 and 2013 Macroeconomic report); 3) Ad hoc advice mainly to ECNA / Project office. -> rather operational and bureaucratic tasks ²³
Counterparts	Top level policy makers across different institutions	Mainly ECNA / Project office (and to a more limited extent, beneficiary agencies)
Membership	Leading experts in prominent national macro-econ research institutes/centers	20 members including former and present legislators and policy makers, representatives of universities and research institutes and two representatives of the Project office.

²¹ Leaders of five out of six Project research network institutions are members of MAG. Their involvement in MAG (commenting on research ToRs) and later bidding in research tenders can be assessed as a conflict of interest.

²² The 1st meeting on “Macroeconomic stability in 2011: technical analysis and policy management” on 23 February 2011, the 2nd meeting on “Orientations of project activities in the upcoming time” organized in the context of 3rd Resolution of Central Party on restructuring, to clarify the specific duties that need to be implemented and supported by the project, so as to support the beneficiaries to implement their functions and duties in restructuring the economy, the 3rd meeting on “Collecting opinions on draft AWP 2012” on 28 Dec 2011, the 4th meeting on “Collecting opinions to complete 2012 Macroeconomic Report” on 22 May 2012 and the 5th meeting on “Constructing macroeconomic indicator system to support appraising and overseeing tasks of the ECNA” on 15 August 2012 to collect opinions of MAG members, economic experts and representatives of concerned stakeholders on the above topic. In addition to that - as reported by interviewed stakeholders – there have been some meetings seeking for advice from individual MAG members (not official MAG meetings).

²³ These tasks are also indicated in MAG working mechanism, but after the strategic level duties of MAG.

Institutionalisation	Foreseen but not clearly defined	Informally institutionalised
Frequency of meetings	As regularly as possible	5 meetings in 3 years + some meetings with individual MAG members on specific issues upon ad-hoc requests

Based on these observations evaluators came to a conclusion that the potential of MAG is not fully exploited and needs more attention from all stakeholders. Upgrading the role of MAG to strategic level remains a challenge that may contribute to better Project results.

Fora and Workshops

Policy dialogue is the best performing component, having the highest contribution (rated as high) both capacity building and policy making results (for more details please see section 4.2 Quality of Project Deliverables and 4.3 Interlinks between Output areas). There have been no procedural difficulties affecting their contribution to outcomes reported.

Minor problems in organisation of public debates (group of activities 1.1) occurred only in the first year of the Project implementation. AWP 2010 planned to deliver 9 workshops: 5 of them have been organised as planned, 1 was not delivered (Oversight of macro finance safety and oversight on micro finance safety) and 3 should have been replaced by a research study and moved to AWP 2011 (Combined fiscal and monetary policies in economic management, Relationship between FX rate, interest, inflation and control measures and Financial reform to ensure sustainable social security), but it didn't happen. AWP 2011 foresaw organisation of 3 workshops and all 3 have been delivered. AWP 2012 planned to deliver 2 forums and both have been delivered on time.

Research Papers

There are several procedural issues that influence the level of results achieved by the research component:

- a. The way of setting research questions;
- b. The way of contracting research tasks;
- c. The system of research quality assurance;
- d. Delays in all phases of research life cycle.

Project design intended to address the issue of fragmentation and lack-of-coordination in setting policy/research questions by (i) addressing more core issues and thus more focused and perhaps of better quality as the limited research capacity would be focusing on fewer topics, and (ii) benefiting more/wider ranges of policy makers, agencies engaged in policy oversight, examining and advising. In reality, topics for research are collected each year from beneficiary agencies in the form of a list of priorities that each beneficiary agency sends to Project office, after that an AWP workshop was organized with participation of key stakeholders, including MAG members. Based on that, Project office elaborates a draft proposal of Annual Work Plan (AWP). Amended draft is further commented by UNDP, approved by the Project Steering Committee and signed by Project Director and UNDP Country Director. Despite the procedure, identification of research questions to be addressed in the Project is still based rather on individual needs of beneficiary agencies than on a broad consensus among concerned stakeholders and experts. In other words, consensus is reached on which research needs of single beneficiary agencies will be satisfied but not on national macroeconomic research priorities (which was the intention as per DPO). So the innovative potential of the Project in using more inclusive mechanisms (such as MAG and/or other mechanisms involving the participation of a

wide range of policy makers, National Assembly deputies and researchers) for identification of research questions on broad consensus has not yet been used to the expected level.

The way of contracting affects the quality of research as well. The first round of tendering procedure is restricted to members of project's research network. If none of them submits a proposal, the second round of the tender is open to any research institution that complies with tender requirements. Out of 15 research contracts signed before 1 July 2013, 9 contracts have been made with members of project's research network, 2 contracts have been concluded with experts under the umbrella of MAG and 4 research tasks have been entrusted to research institutes outside the project research network. The purpose of restricted competition is to increase capacities of six institutions that are members of the project's research network, but as reported by beneficiary agencies, the quality of research papers is negatively affected by limiting the range of potential applicants in the first round. Research community in Vietnam is relatively small and fragmented thus the research teams built by shortlisted research institutions are not necessarily the best available teams for each particular research task²⁴. According to PMU, the procedure to select research institutes "encourages joint implementation among research institutes to assure a combination of the best possible research experts"; however, the interviewed researchers expressed the opinion that the bidding procedures "do not encourage cooperation between research institutions, in contrary, they support competition between them". The procedure also quoted from the DPO as such "encourage the participation of international research organizations and experts in technical proposals". Nevertheless, in reality, the research carried out so far hardly involved international experts who could increase the quality of research papers and thus contribute to both capacity building and policy making results.

A system of research quality assurance has been developed and put in place. Once a ToR for research tender has been drafted by the Project office, it is a subject for comments provided by beneficiary agencies, relevant MAG members, and UNDP. As reported by UNDP, the quality of draft ToRs submitted by the Project office is generally low and requires significant revisions. The first draft of the research report is commented by the Project office and peer reviewed by independent experts. As reported by UNDP, by rules/procedures quality assurance includes also quality check of peer review. However, not all peer reviews are sent to UNDP and if so, not all are sent on time. After the second draft is submitted, a technical seminar is organised with attendance of the Project office, beneficiary agencies, UNDP and peer reviewers for comments. The final approval of the research paper is issued by the Project Director. As mentioned, the lack of international input largely hampers quality assurance of research outputs (an international expert to monitor the research process, to review and control quality of TORs, research reports is highly needed).

However, each of the above procedures takes some time. As shown in the table below, preparation of several research papers took more than two years:

Table 4: Implementation time of research studies

Research Paper	Tendering	Contracted	Published
Exchange rate in Viet Nam during 2000-2001: Determination, Misalignment and Impact on Export	2010	10/2010	11/2011
The Role of Cooperative Sector in Growth and Social Security	2010	04/2011	10/2012
Financial System Supervision: Targets and Quantitative Models	2010	10/2010	01/2013

²⁴DPO foresees „the reselection of the policy research institutions participating in the project using the above mentioned criteria and mechanism will be carried out on an annual and/or bi-annual basis.“

Inflation Targeting and Implications for Monetary Policy Framework in Viet Nam	2010	10/2010	11/2012
2012 Macroeconomic Report: From Macroeconomic Instabilities to Restructuring		03/2012	08/2012
Estimating potential output for Vietnam	2010	10/2010	04/2013
Public debt in Vietnam, risk measurement and solutions	2011	03/2012	05/2013
Study on the legal framework for integrated supervisory activities for Vietnamese financial market	2010	10/2011	(on-going)
Impact of Dollarization and Goldalization in Vietnam: Assessment and Institutional Solutions	2012	04/2013	(on-going)
Cross-ownership among Credit Institutions and Economic Groups in Vietnam: Assessment and Institutional Recommendations	2012	06/2013	(on-going)
Mechanism and criteria for Evaluating/Overseeing SOEs	2012	03/2013	(on-going)
Public-Private Partnership: Best Practices and Institutional Requirements	2012	10/2012	(on-going)
Legal valuation, financial structure and effectiveness of monetary policy in Viet Nam	2011	03/2012	(on-going)
Trade deficits in Viet Nam: Sources and Solutions	2012	04/2013	(on-going)
2013 Macroeconomic Report		05/2013	(on-going)

Delays in delivery of research studies have been quoted as a main shortcoming of the project. As reported by a beneficiary agency, “Timing is very important for agencies like us as we need timely submission to the Prime Minister. If the delivery is late, the priority has changed so the research results would not be used”. The late preparation also lead to the project’s missing some deadlines for the NA Deputies, e.g. the research on dollarization was supposed to be completed by May 2013 to provide information for NA Deputies in the last NA session, but in fact it was only contracted in April 2013.

It was reported that the delays in research result from a time-consuming and complex ToR preparation process (to reach agreement among project office, beneficiaries and UNDP and avoid potential overlapping with donors’ work). In 2012 and 2013 the Project made efforts to accelerate the preparatory phase – through early identification of topics, drafting and approving the ToR and tendering – which resulted in an increased number of new research contracts signed. In implementation phase there have been even more significant delays in delivering research papers caused by the research institutes who usually didn’t finish the research on time. Additional delays have been reported in peer review process (again late delivery of comments from peer reviewers), administrative procedures, and final approval procedure. Reducing delivery time lags remains a challenge. Closer monitoring and better quality control by the Project on research process (to ensure both timeliness and quality) is critical in the next period to meet better the demands of beneficiary institutions. Using the current systems/practices of the public research institutions for appraisal and approval of the research funded by the State budget as suggested by the DPO should be considered for application. In addition, the project could publish the research work for wide public debates, including in recognised domestic and international academic research journals/periodicals, etc.

Capacity Development

The low level of results achieved by the capacity building component has two interrelated reasons:

- a. Misinterpretation of the designed capacity building activities by Implementing Partner and Co-implementing Partners;
- b. Delays in preparatory phase.

DPO clearly indicates that “Expected project results/outputs, especially those on capacity development, will be mainly produced through learning by doing (in defining needs for policy research, coordinating/conducting concretely defined research, and dialogues/debates around policy issues/research results for policy advising/making). Training and exposures will be provided as found necessary and complementary to the learning by doing.” Although there is a high need for formal trainings, capacity building component of the Project has been designed mainly to support policy dialogue and research, not to cover wide range of training needs of Project beneficiaries and research network. Not accepting this logic by Project managers led to limited application of learning by doing activities, problems in organising training courses, difficulties to provide capacity building to the right target group (policy makers) and unnecessary extensive and expensive training needs assessments. On the other hand, a positive contribution to Project results has been made by workshops “Towards monetary policy based on inflation targeting: solutions and roadmap for State Bank of Vietnam” and "Forecast of leading macroeconomic indicators for examining and overseeing macroeconomic policies" that respect the arrangements in terms of organisation, target groups and learning methods given by DPO.

With regard to delays, both study tours have been organised as planned (2010 and 2012). As displayed in the table below, much more difficulties brought the organisation of trainings:

Table 5: Training courses – Plan and Implementation

Topic	AWP 2010	AWP 2011	AWP 2012	AWP 2013	Delivered
Training program on general concepts and macroeconomic indicator analysis	X				
Identification of bottleneck points in economic growth of Vietnam	X	X	X		06/2012
Issues related to macroeconomic management in the market economy	X				
Enhanced capacity for examining and overseeing macroeconomic reports	X				
Data collection and database processing for macro supervision in the financial markets	X				12/2010
How to develop macro financial supervisory reports for the financial markets	X				
Training on macroeconomic oversight of some parliaments	X				
Training course on contemporary macroeconomic theory and policy making		X	X	X	
Course in applied macroeconomic analysis			X		
Course in best practices in financial supervision and regulation			X		
Course in macroeconomic policy and labour market			X	X	
Financial institutions rating: best practices and application in Vietnam				X	
Application of the stress test for the banking system in Vietnam				X	
Course on advance methodologies, tools and skills for conducting and communicating policy researches				X	

AWP 2010 suggested delivering of 7 training courses, but only one became reality (Data collection and database processing for macro supervision in the financial markets organised for NFSC). AWP 2011 picked one topic from AWP 2010 (Identification of bottleneck points in economic growth of Vietnam) and proposed another one (Training course on contemporary macroeconomic theory and policy making). However, no trainings have been delivered in 2011. AWP 2012 took over both topics from AWP 2011 and added 3 new issues (using the recommendations provided by the Training needs assessment of Beneficiary agencies finished in June 2011). Training on identification of bottleneck points in economic growth of Vietnam has been delivered in June 2012. AWP 2013 further promotes the topics of Contemporary macroeconomic theory and policy making and Macroeconomic policy and labour market and identified 3 new needs for training. The course on advance methodologies, tools and skills for conducting and communicating policy researches is the first training planned for the research community (using the recommendations provided by the Training needs assessment of research institutes which was finished as late as March 2013). There has been no training delivered in the first half of 2013.

Major delays and difficulties occur during the preparatory phase – drafting and approving the ToR and tendering. As reported by NFSC, some delays (seeking the agreement on date, place and participants) in delivery of the training on data collection and database processing for macro supervision in the financial markets arose after the contract with training supplier has been signed.

7.3 Cost Efficiency of Activities

Comparing the total UNDP disbursement of 824 532 USD spent cumulatively over the period of three years (2010 – 2012) with the wide range of activities conducted and deliverables produced leads to the conclusion that the overall project implementation has been cost efficient. A deeper insight into annual budgets and annual reports shows differences in cost efficiency of activities.

Cost/benefit comparison of project activities makes clear that the most cost efficient activities are fora and workshops. The costs for workshops and fora are less than a half of the total budget spent so far but created remarkable results: they attract high number of relevant participants, draw significant attention of policy makers, media and public and disseminate policy recommendations across institutions. The cost of each event was different, depending mainly on place, duration, number of participants, and agenda, varying from 3708 USD (one day workshop on Independent Audit Law in Hanoi) to 53660 USD (two day Autumn 2012 Economic Forum in Vung Tau city). It has been noted that there have been significant budget changes in the course of forum preparation. For example, while AWP 2012 allocated 36346 USD for 2012 Spring forum, Quarterly Work Plan 1/2012 increased the allocation to 46123 USD and Quarterly Work Plan 2/2012 raised the budget again to 57345 USD. At the end, the real spending was 53147 USD which is still – compared to results – cost efficient. However, if comparing the level of cost increase and level of impact and also assessing from the financial sustainability perspective, this may not be the case. The forums in 5 star hotels in resort areas helped the quality but not as much as compared to other factors such as defining focus, facilitation, international inputs, linking studies as inputs to the discussions.

The budget spent on research is too small both in terms of number of research papers produced as well as in terms of contract value of one research study. Contracted amounts for one research paper vary approx. from 15000USD to 25000 USD which is reportedly less than standard research grants provided from the Vietnamese state budget. Low financial budget on research discourage the best experts and hinders cooperation between research institutes and involvement of international experts. A relatively high amount totalling 47910 USD has been spent on 8 issues of the Quarterly Bulletins on World and Vietnamese Macroeconomic Events elaborated by VASS. While the

interviewed stakeholders gave positive comments on the bulletins as a source of quality and updated information for policy makers, evaluators didn't find specific evidence on their contribution to Project results.

The most expensive items so far are the study tours (62069 USD spent on the study tour to USA in 2010 and 41271 USD spent on the study tour to Bulgaria, Czech Republic and Poland in 2012). The price is adequate to the number of participants, duration and agenda of the study tours. Participation in an overseas study tour helps improve the capacity of the participants and is motivating to all stakeholders including policy makers but its contribution to project results is low against the spent amount (by reviewing the evidence collected), and thus cannot be considered cost efficient.

5849 USD was the price for three-day training for 22 participants in NFSC on "Data collection and database processing for macro supervision in the financial markets". 17418 USD have been paid for three-day training for 28 participants on "Identification of bottleneck points in economic growth of Vietnam". It is a big difference comparing the price of these two 3-day courses, however evaluators were not provided detailed information about NFSC course (agenda, venue, trainers) so do not make an assessment here.

9425 USD spent on Training needs assessment of beneficiary agencies are adequate to the scope and quality of the report but not cost-efficient when considering its contribution to Project results (see also the problem of misinterpretation of the designed capacity building activities in section 7.2). Approx. 19000 USD has been contracted on elaboration of Training needs assessment of research institutions. The latter report is of a similar scope and quality and thus even less efficient.

18146 USD have been spent on establishment and maintenance of the project website. The website is informative and up to date but according to evaluators' judgment the price is far too high considering that it is only a sub-page of ECNA website available only in Vietnamese language.

In contrary, only 3914 USD have been spent on meetings of MAG. Low spending may be one aspect of not using the full potential of MAG.

The total of Project management costs in 2010 – 2012 is 121291 USD which is approx. 15% of the total spending. Out of that 78 394 USD have been spent on remuneration of Project staff and 42 897 USD have been paid for local travel, office equipment, office supplies and operations, communications and reporting, auditing and miscellaneous. In such complex and work-intensive project 15% is an adequate proportion, however additional cost for wages of National Project Director, Deputy National Project Director and National Project Manager is born by ECNA so the real proportion is slightly higher than 15%.

8. Lessons Learned, Conclusions and Recommendations

This final section presents the lessons learned and conclusions of the Midterm review based on the analyses and findings presented in previous sections. It subsequently presents the related recommendations for the future of the Project.

8.1 Lessons Learned

Lesson 1: Innovative approaches given by the design require utmost attention and thoroughness in their application into practice. As learned by example of MAG, natural resistance to innovations hinders exploiting their intended potential. Not adjusting the composition and utilisation of MAG to its mission set by the Project design reduced its influence from strategic and creative level to rather operational and bureaucratic work. Similar observations can be made on Project's failure in teaming up the limited research capacity, involving international experts in Vietnamese research capacity building and linking research to policy dialogue.

Lesson 2: Overambitious annual planning combined with limited managerial capacity of the Project office leads to delays and affects the quality of deliverables. Considering the differences in results achieved by project components, it is advisable to concentrate the efforts on high performing activities and benefit from synergies between them.

Lesson 3: The level of impact on macroeconomic policy and capacity building depends on a mix of several factors: knowledge on the political context and how policy advocacy/advising would best work, relevant topics, reputable experts, high level policy makers, professional work with media and efficient dissemination of policy recommendation notes. Forums organised within the Project can be considered as a benchmark and best practice for future interventions.

Lesson 4: Inadequate quality control mechanism of research work and low budget on research bring delays and average results. Closer monitoring by project office on progress and hiring international expert for review of research work would improve research quality. Attracting the best Vietnamese researchers, benefiting from the cooperation between research institutes and involving international experts requires adequate funding.

Lesson 5: Monitoring and Evaluation framework with inclusion of mechanisms and indicators for collecting evidence and monitoring the use of project results in all 3 outputs (dialogues, research, capacity building) for policy making as well as provisions ensuring translation of all Project deliverables into English language shall be established during the inception phase of the project. Lack of this monitoring mechanism limits the assessment of impact and project contribution to policy changes. Unavailability of timely translation of policy notes and research studies into English limits international feedback and publicity.

Lesson 6: Strong national ownership and commitment from the leaders would be the key in ensuring effective implementation and sustainability. Project results and lessons including the mechanisms for dialogue and networks should be documented and institutionalized early.

8.2 Conclusions

In summary, the Project made a good progress in achievement of its overall objective “Enhanced national capacity for macro-economic policy advising, examination, and oversight to ensure sound and pro-poor macroeconomic policies”. There is a common opinion recognising the contribution of the Project to the shift of Vietnam’s macroeconomic policy from growth to stabilisation over the past few years. The workshops and forums are believed to create a critical mass that put policy makers under pressure to conduct necessary reforms. At the same time it is noted that the potential of the Project was not fully used, particularly with regard to research and capacity building components. Taking a few procedural and organisational measures proposed in this report would help to improve the results in the final year of the Project’s implementation.

Conclusion 1: The Project exhibits a strong UNDP added value. All Project stakeholders see obvious benefits and added value from the Project activities in which they participate. In the Evaluator’s opinion, the Project is generating added value due to:

- helping to address long-standing structural problems of Vietnam in the field of macroeconomics (less on pro-poor policies);
- supporting the freedom to express often critical views on macroeconomic policies;
- reducing gaps between policy makers and research community;
- facilitating policy debates and evidence based research on national level rather than providing advice; and
- building capacities of ECNA and other co-implementing partners in both macroeconomic policy and project management.

Conclusion 2: The implementation of the Project has constituted a significant challenge for both Project office and UNDP team. Ambitious design, innovative approaches, political sensitivity, difficulties in quality assurance, problems in communication and capacity limitations are the most challenging aspects of this Project. As a result, there are significant differences in progress between the components and a number of activities has not yet been implemented.

Conclusion 3: The Project is now at a critical point, entering into the last third of its implementation period. After lengthy struggling with procedure and delays, the bulk of the research studies are under realization and a number of training activities is under preparation. Remaining 18 months will require high organisational readiness but are an opportunity to improve the performance of the second and third components.

Conclusion 4: The Project is facing new challenges with regard to changing macroeconomic context. Growing significance and scope of the National Assembly’s duties and slow implementation of restructuring policies are the recent developments that the Project has to face. A shift to actionable policy dialogue and research would be needed, providing answers on how to address identified problems, to implement identified solutions, to analyse the implementation of reforms and their economic and social impacts.

Conclusion 5: Focusing on quality instead of quantity. The Project shall admit that the design was too ambitious and not all objectives and results will be fully achieved. A pragmatic combination of activities to be supported in 2014 shall be identified, giving the priority to groups of activities that will demonstrate the highest contribution to Project’s results and overall Project outcome.

8.3 Recommendations

Project Strategy

- UNDP in cooperation with ECNA could add value of the Project by conducting research and policy dialogue on implementation of reforms and their economic and social impacts. Adding social perspective would also be a step towards “pro-poor” aspect of the overall objective.
- For the final year of Project implementation it is advisable to focus on activities leading to the best results. One possible option is to link topics of research with forums and to conduct capacity building strictly limited to policy makers who are the main target group of the project.

MAG

- The role and membership in MAG shall be reconsidered from the Project design perspective, i.e. MAG members shall interact with top level policy makers and give strategic guidance to the Project (instead of commenting, MAG shall create the list of research priorities and link them to topics for policy dialogue).
- Measures should be taken to ensure the sustainability of MAG after the end of the Project.
- Consider creation of thematic subgroups within MAG.

Fora

- Additional efforts should be made to ensure participation of policy makers from Ministries and other executive bodies. They should also contribute to forum’s deliverables (policy notes). Participation of policy makers would also facilitate the process of creating policy changes.
- Agenda and discussions at forums need to be more focused on selected key issue(s) of economy.
- Invite international speakers, preferably from Asian countries with relevant development experiences. International donors may help in identification of appropriate international experts.
- Invite more representatives of the private sector and regional and local authorities.
- The structure of forums can be improved, e.g. by drafting framework paper outlining the topics and better facilitation of discussions in terms of time and content management.
- Policy recommendation notes shall be published after each forum, disseminated also to governmental bodies and translated into English.

Research

- Topics for research shall be identified by MAG which would shift from institutional needs driven research to country-wide needs driven macroeconomic research.
- Thematic shift from identification to addressing problems is needed. Research papers shall put more emphasis on practical solutions and their application into real policy making. They shall be more focused and better linked to policy forum/debates and eventually to the development issues.

- Consider opening the research network to other research institutions. When doing so, transparent criteria for selection of new network members shall be applied.
- Budget limit for one research should be significantly increased.
- It is necessary to support cooperation between research institutions and increase involvement of international researchers. Consider introducing an obligation to submit a joint proposal by at least two research institutes and/or an obligation to involve international expert.
- More direct interaction between policy makers and researchers is needed. Project office should facilitate kick-off meetings and follow-up meetings (feedback discussion) for each research paper. This would help narrow the gap between research recommendations and expectations of policy makers, and increase the practicality and applicability of research results.
- Each research paper should have an executive summary of around 10 pages in a simple language understandable for policy makers. This executive summary should be disseminated widely to all relevant stakeholders, including government agencies.
- Each research paper should be translated into English.

Capacity Building

- Consider introducing learning by doing by sending beneficiary agency's officials to research institutions for solving particular problem. IMF is also open to discuss on-the-job-training in their office.
- Consider conducting capacity building of policy makers by short informal trainings/ presentations/sessions in simple language.
- International experts shall be invited to Vietnam. Overseas study tours and trainings are an expensive and thus less efficient alternative.
- Conduct training on policy briefs/executive summaries writing for the researchers in easy-to-understand language for disseminating the research results to the policy makers (this should be a key content in the upcoming training for researchers).

Project Office

- It is necessary to engage an International Economic Advisor as an important quality assurance instrument designed by DPO as soon as possible. Consider making an institutional agreement with an international organisation that could provide different experts on different topics on ad hoc basis.
- A monitoring system should be established including early warning provision to reduce delays in research component and indicators and mechanism to collect evidence and measure / assess project impacts on policy change.
- Better coordination among beneficiary institutions, and a more smooth information flow is needed.
- In order to support sustainability of the Project, Project office should take a more proactive role in ensuring results and synthesis in the remaining time.
- Consider making an institutional agreement with a translation agency that would provide translations of all project outputs. Nevertheless the quality of translation needs to be verified by respective researcher/expert.

- Increase the quality of reporting. In particular the quality of Annual Progress Reports needs further improvement in terms of completeness, consistency and detail. Minutes shall be taken and circulated at all Project Steering Committee, MAG meetings, AWP meetings, Technical meetings and other project meetings. Consider using the new system of measurable indicators suggested in this report.
- All outputs in both languages and major working documents shall be published on Project website.
- Follow more closely the quality assurance mechanism designed in the DPO, including the segregation of responsibilities, authorities and accountabilities, avoiding conflicts of interest, using the current system of the public research institutions for appraisal and approval of the research funded by the state budget.

Annex 1 List of Project Deliverables

Project Output 1: Research programmes are developed annually/bi-annually based on key macro-economic policy issues, options and hypotheses identified (on broad consensus basis)

Activity group 1.1: Public debates on the key macro-economic issues and policies organised on a regular basis and contributing to policy making, with contributions from international experts:

- Workshop "Overcoming crisis: Vietnam's economy 2009 and its 2010 outlook" (Tam Dao, April 2010)
- Workshop "The World and Regional Economic Situation and Restructure Perspective for Vietnam's Economy" (Vung Tau City, August 2010)
- Study tour to USA (July – August 2010)
- Workshop on Issues related to the Independent Audit Law (Hanoi, August 2010)
- Workshop "Vietnam's Economy 2010 and issues in 2011" (Ho Chi Minh city, September 2010)
- Workshop "Public investment restructuring in the context of the reform of growth model and restructuring the economy" (December 2010)
- Workshop "Vietnam's economy: issues in the medium and long run" (Can Tho city, March 2011)
- Workshop "Vietnam economy in 2011, Prospect in 2012 and Measures for implementing Socio-economic Development Plan of 2011-2015" (Ho Chi Minh city, September 2011)
- Workshop "Restructuring the economy and developing models: Issues for the economic zones and border gate economic zones" (Hai Phong, November 2011)
- Spring Economic Forum "Vietnam's Economy: Roadmap and Measures for economic restructuring in line with the reform of the Growth Model" (Da Nang, April 2012)
- Autumn Economic Forum "Vietnam's Economy in 2012, Prospect for 2013: Innovating Decentralisation in institutional reform" (Vung Tau city, September 2012)
- Spring Economic Forum 2013 "Vietnam's economy in 2013 - Restructuring the economy - A year look back" (Nha Trang, April 2013)
- Workshop "Towards monetary policy based on inflation targeting: solutions and roadmap for State Bank of Vietnam" organised in cooperation with State Bank of Vietnam (Hanoi, May 2013)

Activity group 1.2: 2-3 mechanisms for dialogues between involved policy making/advising, examination and oversight agencies (demanders for policy research) and policy researchers established, tested and the most feasible/effective ones institutionalized:

- Macroeconomic Advisory Group (MAG) has been established in 2011. 5 meetings held so far.

Activity group 1.3: Detailed annual/bi-annual research programme(s) developed for research work:

- Workshop on preparation of Annual Work Plan 2010 (Hanoi, April 2010)
- Workshop "Project Work Plan Preparation Workshop for 2011" (Hanoi, December 2010)
- Seminar on Drafting "Research Master Plan" (Hanoi, April 2011)
- Seminar on Finalizing "Research Master Plan" (Hanoi, July 2011)
- Seminar on building the "Process of selecting the team/institute/university to conduct research" (Hanoi, December 2011)
- Workshop "Project Work Plan Preparation Workshop for 2012" (Hanoi, December 2011)
- Workshop on AWP 2012 (Hanoi, January 2012)
- Technical seminar on study "Estimating potential output for Vietnam and implication for investment policies" (Hanoi, March 2012)
- Technical seminar on study "The development of cooperative and role of cooperative for social security" (Hanoi, April 2012)
- Technical seminar on study "Public debt management and sustainability in Vietnam" (Hanoi, July 2012)
- Workshop "Forecast of leading macroeconomic indicators for examining and overseeing macroeconomic policies" (Hanoi, August 2012)

Project Output 2: Evidence-based macro-economic policy analyses and/or studies are conducted to provide quality inputs to macro-economic policy making

Activity group 2.1: 5-10 policy research papers produced annually that would be (i) based on and meeting the demand of policy makers/policy advising, examination and oversight agencies on macro-economic management; (ii) evidence-based and up to good/international standards/quality; and (iii) used for macro-economic policy making:

- Research paper "Financial System Supervision: Targets and Quantitative Models" (2011)
- Research paper "FX rate during 2000-2011: deviation and impact on exports" (2011)
- Research paper "The development of cooperative and role of cooperative for social security" (2012)
- Research paper "Inflation targeting and the implication for monetary policy in Vietnam" (2012)
- 2012 Macro-economic report "From macroeconomic instability to restructuring"
- Research paper "Estimating the potential output" (2013)
- Research paper "Public debt and sustainability in Vietnam: Past, Present and Future" (2013)

Activity group 2.2: 2-3 networks between agencies in charge of macro-economic policy advising, examining, overseeing, and making (for coordination of macro-economic policy making) and networks/partnerships between national research institutions (for coordinating research work) established, tested and the most feasible/effective ones institutionalized.

- No deliverables

Activity group 2.3: 2-3 alternative mechanisms for funding policy research explored, pilot-tested and the most feasible/effective ones institutionalized.

- No deliverables

Project Output 3: Capacity of involved policy advising, examination, and oversight agencies and research institutes is strengthened for the former to better understand and use research results and the later to better conduct and communicate research work

Activity group 3.1: Capacity assessments of involved policy advising, examination, and oversight agencies and research institutes conducted to identify capacity gaps and needs

- Training needs assessment of Beneficiary agencies
- Training needs assessment of research institutions

Activity group 3.2: Key personnel of involved policy advising, examination and oversight agencies obtained the key concepts of macro-economic management in market economy and stronger abilities to (i) define timely and clearly policy questions/demand for policy research, including defining the medium and long-term 'policy-thinking paradigm'; (ii) monitor and control quality of the policy research; (iii) obtain advanced methodologies, tools, and skills to participate in research work; (iv) analyse and translate policy research results into policy options and; (v) advocate/communicate these to the top leadership.

- Training course for NFSC "Data collection and database processing for macro supervision in the financial markets" (December 2010)
- 2 issues on Quarterly reports on world and Vietnamese macroeconomic events published (2010)
- 2 Policy notes published (2010)
- 3 issues on Quarterly reports on world and Vietnamese macroeconomic events published (2011)
- 3 Policy notes published (2011)
- Training course on "Identification of bottleneck points in economic growth of Vietnam" (June 2012)
- Study tour to Bulgaria, Czech Republic and Poland (November – December 2012)
- 3 issues on Quarterly reports on world and Vietnamese macroeconomic events published (2012)
- 1 Policy note published (2012)

Activity group 3.3: Key personnel of involved research institutes obtained advanced methodologies, tools and skills for conducting and communicating policy research; and 2-3 long-term partnerships between national and international research institutions established aiming at enhancing the capacity of the national research institutions.

- No deliverables

Annex 2 Pro-poor Aspects of Policy Dialogue and Research

	Title of forums/ workshops	Major conclusions / recommendations of policy notes and discussion papers on pro-poor aspects, equitable and inclusive growth
1	Overcoming challenges of crisis: Viet Nam's Economy in 2009 and Prospects for 2010 (April 2010)	<p>Policy note: Continue to focus on generating employment and social security to ensure social stability, including poverty reduction programs. Employment generation must be a priority of socio economic development programs.</p> <p>Paper: <i>Employment in Vietnam during post crisis period</i> by Dr. Nguyen Ba Ngoc, Institute of Labor and Social Affairs Some proposed recommendations: to build a social security system, support for employment and income generation, formulate and implement sustainable employment strategy, reform labor market comprehensively.</p> <p>Paper: <i>Employment in Vietnam in 2009 and prospects in 2010</i> by Center of Analysis and Forecast (VASS). It includes a rapid assessment on impact of global economic crisis on enterprises and laborers in export sectors and other relevant issues on employment.</p>
2	Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam's Economy in 2010 and Prospects for 2011 (August 2010)	<p>Policy note: Enhance social security, improve quality and effectiveness of social insurance, implement socio economic programs linked with employment generation, enhance social support.</p> <p>Paper: <i>Research on employment situation through quantitative surveys (from end 2008- Sept 2010)</i> by Center of Analysis and Forecast (VASS) Some conclusions: continue to prioritize on macroeconomic stability, enhance restructuring without creating unfavourable confusion on employment and income for laborers.</p> <p>Paper: <i>Social security and macroeconomic stability, growth maintenance</i> by Dr. Nguyen Thi Lan Huong, President, Institute of Labor and Social Affairs Social security strategy (2011-2020) pays high attention to vulnerable groups, including the poor, the ethnic minorities and those largely affected by market reforms, integration and economic crisis. The overall objective of this strategy aims to support the people to respond to risks and shocks in income, living expenditures and living standards by combining 3 main policy groups (labor market, social insurance and social support). Some proposed solutions on employment and social security: (i) support the development of labor intensive industries, creating employment, improving the quality of employment corresponding to economic development models, (ii) enhance rural employment, (iii) increase productivity and competitiveness, (iv) develop modern labor market, (v) enhance social security to balance growth and equity.</p>
3	Viet Nam's Economy: Issues in Medium and Long-run (March 2011)	<p>Policy note: In medium and long term, rural and agricultural development should be a priority policy in socio economic development strategies and plans</p> <p>Paper: <i>Labor and employment policy from a perspective of a macroeconomic policy: lessons of the 2006-2010 period</i> by Dr. Nguyen Minh Phong, Hanoi Socio Economic Development Research Institute Some main conclusions: (i) there must be agreement on the views and awareness of policy makers and others that policy and employment policy is not only social security policy but also an integrated component in overall macroeconomic policies, (ii) there should be linkage between labor and employment policy with economic restructuring plan and process.Paper: <i>Financial reform on social security</i></p>

		<p><i>for sustainable development in Vietnam</i> by Dr. Do Ngoc Huynh</p> <p>Some conclusions: Social security system should be developed, linked with socio economic development programs and policies, supporting for social equity implementation with the objective of human development. Ensure the principle of equity and sustainability in social security.</p>
4	<p>Viet Nam's Economy in 2011, Prospects for 2012 and Measures to Implement 2011-2015 Socio-economic Development Plan (September 2011)</p>	<p>Policy note: Restructure public investment capital sources in the direction of increasing capital proportion for agriculture; Restructure agriculture production sectors.</p> <p>Paper: <i>Labor and employment in 2011 and prospects for 2012</i> by Luu Quang Tu, Institute of Labor and Social Affairs. It provides a summary of labor and employment situation in 2011, unemployment rate, social insurance and unemployment insurance.</p> <p>Paper: <i>Labor market through a quick survey of enterprises and laborers</i> by Center of Analysis and Forecast (VASS) The report presents the instability and risks in employment and income in both formal and informal sectors, increasing vulnerability of farming households in agricultural and rural sector.</p>
5	<p>Spring Forum 2012: Viet Nam's Economy in 2012: Strongly Initialising Economy Restructuring Process (April 2012)</p>	<p>Policy note: new growth model should resolve in a balanced manner the relationship between economic development, environmental protection, green growth and social security.</p> <p>Paper: <i>Green economy in reforming growth model and economic restructuring in Vietnam in the next period</i> by Dr. Nguyen Quang Thuan and Dr. Nguyen Xuan Trung. The paper presents the concepts of green economy (sustainable growth, poverty reduction and equal development, environment-friendly, technology renovation), potential for development of green economy in Vietnam, and concludes that green growth is a priority in the process of reforming growth model and economic restructuring, creating great potential for sustainable development and poverty reduction in Vietnam.</p>
6	<p>Autumn Economic Forum "Vietnam's Economy in 2012, Prospect for 2013: Innovating Decentralisation in institutional reform" (September 2012)</p>	<p>Paper: <i>Key issues of production in agricultural sector and policy recommendations</i> by MA Nguyen Do Anh Tuan, Institute of Agricultural and Rural Development Policy and Strategy. The paper presents the role of agriculture (contribution to ensuring national food security, poverty reduction and political social stability), achievements in agricultural production and rural economy, the shortcomings, and orientations and solutions for agricultural development.</p>
7	<p>Spring Economic Forum 2013 "Vietnam's economy in 2013 - Restructuring the economy - A year look back" (April 2013)</p>	<p>The issue of social security was mentioned as a relevant issue in a number of discussion papers, e.g. paper on „Real Estate instability and impact on macroeconomy, production, business and social security“ by Construction Economic Institute, Ministry of Construction, paper on „Fiscal policy in 2013 – continue to resolve difficulties for enterprises, ensuring sustainable economic development“ by Institute of Financial Policy and Strategy, Ministry of Finance, paper on „Economic restructuring – key policies, expectations and what needs to be done“ by Dr. Dang Van Thanh, Chairman of Accounting and Auditing Association</p>

	Title of the research study	Major conclusions / recommendations of research papers on pro-poor aspects, equitable and inclusive growth
1	Exchange rate in Viet Nam during 2000-2001: Determination, Misalignment and Impact on Export (published in November 2011)	No related contents on pro-poor aspects, equitable and inclusive growth
2	The Role of Cooperative Sector in Growth and Social Security (published in October 2012)	As the title says, this research analyzed the role of cooperatives in growth and social security, specifically in ensuring living standard, improving labor market, implementing insurance policies and social support policies.
3	Financial System Supervision: Targets and Quantitative Models (published in January 2013)	No related contents on pro-poor aspects, equitable and inclusive growth
4	Inflation Targeting and Implications for Monetary Policy Framework in Viet Nam (published in November 2012)	An issue raised is monetary policy could be used as a support tool for poverty reduction.
5	Macroeconomic Report 2012: From Macroeconomic Instabilities to Restructuring (published in August 2012)	Chapter 5 – Labor and employment fluctuations presents the situation on employment, analyzes factors contributing/ not contributing to employment and income, labor market and macroeconomic policy formulation, and proposes a number of policy recommendations.
6	Estimating potential output for Vietnam (published in April 2013)	No related contents on pro-poor aspects, equitable and inclusive growth.
7	Public debt in Vietnam, risk measurement and solutions (published in May 2013)	A policy recommendation is reform tax system, including adjusting tax rates to ensure social security for low income people.

Annex 3 Compliance between Project Deliverables and Policy Papers

POLICY NOTES				
	Title of the Policy note	Major conclusions / recommendations of policy notes	Major topics of policy papers (laws, resolutions, directives, reports)	Degree of compliance between policy note and policy paper
1	Overcoming challenges of crisis: Viet Nam's Economy in 2009 and Prospects for 2010 (published in May 2010)	<ol style="list-style-type: none"> 1. Prioritize macro stability - macro stability should be the 1st priority in economic management, and the basis for growth 2. Improve transparency, consistency of macroeconomic policy management 3. Improve investment efficiency, especially state investment 4. Reasonable credit growth to control inflation 5. Reduce pressure on VND devaluation 6. Interest policy must be consistent and flexible 7. Control lending activity and bad debts in commercial banks 8. Support the development of small, medium enterprises 9. Generate employment and ensure social security to ensure social stability 10. Renovate economic structure 11. Develop supporting industries <p>→ The conclusions and recommendations highlighted the priority on macroeconomic stability, controlling inflation, improving public investment efficiency, and ensuring social security, highly corresponding to Appraisal Report 1821/BC-UBKT12, Resolution 51/2010/QH12 and Resolution 11/NQ-CP.</p>	<p>Resolution 11/NQ-CP on “Main solutions to control inflation, stabilize macro economy, ensure social security” adopted by the Government of Vietnam on 24 February 2011:</p> <ol style="list-style-type: none"> 1. Strict and prudent monetary policy <ul style="list-style-type: none"> • Strict monetary policy • Harmony between monetary and fiscal policies to contain inflation • Credit growth rate target below 20% • Priority of credit for production, business, agriculture, exports, supporting industries, SMEs • Effective, flexible management of monetary policy tools, especially interest rates and money supply to contain inflation • Flexible and stable exchange rate 2. Strict fiscal policy, decrease public investments, reduce the over-expenditure of the State budget 3. Develop production and business, encourage export, contain trade deficit 4. Ensure social security <p>Appraisal Report 1821/BC-UBKT12 dated 18 Oct 2010 by ECNA “Assessment the implementation of NA Resolution on Socio Economic Development Plan in 2010; Directions and Duties on Socio Economic Development Plan in 2011”. This report set the overall goal of 2011 as “Strengthen macroeconomic stability linked with economic structure shifting, improving productivity, quality, efficiency and competitiveness of the economy, ensure social security and</p>	High level of compliance

			<p>benefit". In addition, the report also set the specific targets on reducing inflation, state budget deficit, investment proportion from state budget, increasing exports and controlling imports, restructuring SOE, supporting for SME, etc.</p> <p>Resolution 51/2010/QH12 dated 19 November 2010 by the National Assembly on Socio Economic Development Plan in 2011 with the overall objective "Increase macroeconomic stability and control inflation, associated with renovation of growth model and shifting of economic structure, improve quality, efficiency and competitiveness of the economy, ensure social security and benefits, improve the lives of the people".</p>	
2	<p>Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam's Economy in 2010 and Prospects for 2011 (published in October 2010)</p>	<ol style="list-style-type: none"> 1. Continue to prioritize macroeconomic stability as solid basis for economic growth Renovate the model of growth to improve quality of growth (consider private sector as engine, restructure public investment to improve investment quality, etc) Improve the quality in macroeconomic management, efficiency in combination between monetary and fiscal policies Create a framework for more flexible exchange rate adjustment 5. Reduce state budget over-expenditure 6. Reduce trade deficit (reduce incentives for SOEs, develop supporting industries and gradually apply flexible exchange rate) Enhance the reform and restructuring of SOE and state economic groups 8. Enhance social security <ul style="list-style-type: none"> ➔ The recommendations maintained the first priority on macroeconomic stability, continued proposals on restructuring public investment, reducing trade deficit, and enhancing social security, highly relevant to Appraisal Report 1821/BC-UBKT12, Resolution 51/2010/QH12 and Resolution 11/NQ-CP. 	<p>Appraisal Report 1821/BC-UBKT12 dated 18 Oct 2010 by ECNA "Assessment the implementation of NA Resolution on Socio Economic Development Plan in 2010; Directions and Duties on Socio Economic Development Plan in 2011". This report set the overall goal of 2011 as "Strengthen macroeconomic stability linked with economic structure shifting, improving productivity, quality, efficiency and competitiveness of the economy, ensure social security and benefit". In addition, the report also set the specific targets on reducing inflation, state budget deficit, investment proportion from state budget, increasing exports and controlling imports, restructuring SOE, supporting for SME, etc.</p> <p>Resolution 51/2010/QH12 dated 19 November 2010 by the National Assembly on Socio Economic Development Plan in 2011 with the overall objective "Increase macroeconomic stability and control inflation, associated with renovation of growth model and shifting of economic structure, improve quality, efficiency and competitiveness of the economy, ensure social security and benefits, improve the lives of the people".</p> <p>Resolution 11/NQ-CP on "Main solutions to control inflation, stabilize macro economy, ensure social security" adopted by the Government of Vietnam on 24 February 2011:</p> <ol style="list-style-type: none"> 1. Strict and prudent monetary policy 	<p>High level of compliance</p>

			<ul style="list-style-type: none"> • Strict monetary policy • Harmony between monetary and fiscal policies to contain inflation • Credit growth rate target below 20% • Priority of credit for production, business, agriculture, exports, supporting industries, SMEs • Effective, flexible management of monetary policy tools, especially interest rates and money supply to contain inflation • Flexible and stable exchange rate <ol style="list-style-type: none"> 2. Strict fiscal policy, decrease public investments, reduce the over-expenditure of the State budget 3. Develop production and business, encourage export, contain trade deficit 4. Ensure social security 	
3	Public Investment Restructuring in the context of Growth Model Renovation and Economy Restructuring in Viet Nam (published in March 2011)	<ol style="list-style-type: none"> 1. In the process of growth model renovation, gradually gradual the proportion of public investment in total investment, Improve public investment efficiency 2. Control public investment to reduce budget deficit, support for macroeconomic stability and create solid basis for sustainable growth 3. Improve quality and efficiency in capital use for public investment activities from government bonds source (as a key measure in public investment restructuring) 4. Enhance SOE reform as a condition to improve public investment efficiency 5. Review and complete legal system on public investment 6. Continue to adjust and reform investment decentralization to improve public investment efficiency <p>→ The policy note proposed the solutions to improve public investment efficiency from state budget capital and government bonds</p>	<p>Directive 1792/CT-TTg by Prime Minister dated 15 October 2011 on “Strengthening investment management from state budget capital and government bonds capital”.</p> <ul style="list-style-type: none"> • Based on 3rd Resolution of Central Party, Resolution 11/NQ-CP, with the implementation of the overall solutions on investment restructuring with focus on public investment restructuring • Gradually adjust investment structure in the direction of decreasing public investment • Control strictly the scope of each investment project to comply with approved objective, area, program and make investment decision only after identifying clearly sources of capital and ability to balance capital. 	High level of compliance

		capital, decrease public investment in investment structure, reduce budget deficit, which were reflected in Directive 1792.		
4	Viet Nam's Economy: Issues in Medium and Long-run (published in July 2011)	<ol style="list-style-type: none"> 1. Ensure sound macroeconomic stability and consider this as the 1st priority for sustainable economic development in medium and long term 2. Renovate growth model and restructure the economy in sustainable manner 3. Change industrial development strategy largely based on SOE sector, encourage sectors and areas with higher comparative advantage 4. Resolve trade deficit 5. Reduce public investment and strengthen fiscal discipline to reduce budget deficit and stabilize public debt 6. Combine the planning and implementing of monetary and fiscal policies consistently 7. Restructure SOE 8. Restructure commercial banks <p>→ The policy note recommended the renovation of growth model and restructuring the economy sustainably and continued the orientation on macroeconomic stability as first priority. The proposals on public investment reducing, SOE restructuring, commercial banks restructuring and trade deficit reducing were also raised. These are highly in compliance with 3rd Resolution of Central Party, Resolution 11/2011/QH13, and Resolution 10/2011 by the NA.</p>	<p>3rd Resolution of Central Party adopted in October 2011</p> <ul style="list-style-type: none"> • Overall objective of 2011-2015 period: develop the economy fast and sustainably linked with renovating growth model and restructuring in the direction of improving quality, efficiency and competitiveness, ensure social security and benefit • Overall objective of 2012: prioritize to contain inflation, stabilize macro economy, maintain growth at reasonable rate linked with renovating growth model and economic restructuring, improve quality, efficiency and competitiveness of the economy, ensure social security and benefit • Main directions for 2011-2015: focus on 3 most important areas: (i) investment restructuring with focus on public investment, (ii) financial market restructuring with focus on restructuring of commercial banks and financial institutions, (iii) SOEs restructuring with focus on economic groups and state owned corporations. <p>Resolution 10/2011 on Social Economic Plan for 2011 – 2015 period adopted by the National Assembly on 8 November 2011</p> <ul style="list-style-type: none"> • Overall objective: develop the economy fast and sustainably linked with renovating growth model and restructuring in the direction of improving quality, efficiency and competitiveness, ensure social security and benefit. • Directions on solutions for 5-year socioeconomic development: <ul style="list-style-type: none"> ○ Economic restructuring linked with renovating growth model, focus on 3 important areas (i) public investment, (ii) financial market, (iii) SOE ○ Continue to contain inflation, stabilize macro 	High level of compliance

			<p>economy, decrease investment from bank credit, adjust decentralization in investment management from state budget and government bonds</p> <ul style="list-style-type: none"> ○ Encourage exports, control imports, restrict trade deficit <p>Resolution 11/2011/QH13 on Socio Economic Development Plans in 2012 approved by the National Assembly on 9 November 2011. Overall objective was defined as “Prioritize controlling inflation, stabilizing macro economy, maintaining reasonable growth associated with the reform of growth model and economic restructuring, improve quality, efficiency and competitiveness, ensure social security and benefit”</p>	
5	Viet Nam’s Economy in 2011, Prospects for 2012 and Measures to Implement 2011-2015 Socio-economic Development Plan (published in October 2011)	<ol style="list-style-type: none"> 1. Restructure public investment capital sources for effective and sustainable growth 2. Restructure, formulate and implement consistent industrial industry based on criteria of efficiency, competitiveness of the economy 3. Restructure agriculture production 4. Restructure SOE (focus on core business, arrange and restructure economic groups and enhance equitization) 5. Consider the private sector as important motivation in new economic growth model, ensure level playing field for private sector, develop supporting industries 6. Reform macroeconomic policy formulating and managing in the direction of complying with market principles 7. Adjust the decentralization between central and local levels <p>→ The policy note made specific recommendations on public investment restructuring and SOE restructuring, which were among the directions in 3rd Resolution of Central Party, Resolution 10/2011 of the</p>	<p>3rd Resolution of Central Party adopted in October 2011</p> <ul style="list-style-type: none"> • Overall objective of 2011-2015 period: develop the economy fast and sustainably linked with renovating growth model and restructuring in the direction of improving quality, efficiency and competitiveness, ensure social security and benefit • Overall objective of 2012: prioritize to contain inflation, stabilize macro economy, maintain growth at reasonable rate linked with renovating growth model and economic restructuring, improve quality, efficiency and competitiveness of the economy, ensure social security and benefit • Main directions for 2011-2015: focus on 3 most important areas: (i) investment restructuring with focus on public investment, (ii) financial market restructuring with focus on restructuring of commercial banks and financial institutions, (iii) SOEs restructuring with focus on economic groups and state owned corporations. <p>Resolution 10/2011 on Social Economic Plan for 2011 – 2015 period adopted by the National Assembly on 8 November 2011</p> <ul style="list-style-type: none"> • Overall objective: develop the economy fast and 	Medium level of compliance

		National Assembly.	<p>sustainably linked with renovating growth model and restructuring in the direction of improving quality, efficiency and competitiveness, ensure social security and benefit.</p> <ul style="list-style-type: none"> • Directions on solutions for 5-year socioeconomic development: <ul style="list-style-type: none"> ○ Economic restructuring linked with renovating growth model, focus on 3 important areas (i) public investment, (ii) financial market, (iii) SOE ○ Continue to contain inflation, stabilize macro economy, stabilize the value of the currency, decrease investment from bank credit, adjust decentralization in investment management from state budget and government bonds ○ Encourage exports, control imports, restrict trade deficit 	
6	Spring Economic Forum 2012 "Viet Nam's Economy in 2012: Strongly Initialising Economy Restructuring Process" (published in May 2012)	<ol style="list-style-type: none"> 1. Reform systematic thinking on market economy, role of the state, key role of state economy, role of SOEs, role of the private economy sector 2. Enhance institutional reform 3. Restructure public investment (decrease gradually investment from state source, construct a mechanism for efficient public investment management) 4. Renovate the decentralization for investment management and supervision to resolve the shortcomings in public investment 5. Construct a system of criteria and process for selecting, supervising and evaluating public investment projects 6. Define the basis and criteria on establishment and operation of SOE 7. Continue to enhance equitization of SOE 8. Resolve the problems of bad debts and cross-ownership in commercial banks 	<p>Report 430/BC-UBKT13 by ECNA dated 18 May 2012 "Some opinions on Overall Project on Economic Restructuring linked with growth model renovation in the direction of improving the quality, efficiency and competitiveness". The report gave comments on the objectives, directions and solutions set out in the Overall Project on Economic Restructuring of the Government. In terms of restructuring contents, the report stated that the Party and NA defined the focus on 3 core areas: public investment, SOE and financial market. Some proposed opinions and recommendations in the report relate to the solutions to complete market economy institution, macroeconomic stability, financial market restructuring (e.g. restructuring commercial banks, developing monetary and capital markets), investment restructuring (e.g. increasing efficiency in public investment, assessing the model of public private partnership), enterprise restructuring (e.g. redefining the role of SOE, assessing the model of state economic groups, renovating corporate governance system for SOE, constructing criteria to assess operation efficiency of SOE, improving governance and transparency of private enterprises).</p>	High level of compliance

		The policy note proposed specific recommendations on restructuring in 3 core areas: public investment, SOE and commercial banks, on re-thinking market economy institution, role of state sector and private sector, which are highly relevant to the contents in the Report 430/BC-UBKT13 and Resolution 31/2012/QH 13.	Resolution 31/2012/QH 13 on Socio Economic Development Plan in 2013 approved by the National Assembly on 8 November 2012. Overall objective: “Strengthen macroeconomic stability, lower inflation, higher growth than 2012. Strengthen the implementation of 3 strategic breakthroughs associated with economic restructuring, transforming of growth model. Ensure social security and benefits”.	
7	Autumn Economic Forum 2012 “Vietnam’s Economy in 2012, prospects in 2013: Innovating Decentralization in Institutional Reform” (Sept 2012)	<p>No Policy note was published.</p> <p>The discussions in the forum focused on the analysis and assessment on the implementation of socio economic plan in 2012 and proposal of recommendations for implementation of socio economic plan in 2013, the issues on restructuring and reform of growth model, innovating decentralization in institutional reform. Majority of opinions is that high growth should not be a priority though growth started to recover slowly. The goal for 2013 must be set in the overall economic restructuring with the focus on maintaining macro stability, keeping stable growth, resolving difficulties for enterprises, improving employment and income of the people.</p> <p>→ The discussions and conclusions in the forum are highly corresponding to the objectives, duties of Resolution 31/2012/QH13 on strengthening macroeconomic stability, stable growth, restructuring and transforming of growth model.</p>	Resolution 31/2012/QH 13 on Socio Economic Development Plan in 2013 approved by the National Assembly on 8 November 2012. Overall objective: “Strengthen macroeconomic stability, lower inflation, higher growth than 2012. Strengthen the implementation of 3 strategic breakthroughs associated with economic restructuring, transforming of growth model. Ensure social security and benefits”.	High level of compliance
8	Spring Economic Forum 2013 “Vietnam’s economy in 2013	<p>No Policy note was published.</p> <p>The forum assessed the results of implementation of socio economic plan in 2012 and recommended</p>	Directive 11/CT-TTG by Prime Minister on “Duties for implementation during 2013 – 2015 period to implement overall Project on economic restructuring associated with reform of growth model in the direction of improving quality,	High level of compliance

	<p>- Restructuring the economy - A year look back“ (April 2013)</p>	<p>the solutions to implement the socio economic development plan in 2013, with the discussion papers on such topics as Fiscal policies in 2013, Financial regulations, financial market, restructuring, monetary policies, Trade deficit, Real estate market and Economic institution reform. The restructuring topics were the priorities of the forum, with the speeches in 3 core areas: Public Investment restructuring, SOE restructuring (issues, solutions, roadmap,...), Financial market restructuring (commercial banks restructuring, bad debts and solutions).</p> <p>➔ The presentations and discussions analyzed the results and shortcomings of restructuring process, proposed the government to take more concrete and quicker measures for reform, specifically in restructuring three core areas (SOE, commercial banks, public investment). These issues are highly relevant to the contents of Directive 11/CT-TTG and Appraisal Report 1123/BC-UBKT13 by ECNA.</p>	<p>efficiency and competitiveness during 2013-2020 period” issued on 19 June 2013. This Directive followed the Prime Minister’s Decision 339/QD-TTg of 19 February 2013 on “Approval of overall Project on economic restructuring associated with the reform of growth model in the direction of improving quality, efficiency and competitiveness during the 2013 – 2020 period” to accelerate economic restructuring process. The Appendix of Directive 11 divided the tasks to implement the overall project on economic restructuring, including a total of 58 tasks assigned for Ministries and government agencies, specific outputs and deadlines for completion. Among the specified tasks are the Establishment of Steering Committees for Restructuring of sectors, areas and localities, Projects for Restructuring of sectors, areas, localities, groups, and corporations, drafting Law on Public Investment, Law on Management and Use of State Capital for Investment in Enterprises, amending the Law on Investment, Law on Enterprises, Law on Corporate Income Tax, Law on State Budget, Law on Property Business, drafting Decree on Credit Guarantee for SMEs, Decree on Management, Supervision and Assessment of Economic Groups and State Corporations, Decree on Issuing Mechanism for Financial Supervision and Financial Efficiency Assessment in SOEs, amending Decree on converting 100% state owned enterprises into equitized companies, drafting Project on Resolving Bad Debts of Credit Institutions System.</p> <p>Appraisal Report 1123/BC-UBKT13 dated 17 May 2013 by ECNA “Assessment the additional results of the implementation of NA Resolution on Socio Economic Development Plan in 2012, the implementation of Socio Economic Development Plan in 2013”. The report gave the opinions that economic restructuring did not make specific changes, there has not been a comprehensive program on growth model renovation by sectors, localities, areas, units, and the implementation of restructuring faced many delays in all 3 areas (public investment, SOE, commercial banks). The</p>	
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			report proposed recommendations on duties and solutions, including „the concretization and focus on implementation of policies and targets defined in Overall Project on Economic Restructuring“.	
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RESEARCH PAPERS				
	Title of the research study	Major conclusions / recommendations	Major topics of the policy paper	Degree of compliance between research studies and policy paper
1	Exchange rate in Viet Nam during 2000-2001:Determination, Misalignment and Impact on Export (published in November 2011)		No policy paper identified	
2	The Role of Cooperative Sector in Growth and Social Security (published in October 2012)	<p>Background paper on the concept of cooperatives, history of cooperative development in Vietnam, regulatory framework, situation of operation, role of cooperatives in social security, trends for development, conclusions and some policy implications. Some key conclusions are as follows:</p> <ul style="list-style-type: none"> - Cooperative sector has made a modest and decreasing contribution to GDP, but has a large and increasing number of members, reflecting its important role for resolving socio economic issues, especially in rural areas. - According to surveyed cooperative members, employment should be the most important goal of cooperatives, then provision of products and services for members. Labor contribution should be the most important in defining membership and capital contribution comes next. - Regarding their role in social security: cooperatives have supported poor laborers in improving lives and income, accessing partially social and medical insurance. - “Enterprising” cooperatives has become a trend, many tend to develop in the direction of profits, members reduce the use of cooperatives’ products and services or reduce the contribution of labor in cooperatives. 	<p>Amendment of the Law on Cooperatives, number 23/2012/QH13 adopted on 20 November 2012 by the National Assembly (came into effect on 1 July 2013).</p> <p>Some changes compared with former Cooperative Law of 2003:</p> <ul style="list-style-type: none"> - In Chapter 1 “General Regulations”, the concept “Cooperatives operate as an enterprise” has been removed. However the new law still allows the establishment of affiliated enterprises like in the former law, specifically “when cooperatives, cooperative alliances develop to a higher level, they can form enterprises under cooperatives, cooperative alliances; these enterprises operate under Law of Enterprise”. - The section on State policies on cooperatives specifies support and favourable policies, especially for cooperatives in the areas of agriculture, forestry, fisheries. The new law adds the incentives on corporate income tax and other taxes and fees for cooperatives. Agriculture, forestry and fisheries cooperatives enjoy 	High level of compliance

		<p>Following are some key policy implications:</p> <ol style="list-style-type: none"> 1. It is necessary to clarify the difference in nature of cooperatives and businesses, and cooperatives need to have a different socio economic status from that of enterprises. 2. Cooperative development requires special support from the state such as policies on income tax, training, capital, land, infrastructure development. 3. Cooperative development should be linked with meeting the need of products and services of members and generating employment for laborers. 4. Cooperatives should be considered an important tool for ensuring social security and community development. <p>→ These conclusions and policy implications are highly corresponding to the changes adopted in the amended Law on Cooperatives.</p>	<p>additional favourable policies such as infrastructure development, land issues, credit incentive, support on capital, seed and product processing.</p> <ul style="list-style-type: none"> - The products and services provided by cooperatives to members are specified in the new law, e.g. joint purchase of inputs, joint selling of products and services, product processing for members, credit for members. The provision of products and services to members must be ensured before they could be sold to the market. - The issue of employment is specified (the former law did not mention), including the addition of concept and stipulation for “employment generation cooperative”. - The new law stipulates the principle of profit sharing to members “largely according to level of use of products and services of members, labor contributed to cooperative for employment generation cooperatives, and the remainder according to capital contribution”. This is different from the former law which put capital contribution as the first factor, then labor and level of products and services use. 	
3	Financial System Supervision: Targets and Quantitative Models (published in January 2013)		No policy paper identified	
4	Inflation Targeting and Implications for Monetary Policy Framework in Viet Nam (published in November 2012)		No policy paper identified	

5	Macroeconomic Report 2012: From Macroeconomic Instabilities to Restructuring (published in August 2012)	<p>Chapter 2 – Risks in Fiscal Deficit:</p> <ul style="list-style-type: none"> Proportion of budget collection from tax and fee of Vietnam (average over the past 5 years) is much higher than in other neighbouring countries. (Tax + Fee)/GDP of Vietnam = 21.6% vs. 17.3% (China), 15.5% (Thailand, Malaysia), 13% (Philippines), 12.1% (Indonesia), 7.8% (India) Corporate income tax (25%) is a flat rate for all enterprises in Vietnam, while other countries apply different tax rates ranging from 2-30%. → These findings provided background information for the reduction of corporate income tax and adoption of different tax rates as reflected in Amended Corporate Income Tax Law. 	<p>Amendment of the Corporate Income Tax Law (approved by NA on 19 June 2013):</p> <ul style="list-style-type: none"> Decreased corporate income tax from current 25% to 22% from 1/1/2014 and to 20% from 1/1/2016. Corporate income tax rate for exploration, exploiting oil, gas and precious natural resources from 32-50% according to projects and business entities. Regulations on incentives on tax rate, such as 10% tax rate for 15 years for implementation of new investment projects in specially difficult localities, economic zones, high technology zones, 10% tax rate for enterprises implementing socialization in training and education, vocational training, healthcare, culture, sports and environment, implementing social housing investment projects, and incentives on time duration for tax exemption and reduction. 	High level of compliance
6	Estimating potential output for Vietnam (published in April 2013)	<p>The research estimated potential output of Vietnam's economy. It discussed factors of potential output and policy implications, short term and long term, to resolve the differential between real output and potential output.</p> <ul style="list-style-type: none"> The most difficult and important way to increase potential output in long term is to improve total factor productivity (TFP). In the 1990s TFP contributed to around 50% of annual economic growth rate in Vietnam, but this decreased to 11% in period of 1998-2008. Many reasons were mentioned such as lack of institutional reform (poor corporate governance, too many incentives for inefficient SOEs, lack of investment in infrastructure, health and education). The biggest impact on economic growth in recent years was capital, which contributed around 70% to annual economic growth during 1998-2008 (from 28% of period 	<p>Appraisal Report 1123/BC-UBKT13 dated 17 May 2013 by ECNA "Assessment the additional results of the implementation of NA Resolution on Socio Economic Development Plan in 2012, the implementation of Socio Economic Development Plan in 2013".</p> <p>When assessing the socio economic situation, the report mentioned the concept of TFP without concrete analysis.</p> <p>The issue of institutional reform was mentioned when recommending solutions related to restructuring public investment and SOEs.</p> <p>The report mentioned the shortcomings in SOE restructuring such as the lack of motivation and pressure for SOE to renovate technology, improve governance, competitiveness and</p>	Medium level of compliance

		<p>1990-1997), and resulted from increase in FDI and investment of state economic sector (mostly SOEs). But many problems were found in SOEs (inefficiency in investment, difficulties to pay back debts, etc.) therefore there needs to reconsider the scope and status of SOEs in economic restructuring, to reform SOEs, improve corporate governance and transparency.</p> <p>-> These findings and policy implications provided some useful information when drafting Appraisal Report 1123/BC-UBKT13, particularly the introduction of TFP concept, the assessment and recommendations on restructuring public investment and SOEs.</p>	<p>efficiency, lack of policies to support SOEs to implement restructuring. The report also recommended the improvement of state capital management model in enterprises.</p>	
7	Public debt and sustainability in Vietnam: the past, present and future (published in May 2013)	<p>When assessing the sustainability of public debt, a highly notable assessment was made as follows: according to the Government reports, total public debt was 54.9% of GDP (by the end of 2011) and 55.4% of GDP (by the end of 2012). However, the biggest potential risk for public debt does not lie in the debts recorded in the books, but the bad debts of SOEs that could probably require the repayment from state budget. Specifically the foreign debt, mostly of SOEs, without being guaranteed by the Government occupies 10.6% of GDP. In addition, the debt in banking system of SOEs occupies around 16.5% of GDP (according to MOF, 2012). If including these figures and adding the debts through domestic bonds without other government guarantee of SOEs, total public debt reached approximately 95% of GDP, far exceeding safe limit (60% of GDP) recommended by international organizations like WB and IMF.</p> <p>-> This assessment gave an alarming figure on public debt risks of Vietnam, leading to discussions by experts, NA Deputies and the Government, and this issue was raised in XIII NA 5th session in 2013.</p>	<p>No policy paper identified</p> <p>The NA Deputies discussed and debated the issue of public debt in the XIII NA 5th session in 2013 due to differences in figures of different organizations. Some mentioned the difficulties due to insufficient data on public debt to make relevant policy recommendations to the Government. Deputy Ha Sy Dong from Quang Tri said “Many reports gave different data, especially the debt data of state groups and corporations guaranteed by the state were not provided sufficiently.” Mr. Mai Xuan Hung, Vice Chairman of ECNA said “the differences in public debt figures could be due to the differences in criteria to define public debt”. Mr. Nguyen Huu Quang, Budget and Financial Committee of NA emphasized that “According to the Government report, debt figures are within the safe limit and the Government must be responsible to NA on report figures”.²⁵</p> <p>Responding to these questions and debates,</p>	

²⁵ Source: Vietnam Television - <http://vtv.vn/Kinh-te/No-cong-van-o-nguong-an-toan/70316.vtv>

			Deputy Prime Minister Vu Van Ninh affirmed that “the public debt is still within safe limit... SOE borrowing from credit institutions and banks would follow the law and be subject to bank appraisal and thus SOEs would be responsible for repaying the debt by themselves”. Chairman of Financial and Budget Committee of NA Phung Quoc Hien also shared the view that “Public debt calculation of Vietnam must follow Vietnam’s law. Public debt is only comprised of 3 factors - Government guarantee, Government debt, and local Government debt”. ²⁶	
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²⁶ <http://kinhdoanh.vnexpress.net/tin-tuc/vi-mo/pho-thu-tuong-no-cong-van-an-toan-2770047.html>

Annex 4 Dissemination of Policy Notes and Research Papers

No.	Title	Published	Number of copies printed	Dissemination
Policy Notes				
1	Overcoming challenges of crisis: Viet Nam's Economy in 2009 and Prospects for 2010	May 2010	100	Participants of the Workshop
2	Ensuring Macroeconomic Stability, Sustaining Growth Momentum: Viet Nam's Economy in 2010 and Prospects for 2011	Oct 2010	800	Deputies of NA: 500 MAG members: 40 ECNA: 50 Experts: 40 Beneficiaries and research network: 50 Publisher: 20 Project Office: 100
3	Public Investment Restructuring in the context of Growth Model Renovation and Economy Restructuring in Viet Nam	Jan 2011	800	Deputies of NA: 500 MAG members: 40 ECNA: 50 Experts: 40 Beneficiaries and research network: 50 Publisher: 20 Project Office: 100
4	Viet Nam's Economy: Issues in Medium and Long-run	Apr 2011	800	Deputies of NA: 500 MAG members: 40 ECNA: 50 Experts: 40 Beneficiaries and research network: 50 Publisher: 20 Project Office: 100
5	Viet Nam's Economy in 2011, Prospects for 2012 and Measures to Implement 2011-2015 Socio-economic Development Plan	Oct 2011	800	Deputies of NA: 500 MAG members: 40 ECNA: 50 Experts: 40 Beneficiaries and research network: 50 Publisher: 20 Project Office: 100
6	Viet Nam's Economy in 2012: Strongly Initialising Economy Restructuring Process	May 2012	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 25 Beneficiaries and research network: 40 Publisher: 15 Project Office: 55
Research papers				
1	Exchange rate in Viet Nam during 2000-2001: Determination, Misalignment and Impact on Export	Nov 2011	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
2	The Role of Cooperative Sector in Growth and Social Security	Oct 2012	700	Deputies of NA: 500 MAG members: 20

				ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
3	Financial System Supervision: Targets and Quantitative Models	Jan 2013	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
4	Inflation Targeting and Implications for Monetary Policy Framework in Viet Nam	Nov 2012	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
5	Macroeconomic Report 2012: From Macroeconomic Instabilities to Restructuring	Aug 2012	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
6	Estimating potential output for Vietnam	Apr 2013	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
7	Public debt in Vietnam, risk measurement and solutions	May 2013	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45
8	Economic Bulletin	No. 1-8	700	Deputies of NA: 500 MAG members: 20 ECNA: 45 Experts: 35 Beneficiaries and research network: 40 Publisher: 15 Project Office: 45

Source: Project Office

Annex 5 List of Interviews

UNDP

- Mr. Bakhodir Burkhanov – Deputy Country Director
- Mr. Nguyen Tien Phong – Assistant Country Director, Head of Inclusive and Equitable Growth Cluster
- Ms. Michaela Prokop – Economic Policy Advisor
- Ms. Tran Thi Minh Tien – Project Associate
- Ms. Le Le Lan – Leader, Monitoring and Evaluation Team

ECNA and PMU:

- Mr. Phung Van Hung, PhD. – Member of ECNA
- Mr. Tran Du Lich – Member of ECNA (by questionnaire)
- Mr. Nguyen Huu Duc – Member of ECNA (by questionnaire)
- Mr. Dang The Vinh – Member of ECNA (by questionnaire)
- Mr. Nguyen Minh Son – Deputy National Project Director
- Mr. Nguyen Tri Dung – National Project Manager
- Dr. To Trung Thanh – Economic Advisor
- Ms. Tran Thanh Huong – Project Coordinator

Beneficiary-agencies:

- Party's Central Office:
 - Mr. Nguyen Huu Tu – Vice Chief of the Secretariat
 - Mr. Nguyen Quoc Minh – General Department
- National Financial Supervision Committee
 - Mr. Ha Huy Tuan – Vice President
 - Ms. Nguyen Thu Trang - Expert
- The Office of the President
 - Dr. Bui Truong Giang – Director, General Department
- Vietnam Academy of Social Sciences (VASS)
 - Dr. Bui Quang Tuan – Vice President, Vietnam Institute of Economics
 - Dr. Nguyen Thang – Director of Center for Analysis and Forecasting
 - Dr. To Thi Anh Duong – Vietnam Institute of Economics

Project research institutions network

- CIEM: Dr. Vo Tri Thanh – Vice President
- VNU University of Economics and Business: Dr. Nguyen Hong Son – Director
- DEPOCEN: Dr. Nguyen Ngoc Anh – Chief Economist
- National Center for Socio-Economic Information and Forecast: Ms. Mai Thi Thu – Director, Ms. Dang Ngoc Tram – Research Fellow
- Strategy Institute, SBV: Dr. Nguyen Thi Kim Thanh – General Director

Economic Advisors:

- Dr. Le Dang Doanh
- Dr. Nguyen Quang Thai
- Dr. Vo Dai Luoc

GACA representatives:

- MPI: Ms. Nong Thi Hong Hanh – Head of Division, Foreign Economic Relation Department

Development Partners:

- IMF: Mr. Sanjay Kalra, Resident Representative
- WB: Mr. Deepak Mishra, Lead Economist
- ADB: Mr. Dominic Mellor, Country Economist

Annex 6 Key Documents Consulted

UNDP guidelines and country programs

- CCPD (2012-2016)
- CPAP (2006-2010)
- HPPMG (2010)
- One Plan (2006-2010), (2012-2016)
- UNDP Capacity Assessment for Project Implementation
- UNDP Country Program (2006-2010)
- UNDP Guidelines for Outcome Evaluators
- UNDP Outcome-Level Evaluation, A Companion Guide to the Handbook on Planning, Monitoring and Evaluating for Development Results

Legal documents

- Directive 11/CT-TTG by Prime Minister (6/2013)
- Directive 1792 by the Prime Minister (15 October 2011)
- ECNA Socio Economic Appraisal Reports
- Laws on Cooperative, Laws on Corporate Income Tax
- Resolution 11/NQ-CP (2/2011)
- 3rd Resolution of Central Party (10/2011)
- Resolution 10/2011/QH13 by NA on Social Economic Plan for 2011-2015 (11/ 2011)
- Socio Economic Resolutions by the National Assembly in 2011, 2012, 2013

Project documentation

- Annual Project Progress Report 2010, 2011, 2012
- Annual Work Plan 2010, 2011, 2012, 2013
- Biannual Project Progress Report (first 6 months of 2013)
- Detailed Project Outline
- Financial reports (2010, 2011, 2012)
- List of participants in study tours in US and Europe
- List of participants for training in Cua Lo, Nghe An
- Minutes of meeting on AWP 2013 (22/1/2013)
- Minutes of PSC meeting (30/1/2013)
- Procedure for conducting research
- Procedure for selecting research institutes
- Quarterly progress reports 2011 (Q1-4), 2012 (Q1-4), 2013 (Q1)
- Quarterly work plans 2010 (Q3-4), 2011 (Q1-4), 2012 (Q1-4), 2013 (Q1)
- Study tour report to Czech Republic, Bulgaria and the Republic of Poland (12/2012)
- Study tour report to US (8/2010)
- Training needs assessment report of beneficiary agencies (8/2011)
- Training needs assessment report of research institutes (3/2013)
- Working mechanism of MAG

Project deliverables

TORs:

- Training course on identification of bottlenecks in economic growth of Vietnam
- 2013 Spring economic forum “Vietnam economy in 2013, restructuring the economy – the year in review”
- PPP research – international experience and regulatory framework in Vietnam

Research papers, training materials, policy notes, bulletins:

- 2012 Macro-economic report “From macroeconomic instability to restructuring”
- Policy notes
- Quarterly bulletins on world and Vietnamese macroeconomic events
- Research paper “Estimating the potential output” (2013)
- Research paper “Financial System Supervision: Targets and Quantitative Models” (2011)
- Research paper “FX rate during 2000-2011: deviation and impact on exports” (2011)
- Research paper “Inflation targeting and the implementation of monetary policy via inflation targeting” (2011)
- Research paper “Inflation targeting and the implication for monetary policy in Vietnam” (2012)
- Research paper “Public debt and sustainability in Vietnam: Past, Present and Future” (2013)
- Research paper “The development of cooperative and role of cooperative for social security” (2012)
- Training course materials on "Identification of bottleneck points in economic growth of Vietnam" (June 2012)