



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

Final Evaluation Report

Date of Report: 8 August 2013

Authors of Report: Jan Helbich – International Consultant
Hoang Thanh Mai – National Consultant

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.

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.