

exPost *EXPost*

Evaluation of French development aid in Vietnam (2005-2015)

Synthesis

Authors: Jacques CARILLO and Hugo THENINT (EDATER), Eric BAYE (Groupe LHP)



Research Department

Evaluation and Capitalisation Unit

Agence Française de Développement
5, rue Roland Barthes 75012 Paris < France
www.afd.fr



Authors: Jacques CARILLO and Hugo THENINT (EDATER), Eric BAYE (Groupe LHP)
Coordination: Karen ROUSSEAU (AFD)

This evaluation is available at the following address on internet: <http://editions.afd.fr>

Disclaimer

The analyses and conclusions presented in this document are those of the authors.
They do not necessarily reflect the official views of Agence Française de Développement or its partner institutions.

Publication Director: Rémy Rioux
Editorial Director: Nathalie Le Denmat
ISSN: 1962-9761
Legal deposit: 2nd quarter 2018

Photo credit: Jean-Claude Pirès
English copy editing: Bruce Kelley

Layout: Ferrari/Corporate – Tel.: 33 (1) 42 96 05 50 – J. Rouy/Coquelicot

Table of contents

Introduction	3
1. Context and intervention review	5
1.1. Socio-economic evolution of Vietnam since 2000	5
1.2. Evolution of Development Aid in Vietnam	5
1.3. Review of the French intervention (restricted to the study's scope)	6
2. Answers to evaluation questions	7
2.1. Strategic positioning relevance and response to country needs	7
2.2. Relevance and coherence regarding other international donors' strategies	8
2.3. Fulfilling conditions of aid effectiveness	9
2.4. Results and sustainability of investments (in the energy, water and transport sectors)	10
2.5. Complementarities and synergies between French interventions (internal coherence)	11
2.6. Synergies with the European Union interventions	12
2.7. Implementing rules and practices contribution to the intervention's efficiency	12
2.8. Contribution to French economic influence	13
3. Conclusion and lessons learned	15
3.1. Main observations	15
3.2. Near-term issues and prospects	16
4. Recommendations	17
List of acronyms and abbreviations	19

Introduction

Aims and objectives

The Ministry of Europe and Foreign Affairs (MEAE), the Directorate General of the Treasury (DG Trésor) and the French Development Agency (AFD) have requested an evaluation of French development aid to Vietnam between 2005 and 2015.

The objective of this study was to determine the French contribution to this country's development, to appreciate

the French strategy during this period and to propose recommendations for the future.

The four main areas studied were relevancy, coherence, effectiveness and efficiency¹ of the intervention. A specific exploratory analysis was performed to examine French economic influence.

Fields of the evaluation

The study did not include the totality of French Official Development Assistance (ODA) as defined by the Development Aid Committee (of the Organisation for Economic and Co-operation and Development). The actual target of the evaluation was the bilateral aid financed by MEAE, DG Trésor and AFD, the three principal French contributors, to Vietnam:

- DG Trésor employs two financial instruments in Vietnam: FASEP (funding for studies and aid for the private sector) and sovereign concessional tied loans (previously known as RPE);

- The Ministry of Europe and Foreign Affairs contributes to Vietnam's development mainly through grants, to finance social, cultural and research projects via the FSP (Fonds de Solidarité Prioritaire – funding for solidarity projects). Some financial interventions by the Ministry such as student grants, Cultural Heritage and Development projects, French cultural events... were excluded from the study despite the fact that they are recorded as ODA;

- AFD promotes sustainable and equitable growth through three main untied financial instruments: sovereign and non-sovereign concessional loans as well as grants.

Without being at the core of this study, decentralised cooperation and NGO project support are also considered as potential complementary interventions.

¹ In accordance with the contract specifications, the efficiency principle was not analyzed through the cost/effectiveness approach but rather in terms of management performance and quality of implementation processes.

Figure 1: Overview of the period study field

Review period: 2005-2015					
Study field	Main study field			Secondary field	
	AFD	DG Trésor	MEAE	NGO Projects	Decentralised Coop.
Number of awarded projects	51 projects	12 projects FASEP	41 projects	10 projects MEAE	24 projects
		8 projects RPE		7 Projects AFD (+16 multi-country)	
Committed amount	1 205.68 M€	494.56 M€	N/A	2.90 M€ (MEAE)	1.16 M€
				3.04 M€ AFD (24.7 M€)	
Disbursed amount	749 M€	182.16 M€	9.67 M€	2.90 M€ (MEAE)	N/D
				N/D	

Sources: AFD, DG Trésor and MEAE files, processing EDATER.

N/A: not applicable.

N/D: undetermined value.

Method

The evaluation study includes:

- a literature review (strategic documents, evaluations, projects files, ...), data retrieval and analysis;
- twenty interviews with the main representatives of the three financial institutions;
- two study trips to Vietnam, one an exploratory mission in January 2017 and the other, in June 2017, a more in-depth study to better understand how some selected projects are implemented and managed and with what results; they allowed us conduct around forty interviews with those responsible for the services and the financial institutions involved;

- a survey sent to fifty-two French businesses and organisations which had directly or indirectly benefited from development aid during this period (42% responded) and secondly, a focus group in Hanoi with ten of the companies and organisations;

- several meetings with the steering committee and technical group in Paris.

This evaluation was confronted with several difficulties and technical limitations, particularly as there was very little detailed or recent statistical information available and the rules, regulations and public strategies had changed several times over the period. These difficulties are presented in the final report.

1. Context and intervention review

1.1. Socio-economic evolution of Vietnam since 2000

During the period 2005-2015 there were significant economic, social, institutional and environmental changes in Vietnam.

Vietnam enjoyed strong economic growth between 2000 and 2005, achieving 7.2% in 2005. Thanks to that, the population living below the poverty threshold decreased drastically (from 58% in 1993 to 14,5% in 2008).

This dynamic permitted the country to increase its GNI (Gross National Income) ranking group from that of a Low Income Country (LIC) to that of a Lower Middle Income Country (LMIC) in 2010 based on the World Bank classification system. During this period, Foreign Direct Investments increased in the production sector, especially from Asia (Japan, Korea, China and Taiwan). The economy is strongly oriented toward exportation, although local enterprises remain importers (China, Korea, Thailand...).

Despite these positive trends, Vietnam revealed some economic weaknesses in the last period. It faced two adjustment shocks (5% growth in 2009 and 2012). Moreover, several national enterprises and the banking system faced financial crises combined with an increase in national debt during this decade. Consequently, public expenditures were put under certain constraints.

In addition, this rapid economic growth produced negative effects: rapid unplanned urbanisation and rural migration, social disparities and significant externalities on the environment (pollution, natural resource management...).

1.2. Evolution of Development Aid in Vietnam

On a regulatory level, it is first important to underline that during the 2005-2015 period Vietnam used a more restrictive definition of development aid compared to OECD's ODA criteria. Development aid in Vietnam was regulated by three successive national decrees (2001, 2006 and 2013) which modified Vietnam's implementation strategy in terms of intervention fields, debt management and financial accountability for local actors. Despite the change of status from LIC to LMIC, Vietnam remains a major recipient country: ODA accounts for more than 50% of national investment in the country. In 2015, Vietnam was

the third most important recipient country (in disbursements). While these flows are important, the donation component is declining notably because of the reduction of grants compared to loans. In this respect, some donors operating mainly through grants are withdrawing from the country (UK, the Netherlands and other Nordic countries...). The World Bank (WB) and Asian Development Bank (ADB) maintained their intervention through significant concessional loans until recently, but AFD reduced the concessionality of its loans.

France appears to be an important and steady bilateral donor. It ranked fourth in total disbursements during the 2005-2015 period, behind Japan², the WB and ADB. South Korea, however, overtook France in 2012 as did Germany in 2015 with regards to disbursements. It is im-

portant to note that the relative loss of weight of French ODA is due to a substantial increase of investments from Asian donors in Vietnam rather than a decrease of its commitment³.

1.3. Review of the French intervention (restricted to the study's scope)

While the financial amounts in terms of commitments and disbursements appear quite stable during the period (with a slight decline in 2015), the number of operations has decreased but with an average amount growing by 13 million euros before 2010 to 22.5 in the more recent period. This is partly related to the different nature of interventions, both in terms of sector and type of instruments, especially the implementation of sectoral budget support and urban investment funds.

Almost 75% of the financial disbursements consist of sovereign concessional loans (tied for DG Trésor, untied for AFD). Grants represent 3.3% of the total disbursed with a declining trend from 2010. 65% of these total disbursements target specific investment projects, 25% budget support and 7% contribution to credit lines (notably investment funds).

Regarding sectors/areas of intervention, almost 75% of the interventions contribute to sustainable development and the fight against climate change⁴. Climate change is progressively taking a prominent position along with hydraulic management and urban development. This theme-oriented strategy contributes to a relative concentration of investments in Hanoi and the southern area of Vietnam (Ho Chi Minh City and the Mekong River Delta), although this trend is less significant than for other donors. As a matter of fact, France continues to invest in other territories, medium-sized cities and mountainous areas, in the fields of agriculture, training and access to basic services.

Support for decentralized cooperation and NGO projects is characterised by a strong focus on education and training, urban planning, rural development and environmental protection. NGO projects have been stable during this period, but decentralised cooperation has declined since 2011.

² Japan disbursed more than 11 billion dollars during this period, representing more than a quarter of the total disbursements in this country.

³ For more information: https://public.tableau.com/views/OECDACAidatag glancebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no

⁴ Including energy, water management (river basin), protection of biodiversity and public transport.

2. Answers to evaluation questions

2.1. Strategic positioning relevance and response to country needs

During the early period, the strategy for Vietnam was defined by the 2006-2010 Framework Documents for partnership (DCP) between France and Vietnam, which set the main objectives, areas of intervention and instruments to be mobilised. It accurately addressed the country's needs and Millennium Development Goals (MDGs). After 2010, the French strategy was less precise in the absence of such a document. In 2013 a common declaration of partnership was signed by France and Vietnam but remained very vague with regards to objectives and intervention priorities. The relevancy of the French intervention strategy can be better appraised through the breakdown of this general framework into each of the three institutions' internal plans / intervention frameworks (AFD, MEAE, DG Trésor).

Overall, the French intervention strategy observed during the 2005-2015 period can be judged as relevant. The strategy has succeeded in adapting its objectives to a rapidly evolving context, from focus on the MDGs to the objectives of sustainable and inclusive growth. This evolution results from the country status change (from LIC to LMIC in 2010) and also from the policy shift of French

strategy towards climate change mitigation and adaptation in Vietnam. This shift is justified by the substantial risks of exposure and vulnerability to natural disasters, underlined in the last policy documents drawn up by the Vietnamese authorities⁵. In the recent period, issues such as rural development and the fight against poverty remained priorities for the Vietnamese authorities. Whereas some bilateral donors had abandoned more traditional development areas, France invested in these fields, but with more limited financial means and a less precise intervention logic.

The mobilisation of a wide range of instruments and implementing modalities is apparent, relying mostly on project aid sovereign loans (key when dealing with a country which places the emphasis on state-to-state bilateral relations), but also new instruments more adapted to emerging issues and the financial and institutional context in Vietnam (sector budget support, investment funds, non-sovereign loans, etc.).

In conclusion, it can be said that French intervention targeted strategic objectives and country needs, especially climate change issues, whilst keeping a certain flexibility / latitude in response to specific needs expressed by the Vietnamese authorities

⁵ Socio-Economic Development Strategy 2010-2020, socio-economic development plan 2011-2015...

2.2. Relevance and coherence regarding other international donors' strategies

France remained active in Vietnam despite a more selective and restrictive use of ODA in Vietnam and the increase of Asian commitments.

The analysis suggests that financial conditions, although slightly less attractive than some other donors (especially for AFD loans), did not have an impact on the French Aid attractiveness.

The variety of proposed instruments, as well as the technical and financial expertise provisioned by the three institutions, constitutes a true asset of the French offer. The flexibility, reinforced by a strong local presence (AFD), is also part of these non-cost advantages.

The French position is strong in its domains of excellence (agriculture, rail transport, electricity transmission and distribution...) and appears globally complementary with interventions from other donors, despite competition. Water management is an obvious example where competition

has led to fragmented ODA and poor synergies. While Asian bilateral donors focus on economic infrastructure (including road transport and fossil energy), France has sought to keep sustainable development and climate change as a key thread for its sectoral interventions such as urban development, transportation, water management, agriculture, etc.

In terms of intervention synergies, France has managed to engage in continuous dialogue with other donors and in project cooperation with the ADB. On the other hand, it has not managed to build strong partnerships with other bilateral donors, including other European countries. Besides the limitation due to national competition issues, it is worth mentioning that the complexity of Vietnamese procedures and organisation of Ministries (geographical departments) can be hindered by such collaborative approaches.

2.3. Fulfilling conditions of aid effectiveness

The evaluation demonstrates proper observance of the five fundamental principles for making aid more effective, as stated in the Paris declaration, especially with regards to alignment and harmonisation of AFD interventions.

The principle of ownership is respected by French institutions but is more widely driven by a strong will for leadership from Vietnamese authorities on aid planning and coordination. Ownership relies not only on a convergence between French intervention strategies and Vietnamese national Plan / schemes, but also on a continuous policy dialogue with the concerned ministries. In order to effectively take local and sectoral needs into account, other stakeholders were sought for strategic discussions, such as province authorities and public companies. This was particularly relevant in the context of financial responsibilities of local beneficiaries. Ownership at local or sectoral levels is variously insured according to the concerned instruments. Local investment funds financed by AFD are particularly well-suited in this respect.

As regards alignment and harmonisation, AFD does respect Vietnamese procedures even though they can seem long and sometimes complex. AFD interventions along with ADB or through budget support also contribute to more harmonisation between donors. On the other hand, DG Trésor interventions, especially RPE (tied sovereign loans), which rely on state-to-state negotiation and little competition, are less prompt in guaranteeing ownership at local level or procedure alignment / harmonisation. Vietnamese authorities are still associated with these projects' main steps.

Results-based management of French ODA is relatively limited compared to that of the WB or of ADB. A better use of the logical framework (for project management and evaluation) as well as a better monitoring system is needed.

2.4. Results and sustainability of investments (in the energy, water and transport sectors)

The energy sector accounts for more than 150 MEur of disbursements during the period, particularly oriented to the transmission network and in hydroelectricity. French ODA investments in other renewable energy capacities are rather incipient but budget support (SP-RCC) contributes to the objective through prescriptive and normative approaches (development of regulatory framework, master plans...). Relevance and effectiveness are verified thorough available information reviews (completion report, evaluations...) and the case study on the northern Vietnam transmission network. Results converge with the national sector achievements in terms of access to electricity, energy loss and cut-off rates. These positive results should however be set against the dramatic explosion in energy demand, which has undoubtedly resulted in an increase in fossil fuel-generated electricity.

French interventions in drinking water supply and sanitation amount to 30 MEur for AFD (except urban funding investments) along with substantial prior commitments from DG Trésor, which were achieved quite recently. These projects are mostly oriented towards central and southern small and medium-sized cities and show some positive results (increased production capacities, extension of the network of service towards semi-urban areas, leakage control...). The operating model and institutional framework (equitization process, non-responsibility of water companies for sewage collection and treatment), however, constitute barriers to the development of effective sanitation infrastructures and services. Durable development of water and sanitary conditions are hence still facing some challenges.

Water basin (and coastal) management and water resources development are historical areas of intervention for French ODA, including agriculture development and climate change risk mitigation. In the 2005-2015 period, more than 300 MEur were dedicated to these subjects. Infrastructure projects met their objectives in terms of irrigated areas, number of inhabitants / households protected against flooding, etc. Impacts will be fully measurable in the long term (agricultural development, salinization...) and will depend on the use and maintenance of the equipment. Contribution of French aid to issues related to planning and building capacity are, on the other hand, more difficult to appreciate. Different interventions such as technical assistance, FASEP addressing integrated water resource management, did not reach the expected outcomes. Several factors, inherent to French intervention, but also related to the broader context, can be put forward: dispersion of public intervention financed through ODA, internal political issues and blurred institutional arrangements, etc.

As regards to the transportation sector, France massively and completely supported specific site public transport projects (railways transport, metro, rapid bus transit) with more than 600 MEur committed since 2005 (1/3 of the total French commitment). As these projects have either been very recently completed or are still ongoing, it is rather difficult to appreciate their full effectiveness. In the long term, these infrastructures may contribute to curbing the unsustainable growth of road transportation. Some levers such as interconnection / multimodality or mobility behaviours may require specific and additional interventions to ensure the full impact of the supported projects.

2.5. Complementarities and synergies between French interventions (internal coherence)

The French development policy in Vietnam falls within the general framework of French ODA, as part of the enlarged diplomacy principle. It provides the mandates for each of the institutional actors (Ministry of foreign affairs, DG Trésor, AFD, Expertise France...). These mandates largely evolved during the 2005-2015 period with enhanced prerogatives for AFD. It is worth mentioning that French governance is relatively more fragmented than in other countries, such as in Germany or in the United Kingdom, where a dedicated ministry for international development autonomously leads and coordinates the national strategy.

With regards to the specific strategy towards Vietnam, the 2006-2010 Framework Documents for Partnership France-Vietnam (DCP) and strategic partnership (2013), provides a general strategy applicable to all French actors, but does not provide much guidance on the responsibilities for implementing the strategy. However, the comparison of each institutions' programme / plan and the review of effective commitments (QE1) indicated a good level of coherence in terms of areas of intervention (sustainable development, climate change...) and complementarity in types of interventions (acquisition of equipment for DG Trésor, civil works and technical assistance for AFD, etc.).

A certain level of complementarity does not necessarily guarantee synergies between interventions. Each stakeholder's own mandate and agenda remains decisive on intervention logics, implementation schedule and respective choices. For example, while AFD is endowed with a multi-annual framework, DG Trésor interventions are more subject to a 'go with the flow' policy. This lack of shared operational strategy did not contribute to a better legibility and visibility of French interventions. It may also have limited the scope for convergence and leverage effect in certain intervention domains such as water management.

Field interactions, between AFD's Hanoi office and the embassy and between project officers, still ensure a proper functioning of different projects, including collaborative intervention (especially in the public transport domain).

NGO project support and decentralised cooperation, targeting urban development, environmental or education and training, offer good potential for synergy with AFD and DG Trésor's structural investments. NGO project support and decentralised cooperation can ease the identification and initiation of projects through better involvement of local actors. These projects are also relevant for ensuring a sustainable operating model for the concerned infrastructures. Due to budgetary restriction and financial arbitration, some French territorial authorities are reducing decentralised cooperation activities. This trend is already observable for Vietnam.

2.6. Synergies with the European Union interventions

The analysis highlights two observations: (i) a relative complementarity in terms of intervention areas but historically little room for synergies, (ii) new opportunities to be explored.

The lack of synergy resulted from a weak sectoral convergence until 2013 between EU and French interventions, the EU strategy being mostly focused on health and the fight against exclusion. Convergence was also impeded by historical strong bilateral relations between France and Vietnam compared with other EU member States. Different timelines and a lack of coordination can also be identified in policy dialogue and at projects' levels.

But the analysis reveals greater collaboration and synergy potential in more recent years. The 2014-2020 EU multi-annual indicative programme for Vietnam addresses issues much closer to those addressed by the French strategy, especially with a strong focus on energy. Besides this, the Complementary Investment Facility (AIF), which enables national and EU fund blending (national loan coupled with an EU grant), provides a true opportunity. In this respect, French projects will have to adhere to EU requirements in terms of additionality objectives and guarantees in terms of project maturity and partners' involvement (including beneficiaries). DG DEVCO has become increasingly demanding with regards to its commitments, especially in Vietnam (cf. next section).

2.7. Implementing rules and practices contribution to the intervention's efficiency

It is first important to underline that implementing delays and disbursement problems in Vietnam are shared by every ODA funder. Complex and central institutional arrangements and regulation in this country introduce cumbersome procedures and slow decision-making. The progressive strengthening of the Ministry of Finance's decisional power, resulting from the government's willingness to limit its national debt, created some unpredictability. Payment blockages and budget arbitration impacted projects that had been approved and validated in previous years.

Despite this general context, French intervention, with a sufficient level of maturity and conditions of aid effectiveness, operates with more efficiency as observed in the case study on energy. AFD's implementation arrangements and

management practices appear appropriate, allowing the provision of adequate know-how and operational proximity with the beneficiaries. Stronger local involvement and ownership also contributes to the successful implementation of projects.

On the other hand, insufficient preparation and dialogue can result in the multiplication of restrictive clauses, questioning of technical choices, contract amendment or payment blockage (visa signature from the beneficiary). Feedback from various international funders was unanimous on the necessity to provide substantial effort in the project preparation phase (feasibility study, preparatory technical assistance, etc.) in order to avoid subsequent difficulties and extra costs during the implementation phase.

2.8. Contribution to French economic influence

Complementary to the standard evaluation question already addressed, a first assessment of potential economic returns of interventions to the French economy was conducted.

Firstly, it is necessary to distinguish the three different organisations' mandates with regards to their economic influence:

- DG Trésor supports French companies through tied aid with an obligation of results in terms of exportation and technology⁶ showcase;
- The Ministry of foreign affairs also integrates an explicit and historical objective in terms of economic influence, but more specifically in terms of 'soft power', i.e. dissemination of standards & ideas, governance model, etc.;
- AFD received a mandate in this field only in 2013, developed into a roadmap focusing on the obligation of means⁷, especially with regards to the position of French companies in public procurement contracts, but without obligation for results (success).

Overall economic influence objectives and development objectives in Vietnam converged during the 2005-2015 period, especially in the field of urban sustainable development, which constitutes a key element in the foreign trade strategy with Vietnam. Projects in this area amounted to a total of 662 MEur, almost 40% of the total commitment during the 2005-2015 period. The only conflict between the two purposes was identified in the field of development aid toward export / import substitution economic sectors, which have been considered, for a short period only, as a potential factor of deterioration in the external French trade balance.

Returns as regards DG Trésor sovereign loans are obvious and amounted to around 130 MEur for the French economy. This instrument, for certain companies, also enabled a first commercial presence in Vietnam. Returns are also tangible for AFD financed investments through effective and often successful positioning of French companies on international tenders. These returns concern mostly design and engineering agencies, civil works being mostly carried out by local / Asian firms. In addition, references gained through all these projects appear central for accessing other markets in Southeast Asia.

It is, however, more difficult to identify significant returns for operations financed indirectly through contributions from credit lines (support with intermediation of local banks, investment funds...) or budget support. These instruments provide less traceability and no guarantee of the systematic use of international procurement procedures.

With respect to the dissemination of standards and promotion of French (operating / management) models, it has been rather difficult to appreciate a clear and positive impact. Fragmentation of interventions from the 3 French actors (FASEP studies, technical support, technical cooperation...), especially in the domain of water management, and strong international competition are potential obstacles. New instruments such as sectoral budget support (SP-RCC) or technical cooperation (FEXTE) may contribute more efficiently to these objectives, but this analysis requires more time to gain proper perspective.

⁶ For sovereign concessional loans, 70% of the added value must be produced on the French territory (85% for the FASEP instrument).

⁷ While following relevant rules of untied aid and bank secrecy.

A final issue concerns the benefit for French SMEs. Some instruments do not appear to be the most suitable for such companies, and delays in disbursement and payment can cause serious cash flow problems. In addition, it is quite difficult to operate in the Vietnamese market (regulations,

tax system, corruption risk) without specific support (economic and legal monitoring, counselling...). However, the relationship between ODA projects and export/business support for organisations' activities (Business France or Chamber of commerce) remains limited.

3. Conclusion and lessons learned

3.1. Main observations

It is important to underline in advance that the evaluation focused on a specific period, for both Vietnam and France. Vietnam's strong economic growth and its transition to the group of middle-income countries (MICs) have influenced its development challenges and aid expectations. Besides, the French agenda has changed significantly since 2005, in terms of development aid and international cooperation in conjunction with the transition from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs).

The evaluation work concluded that the positioning of French aid is globally relevant. It is marked by a gradual convergence of operations towards the central theme of the fight against climate change, especially natural risk resilience, to which Vietnam is particularly exposed. The reorientation of France's assistance to Vietnam is in line with its strategy to promote more sustainable development and to better fight climate change worldwide. On the other hand, the issue of more equitable development was partially addressed by French interventions, but they certainly lacked the financial means to meet the needs expressed.

The strategy between French and Vietnamese actors, being less formalised and shared, raises the issue of exposure and leverage effect. The 2013 Strategic Partnership does not provide clear objectives and guidelines, and does not guarantee *ex ante* synergies between different French instruments (implemented by 3 different actors having their own agenda). Coordination at the programming and implementing phases between French actors seems sufficient.

Complementarity between French donors and other international funders is relatively effective in terms of intervention domains (sectors) and geographical coverage. France distinguishes itself by mainstreaming sustainable development and climate change into its actions, in comparison to most of other donors. Additionally, France invested more in the northern territories and medium-sized cities. In some domains, however, national competition tends to limit complementarity and synergies between donors (i.e. water sector). The Six Bank group (World Bank, ADB and development banks from Japan, France, Germany and Korea⁸) is a key structure which ensures both global coherence and policy dialogue with the Vietnamese government.

Project review (completion report, evaluations...) and the case studies carried out in the framework show a satisfactory level of effectiveness. Results and effects, in the long term, are however more difficult to appreciate. Effectiveness is ensured for projects with a good level of planning and preparation, appropriation from the owner builder and alignment. In contrast, implementation of projects was impeded when they were unprepared and especially in less mature sectors in Vietnam. Project preparation and capacity building are all the more important given the complex and rigid institutional organisation in Vietnam, making ongoing adjustments rather difficult.

⁸ Note that DG Trésor and some other donors providing tied Aid, such as China do not participate in this initiative.

3.2. Near-term issues and prospects

Vietnam is likely to face an increasing number of climatic events, with significant socioeconomic and sanitary consequences (population displacement, food security, etc.). Territorial and economic resilience is hence a key issue for Vietnam, in a context where insurance mechanisms are not well developed.

Energy demand is also a key issue when considering the country's dependence on fossil fuels. Energy efficiency is still an emerging topic in Vietnam and ODA has not managed to address it effectively. Technological solutions as well as societal responses may need to be supported.

The shift towards more intensive growth, based on capital, technology and skilled workers, may have some important social impact, but increases the marginalization of some population groups. Important transport infrastructure network projects also need to take balanced territorial development into consideration.

Finally, debt management will remain a key element in Vietnam's aid management. Debt management has already led to a reduction of drawing rights which has had an impact on the completion of some projects. More visibility /

multiannual budget planning and responsibility from various stakeholders (including local beneficiaries) are expected in the coming years.

As regards France's strategy, it aims to become the world's climate change leader, but this comes with financial responsibilities. Maintaining a high level of concessional commitment in Vietnam may however require a stronger justification with regards to the transitional status of Vietnam (emerging country).

The reduction of its capacity to grant subsidies is also to be considered in view of their importance for consolidating loans for investment projects (capacity building, technical assistance...). A better use of blending facilities (AIF) may represent an interesting alternative.

Regarding conditions for implementing aid, problems already encountered and the increasing liability of local actors' calls for a larger mobilisation of new instruments such as non-sovereign loans or credit lines, as well as for better project preparation and more concertation with local beneficiaries.

4. Recommendations

Three sets of recommendations have been submitted and discussed with the French stakeholders.

1 / Consolidate the strategic positioning of French aid and exposure in order to (i) assert its identity and (ii) justify a continuation of its commitment

- A reinforced position on climate change adaptation and resilience
- A revised strategy on climate change mitigation, considering France's added-value
- A focus on productive and training sectors in view of ensuring inclusive and equitable growth

2 / Optimize and valorise the different instruments of French Aid

- Reinforce the use of AFD instruments aimed at limiting public debt and facilitating appropriation
- Restrain DG Trésor's tied aid to projects carried out directly by national authorities / bodies
- Improve aid targeting and synergies by adopting sectoral action plans and launching when relevant thematic calls for expressions of interest (e.g. for FASEP or FEXTE instruments).

- Support NGOs and decentralised cooperation in order to facilitate the emergence of investment projects and their durability (operating models...)

- Better take advantage of EU financing possibilities (AIF, delegation of funds, etc.)

3 / Improve the conditions for implementing and monitoring projects

- Anticipate and reinforce the coordination of the different French stakeholders in Vietnam
- Improve the information and support for French companies involved in these ODA projects
- Implement a shared monitoring framework on projects' outputs and results
- Involve Vietnamese authorities and beneficiaries in the evaluation processes more
- Better valorise projects or groups of projects in specific areas or specific domains

List of acronyms and abbreviations

ADB	Asian Development Bank
AFD	<i>Agence Française de Développement</i> / French Development Agency
AIF	Asia Investment Facility
DCP	<i>Document cadre de partenariat</i> / Partnership Framework Document (France-Vietnam)
DG Trésor	<i>Direction générale du Trésor</i> / Directorate General of the Treasury (French Ministry of economy)
EU	European Union
FASEP	<i>Fonds d'étude et d'aide au secteur privé</i> / Fund for Private-sector Aid and Studies (DG Trésor)
FEXTE	<i>Fonds d'expertise technique et d'échanges d'expériences</i> / Fund for Technical Expertise and Experience Transfers
FSP	<i>Fonds de Solidarité Prioritaire</i> / Priority Solidarity Fund (MEAE)
GNI	Gross National Income
JICA	Japan International Cooperation Agency
KfW	<i>Kreditanstalt für Wiederaufbau</i> (German institution for international development)
LMIC	Lower Middle Income Country
LIC	Low Income Country
M€/MEur	Million of Euros
MDG	Millennium Development Goal
MEAE	French Ministry of Europe and Foreign Affairs
MOF	Ministry of Finance (Vietnam)
NGO	Non-Governmental Organisation

OECD	Organisation for Economic Co-operation and Development
ODA	Official Development Assistance
RPE	<i>Réserve pays émergents</i> / Emerging Countries Facility (DG Trésor)
SEDP	Socio-Economic Development Plan (Vietnam)
SEDS	Socio-Economic Development Strategy (Vietnam)
SME	Small and Medium Enterprises
SP-RCC	Support Program to Respond to Climate Change (Sectoral Budget support)
WB	World Bank



Latest publications in the series

Previous publications can be consulted online at: <http://editions.afd.fr>

Les numéros antérieurs sont consultables sur le site : <http://editions.afd.fr>

- N° 69 Évaluation du CIS Énergie 2012-2016
Evaluation of the CIS Energy 2012-2016
- N° 68 Améliorer la compétitivité des exploitations familiales au Cameroun : quels impacts ?
- N° 67 Évaluation et capitalisation transversale de la FISONG Biodiversité et Développement
- N° 66 Impact du forfait obstétrical en Mauritanie
- N° 65 Évaluation des projets agricoles financés par l'AFD en Afghanistan (2005-2014)
AFD Agriculture Programs in Afghanistan (2005-2014)
- N° 64 Évaluation du cadre d'intervention sectoriel (CIS) sécurité alimentaire en Afrique subsaharienne 2013-2016 de l'AFD
- N° 63 Comment contribuer au renforcement des droits de l'homme ?
- N° 62 Évaluation du cadre d'intervention sectoriel (CIS) éducation, formation et emploi 2013-2015
Evaluation of AFD's Sectoral Intervention Framework (SIF) on Education, Training and Employment, 2013-2015
- N° 61 Évaluation du projet de développement du Parc national du Limpopo
Limpopo National Park Development Project
- N° 60 Evaluation du Programme national de développement participatif (PNDP) – C2D Cameroun
- N° 59 Contribution de l'AFD au Fonds de partenariat pour les écosystèmes critiques (CEPF)
- N° 58 Agroécologie : évaluation de 15 ans d'actions d'accompagnement de l'AFD
Agroecology: Evaluation of 15 years of AFD Support
- N° 57 Évaluation des interventions de l'AFD dans les secteurs sanitaire et médico-social en Outre-mer
- N° 56 Évaluation des activités de Coordination SUD dans le cadre de la convention AFD/CSUD 2010-2012
- N° 55 Étude d'évaluation et d'impact du Programme d'appui à la résorption de l'habitat insalubre et des bidonvilles au Maroc
- N° 54 Refining AFD's Interventions in the Palestinian Territories: Increasing Resilience in Area C
- N° 53 Évaluation des lignes de crédit de l'AFD octroyées à la Banque Ouest Africaine de Développement (2000-2010)
- N° 52 Évaluation stratégique de projets ONG dans le domaine de la santé
- N° 51 L'hydraulique pastorale au Tchad
- N° 50 Réhabilitation des marchés centraux
- N° 49 Bilan des évaluations décentralisées réalisées par l'AFD en 2010 et 2011
- N° 48 Étude sur la facilité d'innovation sectorielle pour les ONG (FISONG)
- N° 47 Cartographie des prêts budgétaires climat de l'AFD
- N° 46 Méta-évaluation des projets « lignes de crédit »
- N° 45 Bilan des évaluations de projets réalisées par l'AFD entre 2007 et 2009
- N° 44 Impacts des projets menés dans le secteur de la pêche artisanale au Sénégal
- N° 43 L'assistance technique résidente – Enseignements tirés d'un appui au secteur de l'éducation en Mauritanie
- N° 42 Évaluation partenariale des projets d'appui à la gestion des parcs nationaux au Maroc
- N° 41 AFD Municipal Development Project in the Palestinian Territories
- N° 40 Évaluation ex post de 15 projets ONG à Madagascar
- N° 39 Analyse croisée de vingt-huit évaluations décentralisées sur le thème transversal du renforcement des capacités
- N° 38 Étude des interventions post-catastrophe de l'AFD
- N° 37 La coopération française dans le secteur forestier du Bassin du Congo sur la période 1990-2010
- N° 36 Suivi de la réalisation des objectifs des projets de l'AFD : état des lieux
- N° 35 Cartographie des engagements de l'AFD dans les fonds fiduciaires sur la période 2004-2010
- N° 34 Addressing Development Challenges in Emerging Asia: A Strategic Review of the AFD-ADB Partnership
Final Report, Period covered: 1997-2009
- N° 33 Capitalisation des démarches pour la mise en oeuvre des projets de formation professionnelle :
cas de la Tunisie et du Maroc