

# THE VIETNAM PARTNERSHIP GROUP

## ON AID EFFECTIVENESS

### ACTION PLAN 2008

#### Introduction

1. This Action Plan is based on the vision that Vietnam will achieve the objectives and targets in the Hanoi Core Statement on Aid Effectiveness by 2010. Its goal is to maximise the use of Official Development Assistance to aid Vietnam's development.

#### Context

2. Vietnam's remarkable socio-economic development in recent years has facilitated its progress to becoming a middle-income country by 2010 (MIC). As this happens new and more difficult challenges will start to emerge. The role of Official Development Assistance (ODA) will evolve as Vietnam adjusts to these challenges.
3. This dynamic situation requires a new agenda and possible changes of aid policies by the Government of Vietnam (GoV) and by its development partners. The report of the Partnership Group on Aid Effectiveness (PGAE) to the 2007 Vietnam Consultative Group meeting and the 2007 Independent Monitoring Report on the Implementation of the Hanoi Core Statement on Aid Effectiveness highlight this need for change. Among other things, these reports call for the PGAE to be renovated in order to help facilitate achievement of the objectives of the Core Statement in order that key targets that are off-track are put on-track.
4. The PGAE Platform provides a framework to move this agenda forward through a stronger strategic and policy focus than the PGAE had before.

## Key Principles for Aid Effectiveness in Vietnam 2008-2010

5. The Hanoi Core Statement on Aid Effectiveness, which in turn specifies the International Aid Effectiveness Agenda as promoted through OECD-DAC<sup>1</sup>, will continue to guide our work to improve aid effectiveness in Vietnam.
6. Vietnam will continue to **lead and own** the evolution and implementation of the aid effectiveness agenda. GoV's Socio-Economic Development Plan 2006-2010 (SEDP), and related strategies for national development, will underpin this.
  - i. Donors will continue to **align** their development strategies for Vietnam with the SEDP. They will strengthen this alignment by intensifying their support of sectoral and provincial development strategies. Sector Partnership groups will play a key role in promoting aid effectiveness through sectoral alignment. Bring country systems up to standards that are widely recognized internationally needs ongoing work, particularly through providing a common legal and institutional framework for ODA and general public investment.
7. Because of the strength of Vietnam's leadership, the issues of further GoV-donor **harmonization** have increasingly been subsumed by the good progress achieved on aligning with Vietnam's country systems.
8. **Mutual accountability** will continue through developing shared objectives and medium-term strategies, facilitating transparency and continuity. Disbursement of aid according to jointly agreed schedules will continue to be a focus. Broadening participation in aid effectiveness efforts by Civil Society Organizations (CSOs), international non government organizations (INGOs) and the private sector will be facilitated.
9. Vietnam and its development partners reconfirm that **managing for development results** is a fundamental principle for them when providing ODA to Vietnam. Donors and GoV jointly aim to reach the targets of the SEDP, including both economic growth and poverty alleviation targets, in line with the MDGs<sup>2</sup>.

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<sup>1</sup> See also:  
[http://www.oecd.org/department/0,3355,en\\_2649\\_3236398\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_3236398_1_1_1_1_1,00.html) and  
[http://www.aideffectiveness.org/index.php/Main\\_Page](http://www.aideffectiveness.org/index.php/Main_Page)

<sup>2</sup> Millennium Development Goals (MDG), see also  
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20104132-menuPK:250991-pagePK:43912-piPK:44037-theSitePK:29708,00.html>

## Approach to the Action Plan 2008

10. This Action Plan identifies the four most pressing issues for the PGAE to address in 2008<sup>3</sup> as part of its renovation process. The four priorities are:

- i. Capacity building
  - a) improve country leadership of capacity building support;
  - b) strengthen sectoral and provincial capacity through program-based approaches.
- ii. bring country systems up to standards that are widely recognized internationally.
- iii. prepare for the Accra High Level Forum on Aid Effectiveness in September 2008.
- iv. Undertake an independent monitoring exercise of the implementation of the Hanoi Core Statement.

11. The Action Plan is indicative, and may be amended on the basis of the outcomes of the 2008 HCS survey in combination with the 2008 OECD-DAC survey. Other changes may become necessary during the year. Work commenced this year may identify further matters that will need to be considered beyond 2008.

## The Action Plan

12. The structure below of the Action Plan reflects the themes of the international Aid Effectiveness agenda<sup>4</sup> in the Vietnamese context.

### *Leadership and Ownership*

13. The Government of Vietnam wishes to strengthen its capacity to accelerate Vietnam's development. Capacity of Government ministries and agencies at various levels is uneven. GoV's leadership of efforts to improve capacity will be necessary.

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<sup>3</sup> These issues are based on the feedback from PGAE members, as well as suggestions from the PGAE Report to the 2007 CG meeting and the 2007 Independent Monitoring Team.

<sup>4</sup> For the focus subjects in the international agenda for 2008, please refer to <http://www.oecd.org/dataoecd/61/55/40027448.pdf>

## Capacity Building - Improve capacity of Government ministries and agencies

14. The 2007 Independent Monitoring Report identified capacity for managing public investment resources, including ODA, as a significant factor limiting Vietnam's development. Capacity is constrained at various levels of Government, such as national, provincial and sectoral, although the limits are not even across these.
15. There is an urgent need to come up with a clear, comprehensive strategy for capacity development. It is acknowledged, however, that developing and subsequently implementing such a strategy for Vietnam's civil service is a major, yet important, undertaking. Such a strategy should identify the vision of what the civil service should look like, say, in ten years. Capacity and human resource planning would derive from analyses of that vision. The strategy would entail a central change management plan, and would require strong political leadership to implement. This would need to be undertaken as an endeavour of the whole of the GoV.
16. For this action plan the objective must be more modest. It should focus on capacity for managing public investment resources only. This may be achieved by reviewing the experiences of CCBP and identifying remaining issues to be addressed. Furthermore, an extended capacity needs' survey encompassing managing public investment resources, including ODA, is important for developing a sound approach to strengthen capacity for managing public investment resources in Vietnam<sup>5</sup>. It will also help to (i) strengthen the GoV's ownership and leadership of capacity-building support and (ii) facilitate complementarity and division of labour among groups of donors in providing support to any capacity strengthening programs that emerge from this process, while recognizing that, as relevant, multiple donors may need to work in the one sector.

### *Expected Output:*

- An analysis of Vietnam's capacity needs for managing public investment resources and an initial scoping of a medium term strategy to provide the capacity development needed to needs identified.
- Based on the analysis the PGAE would develop a donors' funding plan to support implementation of the GoV medium term capacity building strategy, which will help to deliver Hanoi Core Statement targets. PGAE

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<sup>5</sup> The survey would build on the original Training Needs Analysis (TNA) conducted in 2006 by CCBP.

donors would subsequently consider options for providing pooled funds and / or earmarked funds to support the implementation of the strategy.

***Action required:***

- review existing analytical work, including INGO and CSO papers and case studies relating to this topic
- scope the work required in conjunction with GoV ministries
- undertake analyses based on agreed terms of reference
- scope a medium term capacity building strategy

***Action required by whom:***

- The CCBP will manage this process.

***Action required by when:***

- The analyses and scoping will be available in draft for consideration by PGAE by October 2008.

## **Capacity Building - Build stronger capacity to implement program based-approaches at sectoral and provincial levels**

17. Donors have made good progress towards aligning their assistance to national priorities by using program-based approaches. At the sectoral and provincial levels there has been less change. PGAE will focus its attention on identifying how it can facilitate program-based approaches in selected sectors and selected provinces.

18. This will entail, among other things, creating an enabling environment by changing donors' behaviour towards providing aid by institutionalizing the use of program-based approaches in ODA programming for using public resources for sectoral and provincial development. Capacity to apply program-based approaches at these levels will need to be developed. And these approaches should be integrated into forward planning through Vietnam's next socio-economic development strategy and SEDP.

***Expected Output:***

- An analysis of the opportunities for and constraints to introducing program-based approaches in one province and in one sector. This pilot approach will provide information on which to develop strategies that are tailored to the current circumstances of other sectors and provinces.

- Based on the outcomes of these analyses the PGAE could explore the usefulness of formulating a sectoral / provincial HCS target for program-based approaches and decide a road map and timetable for achieving the target.

*Action required:*

- Develop generic terms of reference for analyses of how best to introduce program-based approaches at the nominated provincial level and in the nominated sectors. This may include an analysis of the role of Civil Society Organizations (CSOs), International non-Government Organizations (INGOs) in relation to program-based approaches.
- Identify the nominated sector and province - this could be done in conjunction with the Ministries of Planning and Investment and Agriculture and Rural Development given their reach throughout Vietnam and their ongoing consideration of innovative delivery approaches
- Establish a close exchange with relevant sector partnership groups, the identified sector and INGO and CSO networks relevant to the sector<sup>6</sup>, and with the identified province in order to facilitate the analysis of their needs and options
- Undertake the analyses based on the development of a work plan.

*Action required by whom:*

- The CCBP will manage this process.

*Action required by when:*

- Analyses available and considered by PGAE in time to inform discussion at the Accra High Level Forum in September 2008.

*New Thematic Group*

- PGAE will establish a thematic group on capacity building to oversee development of the capacity building strategy needed to move forward in these two areas. It will explore this through developing links to a key ministry, such as MARD, and to a key partnership group/s

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<sup>6</sup> A preliminary list of INGO and VNGO groups and networks will be provided to MPI

## Alignment

### Bring Vietnam's "country systems" up to standards that are widely recognized internationally

19. Use of country systems, particularly in Public Financial Management (PFM) and procurement, is off track. There may need to be a reassessment of how the complex process of reforming country systems is progressed. Donors also need to examine their use of these systems recognizing that there is a diversity of donors' rules and policies on using country systems.
20. Significant work has already been done in Vietnam on a sectoral basis to identify gaps in and requirements for "country systems". But this information is not available for all relevant sectors in one overarching document. GoV considers that it is important to bring together this information in order to inform the debate in Accra about acceptable standards for "country systems". Importantly, such a document would highlight the difficulties that GoV has in seeking to accommodate the often different system standards of its donor partners.
21. Cooperation on an international level would be necessary in order to remind the donor community of their responsibility to provide developing country partners with clear definition of international minimum standards that need to be complied by all countries.
22. Continuation of the work already done on procurement, EIA, SIA and PFM is important. This should be done in cooperation with the sector partnership groups following strict timelines and involving regular periodic assessments. Finally, harmonizing and simplifying ODA procedures needs to be accelerated by building on the achievements reached in the dialogue between GoV and the 6-Bank-initiative.

#### *Expected Output:*

- Progress made and the problems still at hand in Vietnam should be put into a case study that should be communicated to the Accra HLF. The PGAE will consider how to move forward on any recommendations arising from the study.

#### *Action required:*

- CCBP will coordinate the case study to identify:

- progress made in strengthening Vietnam's systems taking into account available and on-going studies, including INGO and CSO studies, and other analyses in this area.
- challenges and constraints in reaching this target on both the GoV and donor sides.
- the work needed by 2010 to bring the various systems up to the level of recognized international standards.

*Action required by whom:*

- CCBP will coordinate with the relevant thematic and sector partnership groups.

*Action required by when:*

- Analyses available and considered by PGAE in time to inform discussion at the Accra High Level Forum in September 2008.

## *Harmonization*

(Given the significant progress made because of the leadership and ownership of the GoV this item has been subsumed under Alignment).

## *Managing for Development Results*

### Preparation for Accra High Level Forum - Survey

23. Conducting the 2008 HCS survey in combination with 2008 OECD-DAC survey will identify the progress in implementing the Paris Declaration and the HCS with the following expected outcomes:
- i. Reaching common understanding about the commitments and indicators in HCS that are still controversial in their definitions based on the OECD-DAC guidelines in the context of Vietnam.
  - ii. Government agencies and donors provide their results of the surveys and reports (quantitative and qualitative) by the end of February.
  - iii. Evaluating the information provided in the surveys with the 2006 base line.

- iv. Analysis of the challenges of completing the 2008 Survey, and recommendations arising from those.

*Expected Output:*

- Completed OECD/DAC survey submitted on time.

*Action required:*

- The Ministry of Planning and Investment launched the Accra Survey process on 31 January and held a Survey Workshop to identify the actions that Government and donors need to undertake in order to meet the above deadlines.
- Government ministries and development partners will provide their survey results to the Survey Team (national coordinator and donors' focal point) by 29 February.
- The Survey Team will analyze the information provided and develop an initial analysis by 14 March for consultation. The 1<sup>st</sup> draft Country Report will be circulated to donors for comments.
- The PGAE Secretariat will convene a meeting of PGAE participants to consider Vietnam's quantitative and qualitative report to the OECD/DAC on the survey results on 28 March.

*Action required by whom:*

- The Survey Team will coordinate the survey in conjunction with contributions from relevant GoV ministries and donors.

*Action required by when:*

- The PGAE Co-chairs will submit Vietnam's 2008 survey results to the OECD-DAC before 31 March.

## Preparation for the Accra High Level Forum - Consultation

24. The Government of Vietnam encourages PGAE participants to be actively involved in the process for preparing for Vietnam's participation in the Accra HLF and in preparing Vietnam's contribution to a selected number of the nine roundtables<sup>7</sup>. That participation will be informed by the work in this action plan that will be done in parallel with the following events:
- i. Representatives of GoV and the donors' focal point will attend the OCED/DAC workshop in early April in Paris. The workshop aims to review the work being done in preparation for Accra and to provide an initial briefing on the outcome of the Paris Declaration Survey.
  - ii. Early April, prior to the general consultation workshop (below), PGAE and the Aid Monitoring Group will collaboratively organize a consultation meeting with INGOs and CSOs to discuss the HCS, the role of CSOs and issues around a selected number of the nine roundtables at Accra. The output will be an INGO and CSO paper, which will feed into the general consultation workshop and the HLF in Ghana.
  - iii. In mid-April the PGAE Secretariat will convene a consultation workshop in Hanoi for PGAE participants to prepare for the High Level Forum Preparatory Event in Bangkok for South East Asia.
  - iv. Representatives of GoV, the donors' focal point, INGO and CSOs will participate in the regional workshop in Bangkok for South East Asia.
  - v. In July - August the PGAE Secretariat will convene another consultation workshop in Hanoi for PGAE participants to prepare for the Accra High Level Forum in September.
  - vi. GoV representatives and the donors' focal point will participate in the Accra High Level Forum in September.

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<sup>7</sup> For list of roundtables see e.g. HLF-3 Steering Committee Meeting minutes, December 2007 (<http://www.oecd.org/dataoecd/62/45/39798695.pdf>)

## 2008 Independent Monitoring

25. The PGAE Platform provides for an annual evaluation of progress towards meeting the undertakings of Government and its development partners in the Paris Declaration and the HCS. Recognizing that the 2007 evaluation was a full assessment, the 2008 evaluation will be less comprehensive. It will be conducted in the last quarter of 2008 for presentation at the December 2008 Vietnam Consultative Group meeting. It will take account of the results of the Vietnam 2008 Paris Declaration survey, the outcomes of the Accra High Level Forum and progress against this work plan, among other things. The evaluation will, among other things, identify priorities for the 2009 PGAE Action Plan.

### *Expected Output:*

- 2008 independent monitoring report prepared in time for consideration at the 2008 Vietnam Consultative Group meeting. The Independent Monitoring mission will verify whether Hanoi Core Statement targets for indicators 4, 5, 6 and 8 are likely to be met by 2010.

### *Action required:*

- develop terms of reference for the evaluation in conjunction with relevant stakeholders, including representatives of INGOs and CSOs
- contract independent evaluators to conduct the assessment
- review report for presentation at the Consultative Group meeting.

### *Action required by whom:*

- The Management Committee of the Independent Monitoring Thematic Group will manage this process.

### *Action required by when:*

- By August, 2008

## Renovation of the PGAE - 2008

The need to renovate the PGAE has been canvassed in:

- i. The Background Note: Platform for the Operation of the Vietnam Partnership Group on Aid Effectiveness (March 2008)
- ii. The Platform for the Operation of the Vietnam Partnership Group on Aid Effectiveness (March 2008)
- iii. And in this Action Plan 2008.

Achievement of the renovation by the end of 2008 will be judged by indicators such as an assessment by the PGAE about whether

- i. the new Platform is having a beneficial effect on the Group's operations
- ii. the system of PGAE thematic groups has been rationalized
- iii. the role of non-government stakeholders especially INGOs and CSOs in the PGAE has been defined.

The PGAE co-chairs will lead processes to assess these three indicators.

## Next Steps: Implementation of the PGAE Action Plan 2008

26. Based on the above priorities, the PGAE co-chairs will lead a process to initiate the action required under each priority. They will do this in conjunction with the Friends of Co-chairs and the PGAE Secretariat, as appropriate. The log frame at Attachment A will assist this process.
27. Resources for implementation will be drawn from cooperation with existing Sector Partnership Groups, Ad Hoc Thematic Groups, and the support provided by CCBP<sup>8</sup>.
28. An Action Plan for 2009 will be prepared towards the end of 2008 for tabling at the 2008 Vietnam Consultative Group meeting. This Action Plan will take account of relevant finding of the 2008 Independent Monitoring Report, the Vietnam Study on Vietnam prepared for the Accra HLF and other issues that the PGAE may deem to require attention.

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<sup>8</sup> The Comprehensive Capacity Building Project (CCBP) is designed to support PGAE in one of its components, see also <http://ccbp.mpi.gov.vn/english/Aboutus/tabid/163/Default.aspx>

## Attachment A

<i>Vision of the Partnership Group for Aid Effectiveness</i>			
Use of Official Development Assistance maximized to aid Vietnam's development.			
<i>Purpose of PGAE</i>	<i>Indicators of Achievement</i>	<i>Means of verification</i>	<i>Assumptions</i>
	<i>By end 2010</i>		
To achieve the Hanoi Core Statement on Aid Effectiveness.	All targets of Hanoi Core Statement achieved.	OECD Report	Implementation of the Hanoi Core Statement will increase the impact of ODA on poverty reduction, growth and the MDGs
<i>2008 Sub-purpose of PGAE</i>	<i>By end 2008</i>		
To get key off-track Hanoi Core Statement targets back "on-track"	Independent Monitoring Mission verifies HCS targets for Indicators 4,5,6,and 8 likely to be achieved by 2010	IMM Report	Hanoi Core Statement still relevant as Vietnam turns MIC, traditional donors go "beyond aid" and new donors emerge
<i>Outputs of the PGAE for 2008</i>			
<i>Leadership and Ownership</i>			
* An <u>analysis of Vietnam's capacity needs</u> for managing public investment resources and an initial scoping of a medium term strategy to provide the capacity development needed to needs identified.	Analysis of needs and medium term strategy accepted by GoV and main PGAE donors	Needs analysis and medium term strategy document	Relevant GoV ministries see merit in the proposed analysis for their operations; and agencies contribute to the analysis;
* <u>Donor funding Plan</u> for Government's Medium Term Capacity Building Strategy to help deliver HCS targets	Main PGAE donors agree to provide pooled and/or ear-marked funds to single Strategy	Plan Doc	Central change management plan for the Vietnamese Civil Service not required
* An <u>analysis of the opportunities</u> for and constraints to introducing program-based approaches in one province and in one sector.	Demonstrable progress made towards initiating program-based approaches in one province and in one sector	Analytical document	Program-based approaches will assist achievement of relevant GoV development objectives in the province and in the sector

<p><i>Alignment</i></p> <p><u>Country Systems Study</u> for the HLF.</p>	<p>Presented at Accra; Recommendations of Study acted upon</p>	<p>Accra Report</p>	<p>Donors can agree on an international standard</p>
<p><i>Managing for development results</i></p> <p>Effective <u>preparation for the Accra HLF</u>, including successful implementation of the PD/HCS 2008 survey</p>	<p>In-country consultation conducted in the form of meetings and workshops; Adequate support and assistance provided by donor focal point to country coordinator. Consultation conducted with relevant stakeholders especially CSOs</p>	<p>Information and/or discussion papers for regional event and Accra HLF  Country Report submitted</p>	<p>Active participation from relevant stakeholders</p>
<p><i>Mutual accountability</i></p> <p>* <u>2008 Independent Monitoring Report</u></p> <p>* <u>2009 Action Plan</u> based on findings of Accra Vietnam Country Study and 2008 Independent Monitoring Report</p> <p>* <u>Renovated Partnership Group for Aid Effectiveness</u></p>	<p>Report's analysis and recommendations accepted by GoV and PGAE's main donors</p> <p>Action Plan adopted by PGAE; Presented at 2008 CG Report</p> <p>Platform working; New Thematic Groups substituted for old Groups; INGO / CSG role defined</p>	<p>Recommendations considered and acted upon as relevant by GoV and PGAE's main donors</p> <p>PGAE Report to 2008 CG meeting</p> <p>Independent Monitoring Report</p>	<p>GoV and PGAE donors remain committed to regularly reviewing their performance under the Hanoi Core Statement, and acting to redress any shortcomings identified</p> <p>Accra keeps targets of Paris Declaration.</p> <p>Development partners want genuine reform of aid architecture</p>