CASE STUDY: Viet Nam

AID FOR TRADE EXPERT DIALOGUE
BANGKOK, 18th Nov. 2013
Background

• Viet Nam is considered as a good example of effective use of Official Development Assistance for development in general and in supporting trade in particular.

• Official assessment (by donors and the Vietnamese government itself) is very positive for Viet Nam in the last 20 years:
  – High economic growth and impressive poverty reduction
  – Significant expansion of trade with limited adverse effects on the economy.
  – Viet Nam has impressive record in achieving Millennium Development Goal

• Donors are mostly pleased with what Viet Nam have been doing both in terms of economic transformation as well as the effectiveness of ODA use. Some consider “Vietnam as an ideal “laboratory” for the aid-for-trade agenda” (OECD, 2011)
Aid for Trade in Viet Nam: allocation by category

2002 - 2010

- Trade Policies & Regulations: 1%
- Economic Infrastructure: 66%
- Building Productive Capacity (including Trade Development): 33%

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The pie chart illustrates the distribution of aid for trade in Vietnam from 2002 to 2010. The largest portion, 66%, is allocated to Economic Infrastructure, followed by Building Productive Capacity (33%), and a small portion of 1% for Trade Policies & Regulations.
Aid for Trade allocation by category

Productive Capacity

- Banking & Financial Services: 28%
- Business & Other Services: 19%
- Agriculture: 35%
- Forestry: 7%
- Fishing: 7%
- Industry: 3%
- Mineral Resources & Mining: 0%
- Tourism: 1%
Aid for Trade top-ten donors, 2002 - 2010

Viet Nam's Top Ten Aft Donors by Disbursement for Economic Infrastructures in 2002 - 2010

$ mill (2010 constant)

Japan, IDA, Korea, Germany, France, AsDB Special Funds, Australia, United Kingdom, Denmark, Spain
Viet Nam's Top Ten AfT Donors by Disbursement for Trade Policy in 2002 - 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>$ (2010 constant)</th>
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<tr>
<td>United States</td>
<td>25</td>
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<td>Japan</td>
<td>20</td>
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<td>EU Institutions</td>
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<td>Switzerland</td>
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<td>Australia</td>
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<td>Canada</td>
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<td>Belgium</td>
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Research of Aid for Trade in Viet Nam

There are some studies on AfT in Viet Nam right after the international initiative started. Viet Nam is considered as a good case-study for reasons discussed earlier.

- Kirsi Brolén, Kent Wilska and Max von Bonsdorff (2009): Aid for Trade: from policies to practice.; The cases of Mozambique, Tanzania, Vietnam and Zambia
- Vietnam-Finland Aid for Trade Forum – past experiences for future partnerships. March 2010
Research of Aid for Trade in Viet Nam

• Tatsufumi Yamagata Institute of Developing Economies, Japan External Trade Organization (JETRO) (2011). Evaluation of Japan’s Aid for Trade
• Claire Delpeuch, Marie-Agnès Jouanjean, Alexandre Le Vernoy, Patrick Messerlin, Thomas Orliac (2011) Aid for Trade: A Meta-evaluation. OECD
• OECD (2013), Aid for Trade and Development Results: A Management Framework
What these studies tell us:
Key findings and lessons learned

Coordination in AfT is rather weak

In theory, there is donor coordination on TRA projects. In practice there is a severe lack of coordination. Individual donors has their own interests: to ensure their own market access to Vietnam through WTO legislation for example. Direct trade capacity assistance is not included in the present Finnish bilateral aid to Vietnam. Assistance concentrates on rural development, the forest sector, national poverty programmes, and the health sector. So aid to trade is mostly indirect (OECD)
What these studies tell us:
Key findings and lessons learned

• Both Government and donors have been very active in implementing the AfT agenda without explicitly announcing it.
• The impact, however not clear and at best indirect

• It is important to highlight once again the uniqueness of Vietnam in this meta-evaluation, whether in terms of the clear linkages between Vietnam’s WTO accession and the implementation of the aid-for-trade agenda, or the Government's firm commitment to trade and business development. In short, Vietnam served as an ideal “laboratory” for the aid-for-trade agenda.
• Despite the positive synergies in Vietnam, however, evaluators proved unable to provide a robust impact assessment of aid for trade on trade performance, and even less on poverty reduction. Even though the relevance of many operations was beyond doubt in this context, it remained difficult to infer any direct causality between the implementation of aid-for-trade operations and Vietnam’s positive economic and trade dynamic. (OECD, 2011)
What these studies tell us:
Key findings and lessons learned

- No studies have done any impact evaluation on the individual project level. Individual projects were included into the studies report as a case-studies, mostly based on secondary data (project reviews, reports)
- The impact, however not clear and at best indirect.
- All recognized the difficulties in reveal projects impact: typical example of attribution problem as well as data and indicators problems.
- Proposed methodologies (OECD, 2011) are not feasible to apply.
- There are some on-going efforts to do project impact evaluation in general (not just for AfT projects) but they are also suffered from the typical problem of impact assessment methodology: data indicator, counterfactuals…hard-facts vs. personal perceptions.
What have we done in this study

• Reviewing of AfT in Viet Nam:

• Data collection issues
  • Aggregate data from Creditors’ Reporting System (CRS). However, there maybe some inconsistence because of inadequate reporting
  • The Project level data available at Ministry of Planning and Investment but underreported. More importantly there is different classification system used by CRS and the Government. The Government uses an two-digit Industrial Code. This results in many problems
    • A) Not comparable with the CRS
    • B) Not comparable with the program approach by donors. Most projects covers many activities/projects dealing with different industrial activities
What have we done in this study

• Data collection issues (con’t)
  • Donors coordination become increasingly weaken. Data coverage becomes lower (lack of many data)
  • Difficulties in working with projects that have been finished: the dilemma in choosing project which is feasible in terms of access to information/stakeholders but has more visible impact

• We got from MPI a list of more than 1,000 projects, of which more than 300 projects are signed from 2010. It is impossible to select projects for evaluation in assessing all these projects by a set of criteria.
How we selected projects

• We select only projects in the category of ‘Building Productive Capacity’. Furthermore, within this category, we select only project in the Agriculture Sector

• Reasons:
  • More manageable
  • Impact might be more ‘visible’ and measured within a location.
  • Potential beneficiaries are easier to identified (households) and directly link to ‘poverty reduction’ impact
How we selected projects

• We got strong support from
  • Donors (UNIDO)
  • MARD (Ministry of Agriculture and Rural Development)
  • Those who managed projects

• There are on-going initiatives from donors (DANIDA) in assessing the impact of their projects at the local level
Potential Projects for Evaluation

Agriculture Support Program (DANIDA)
SME Cluster (UNIDO)
Greening Handicraft (UNIDO)
Project Profile (to be inserted)

- All projects have final reports and even impact evaluation.
- They are considered as successful
- Strong support and collaboration from those who have been involved in these projects
- Some secondary are ready (to make some reasonable qualitative assessment
Challenges for Methodological Tools

- Serious problem of counterfactual for assessing ‘impact’ and ‘the effectiveness’
- Selection biases are very serious
Next steps

• Another rounds of survey? and double check with new sample?