



PERFORMANCE EVALUATION BRIEF | Governance for Inclusive Growth

Trade, Transparency, and Inclusive Economic Growth Translate into Greater Opportunities for All Vietnamese



USAID is providing technical assistance to support Vietnam's implementation of reforms related to customs, trade and other economic issues. Photo: USAID/GIG

THE STORY

Over the past decades, Vietnam has made a remarkable transition from an agricultural, relatively isolated command economy to a globally integrating, export-focused, industrializing one. Vietnam's GDP growth has averaged 6.2 percent per year since 2000.

However, there are formidable hurdles ahead in efforts to achieve sustained and equitable growth. These include consolidating the new economic gains into a strong foundation for ensuring long-term prosperity and competitiveness; effectively implementing approved laws and regulations; and ensuring that the growing prosperity reaches down to poorer and marginalized Vietnamese.

HOW USAID IS HELPING

USAID is in a unique position to assist Vietnam in facing these challenges. The reforms supported by USAID's economic growth and governance programs since 2001 have set the stage for greater transparency, economic openness, competition and the rule of law in economic affairs.

The **Governance for Inclusive Growth (GIG) Program** is USAID's primary activity for cooperation with the public and private sectors in Vietnam to enhance governance to facilitate broader-based economic growth, with an emphasis on legal frameworks and systems for accountability. GIG builds on the momentum that has been created for expansion of market reforms, institutional modernization, and global integration. It strives to ensure growth reaches all Vietnamese with targeted efforts to address the unique challenges faced by historically disadvantaged and vulnerable groups, and to empower women.

Key Findings. GIG contributions have led to more high-quality evidence used to develop specific laws and regulations, and have increased inclusive, public consultation in their development.

To date, GIG support has helped Vietnam to incorporate international best practices into 25 laws and regulations.

In particular, GIG has contributed to improvements in Vietnam's legal framework for trade, most significantly for the anticipated Trans-Pacific Partnership.

GIG has also established new networks for technical collaboration between civil society organizations and counterparts in several economic areas.

These achievements are evident with the increased oversight capacity for law implementation in the National Assembly, improved legislative skills of current National Assembly members, and increased dissemination of specific laws and regulations.

Most program partners highly value GIG's support and contribution to their goals and objectives. However, GIG has not yet produced observable change at the systemic level, and has not contributed to strengthening the law-making process.

In addition, while GIG's broad design has allowed the program to provide technical assistance flexibly, especially on emerging issues, the program's resources have been dispersed widely, causing a lack of depth and comprehensiveness in the program's support to produce systemic outcomes.

Lastly, the multi-stakeholder management model is challenging; the program needs to strengthen communication and coordination channels for effective and efficient work planning and management.

THE GOVERNANCE FOR INCLUSIVE GROWTH PROGRAM

Through GIG, USAID partners with the Government of Vietnam, the private sector and civil society organizations to strengthen trade, economic reforms, and transparency.

At the request of the Government of Vietnam (GVN), the GIG program works to enhance areas of governance that facilitate broader-based growth, with an emphasis on improving the regulatory environment, systems for accountability, and inclusion. The project's five high-level objectives are:

- Increased trade and investment
- Enhanced private sector competitiveness
- Strengthened rule of law
- More effective public administration and financial management
- Greater social and economic inclusion for all citizens

Four themes underlie GIG's work across the components and objectives: i) transparent and participatory law and policy process; ii) national competitiveness and trade facilitation; iii) trade reforms; and iv) accountability and institutional strengthening.

USAID awarded the GIG program to Chemonics International for the period of December 2013 – December 2018, with total approved life-of-project funding of approximately \$42.2 million.

GIG partners with six GVN bodies that make up the GIG Steering Committee: the ministries of Justice, Industry and Trade, Planning and Investment, and Finance; the National Assembly; and the State Audit Office of Vietnam. GIG also works with civil society organizations (CSOs) and the private sector.

The program works primarily by providing targeted technical assistance, training, and other direct support to the government, led by the prime counterpart, the Ministry of Justice. These efforts focus on strengthening policy making, law drafting and implementation, oversight, and other governance mechanisms. GIG also promotes greater exchange, networking, and sharing of information nationwide within and between the government, private sector, and CSOs, including social organizations, research centers and universities.

Select GIG Results

- Increased the technical quality of 51 legal documents, including 25 laws.
- Made significant contributions to the content and the Regulatory Impact Assessment (RIA) process for the 2015 Law on Laws, a key piece of legislation about the law-making process.
- Improved public consultation and stakeholder engagement for selected laws and policies; 55 public consultation events have been conducted, 46 of them for trade or economics-related laws.
- Increased oversight capacity for law implementation in the National Assembly, and improved legislative skills of current members.
- Implemented a strategy to mainstream gender into the law and policy-making process, and into the legal and regulatory framework.
- Helped to reduce legal and regulatory barriers to inclusion for women, ethnic minorities, and other vulnerable groups.
- Improved the policy development process for several policies and laws by sponsoring events where the policies were discussed, evidence was presented, and participants learned new methods for a targeted policy area.
- Significant contributions made to several key laws and policies, including:
 - The Law on Laws
 - Resolution 19
 - The Civil Code
 - The Law on Oversight
 - The State Budget Law
 - The Law on Administrative Decisions
 - The Law on State Audit

PERFORMANCE EVALUATION METHODOLOGY AND OBJECTIVES

USAID/Vietnam requested that the Vietnam Evaluation, Monitoring and Survey Services (VEMSS) project assess GIG to provide USAID with information to improve GIG's performance, articulate its results for the governance and economic growth sectors, and inform the design and implementation of USAID's future economic growth and governance programming. As part of the evaluation, the VEMSS team conducted a number of activities that included a desk study of relevant documents, field visits, and over 100 stakeholder interviews with a wide variety of stakeholders in Hanoi and Ho Chi Minh City. The evaluation looked specifically at achievement of outcomes, the management model, and issues of sustainability and efficiency.

KEY FINDINGS

Improving legal and regulatory frameworks through a dynamic, inclusive policy-making process

GIG has achieved substantial results in this area, including **technical support for the drafting of 25 laws and a total of 51 legal documents** in a variety of sectors including justice, finance, trade, and governance. GIG’s contributions have increased the technical quality of the laws through studies and reports that increased evidence-based policy making.

GIG has **improved public consultation and stakeholder engagement** by organizing public consultation events and training workshops to inform the content of selected laws and regulations. In addition, GIG support has enabled the counterparts to engage diverse groups of participants including other government ministries, provincial government officials, lawyers, thematic experts, CSOs, and vulnerable groups in many regions of the country. The program has also **enhanced the transparency of laws and regulations**, especially with its law dissemination events. Most of this work was directly related to the Trans-Pacific Partnership (TPP) and trade.

Though GIG has made contributions to increase the quality of the laws the program focused on, it has had a limited effect thus far on the law-making process at a systemic, institutional level.



Photo: USAID/GIG

Improving accountability of public institutions

GIG has increased government oversight through its work with the National Assembly. For example, the program provided recommendations to the draft *Manual on Procedures Governing National Assembly Oversight Activities*, and GIG organized consultative roundtables to obtain feedback on a draft of the manual, which is expected to be issued in 2017. GIG also has **improved the quality of information and analysis for evaluating policies** in highly technical areas. For example, GIG’s support to the National Assembly Library helped to create an Instant Support System (ISS) to provide resources and evidence on laws and policies to National Assembly members and Office of the National Assembly staff.

GIG’s work has **increased transparency of policy implementation** for several areas, primarily through its public events with provincial officials and other stakeholders to disseminate new laws, and training of law implementers, such as judges, business associations, and provincial officials.

However, while GIG increased government oversight through its work with the National Assembly, **its achievements on transparency, and accountability in governance are more limited**. GIG’s strongest results under this component are related to transparent and accountable trade policy rather than improving the processes and mechanisms of transparency and accountability in general.

Improving inclusion and equality for marginalized groups

GIG’s interventions have reduced legal and regulatory barriers to inclusion for women, ethnic minorities, and other vulnerable groups. GIG has increased the participation and voice of these groups in policy dialogues when they were invited and when GIG supported their engagement. GIG has also sponsored studies, collected data and analyzed issues of women, ethnic minorities, and other groups’ equality.

GIG also has helped Vietnam to **mainstream gender** into the law and policy-making process and the legal and regulatory framework.



Photo: MSI



CRITICAL CHALLENGES GOING FORWARD

GIG's broad design has allowed the program to provide technical assistance flexibly, especially on emerging issues and using a demand-driven planning process. However, this broad approach has also caused the program's resources to be dispersed widely, resulting in a lack of depth and comprehensiveness in the program's support to produce systemic outcomes.

Two notable exceptions are GIG's support for training of newly-elected National Assembly members and support for the 2015 Law on Laws. However, implementation of this law is critically dependent on increasing the institutional capacity of the law-making agencies and their legal departments, which are not a focus of GIG's interventions.

GIG has supported enhanced transparency of laws and regulations through its public consultation and stakeholder engagement activities. However, the program has focused its work with GVN counterparts on disseminating information on laws and policies, rather than work with non-state organizations to evaluate the effectiveness of the laws and policies. Similarly, the program has focused on the quality of information for legislators rather than on ways to provide citizens and non-state organizations with high quality information so that they can make their own judgements about their government's effectiveness.

In addition, the complexity of the multi-stakeholder management model is challenging. On one hand, it creates opportunities for GIG to engage diverse stakeholders; on the other hand, the model did not have operating guidelines, required by the GVN, for more than two years after the project's start, and GIG needs to strengthen communication and coordination channels for effective and efficient work planning and management.

Lastly, GIG has not completed a sufficient number of activities with a broad enough reach to have been able to strengthen citizen participation in monitoring and evaluating policy implementation. And GIG has not yet established innovative partnerships to improve the accountability of public institutions.

LESSONS LEARNED

A focused project design is more likely to lead to sustainable, substantive results. Future USAID projects could usefully combine one or two of the objectives and outcomes, but not all. For example, rather than thematic objectives, the focus could be on improving accountability and inclusiveness in the law-making process, without focusing on content of the laws and instead placing emphasis on the process across sectors and themes.

Clearly defined, achievable outcomes help implementing partners develop strategies to achieve outcomes and focus their efforts, and provide the basis for tracking progress. Program design should include working definitions of key indicators, and a theory of change that relates to the types of activities and suggested indicators for the program. While it may be impossible to provide more than provisional definitions for outcomes in the project design stage, if combined with a longer start-up period, the implementing partner and USAID could work together to arrive at clear operational definitions of outcomes and together design the strategy and indicators based on these clear definitions.

A longer start-up period is needed before implementation begins. In Vietnam, a longer start-up period is essential to allow time to develop and have approved operational guidelines, in accordance with Vietnam's rules for international development assistance projects. The implementation team can also use this period to develop communication and coordination channels with counterparts and stakeholders to increase ownership and trust before implementation begins.

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KEY RECOMMENDATIONS

- Establish regular, face-to-face meetings with the Project Management Unit (PMU) on at least a monthly basis to discuss project implementation, operations, and performance.
- Increase transparency and information sharing with the PMU, including for activity-related spending, activity budgets, funds remaining for activities, implementation constraints and opportunities, and proposed strategies.
- Develop a sustainability strategy for the remaining implementation period. The strategy should emphasize process over content, and institutional capacity building over events or highly specialized technical assistance.
- Develop a learning strategy for the remaining implementation period so that the key counterparts can continue with on their own after GIG ends.