

PRISED VIETNAM

Mid-Term Review

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<u>EXECUTIVE SUMMARY.....</u>	<u>4</u>
<u>1 INTRODUCTION.....</u>	<u>7</u>
1.1 PROJECT BACKGROUND.....	7
1.2 PRISED MID-TERM REVIEW: REVIEW TEAM, TASKS AND METHODOLOGY....	7
<u>2 PROJECT DESIGN</u>	<u>8</u>
2.1 VIETNAM CONTEXT	8
2.2 PRISED PROJECT CONCEPT	9
<u>3 IMPLEMENTATION LEVEL.....</u>	<u>10</u>
3.1 PRISED INSTITUTIONAL SET-UP	10
3.2 STAKEHOLDER INVOLVEMENT AND PROVINCIAL PLANNING	12
3.3 MAJOR ISSUES FOR IMPLEMENTATION.....	14
3.4 PRISED PROJECT PERFORMANCE FOR CAPACITY-BUILDING	15
3.4.1 PRISED LOG BOOK ACTIVITIES PER PROVINCE	16
3.4.2 PRISED MONITORING AND MANAGEMENT ISSUES	17
3.4.3 INSTITUTIONAL AND COMPETENCY DEVELOPMENT PLAN (OCD)	18
3.5 COOPERATION AND SYNERGIES WITH OTHER ODA/TA INTERVENTIONS	18
<u>4 FINDINGS OF PROJECT PERFORMANCE.....</u>	<u>19</u>
4.1 PRISED INSTITUTIONAL CHALLENGE OF PHASE I.....	19
4.2 INDICATORS OF ACHIEVEMENT: MID-TERM STATUS OF RESULTS	19
4.3 COMMUNICATION AND MANAGEMENT CHALLENGES	20
4.4 COOPERATION AND SYNERGIES POTENTIALS IDENTIFIED	21
<u>5 LESSONS LEARNED</u>	<u>21</u>
<u>6 TRANSITION FROM PHASE 1 TOWARDS PHASE 2</u>	<u>23</u>
6.1 NATIONAL EXECUTION MODALITIES FOR PHASE 2	23
6.2 ILO TA FOR THE FUTURE.....	24
<u>7 CONCLUSIONS AND RECOMMENDATIONS</u>	<u>25</u>
<u>7.1 CONCLUSIONS: VALIDITY OF THE PRISED APPROACH.....</u>	<u>25</u>
<u>7.2 RECOMMENDATIONS: PHASE 1 OUTPUTS FOR PHASE 2</u>	<u>26</u>

Abbreviations

ADB	Asian Development Bank
BDS	Business Development Services
BLOG	Internet-based communication tool
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CTA	Chief Technical Advisor
EEOW	Economic and Employment Opportunities for Women project (ILO)
GET Ahead	Gender and Entrepreneurship Together (ILO training tool)
DANIDA	
DFID	UK Department for International Development
DPC	District People's Committee
DPI	Department of Planning and Investment
EEOW	
EPA	Entry Point Activity
HB	household business
ICD	Institutional and Competency Development
IFAD	
ILO	International Labour Organisation
IOA	Indicators of Achievement
IYA?	Improve Your Business on Air" (ILO tool)
ITC	International Training Centre (ITC, Turin-based and ILO-affiliated)
KAB	Know About Business
LED	Local Economic Development
LEG	Local Economic Governance
MDG	Millennium Development Goals
MPDF	Mekong Private Sector Development Facility
MPI	Ministry of Planning and Investment
MOLISA	Ministry of Labour, Invalids and Social Affairs
MSE	Micro- and Small Enterprises
MTR	Mid-Term Review
M4P	Markets for Poor (Project funded by ADB/DFID)
NIESAC	National Institute of Education Strategies and Curriculum Development
NPC	National Project Coordinator
ODA	O.. Development Assistance
ODC	Organisation Capacity Development (private consultancy firm, Hanoi)
OD	Organisational Development
PACA	Participatory Appraisal of Competitive Advantage (LED training module developed under the umbrella of GTZ/MesoPartners)
PCI	Provincial Competitiveness Index
PPC	People's Provincial Committee
PPP	Public Private Partnership
PRISED	Poverty Reduction through Integrated Support to Small Enterprise Development
PRSP	Poverty Reduction Strategy Programme
PSP	Provincial Strategy Paper
RUDEP	Rural development Programm Quang Ngai, Vietnam/AUSAID
SBA	Small Business Associations
Sida	Swedish Development Agency
SIYB	Start Your Business
TA	Technical Assistance
ToR	Termes de Référence
VC	Value Chain
VCCI	Vietnam Chamber of Commerce and Industry

EXECUTIVE SUMMARY

Poverty Reduction through Small Enterprise Development (PRISED) approach shows to be a valid approach for the growing segment of micro- and small enterprises (MSE) as well as household businesses in Vietnam. Funded by the Swedish Development Agency Sida and jointly designed by the Vietnam Chamber of Commerce and Industry (VCCI) and the International Labour Organisation (ILO), PRISED has been successfully introduced during the first of two phases of PRISED, with a total of 48 months for implementation (2005 – 2009).

PRISED started off with a highly active first phase of introducing its approach and piloting tools and products to test for their relevance to MSE both in rural and urban settings in four provinces of Vietnam: Than Hoa (North), Quang Ngai (Central) Binh Phuoc (South) and Tra Vinh (Mekong Delta). The ILO's project support unit in charge of international execution, together with VCCI units involved in all steps of design and implementation of phase 1, deserve the entire appreciation for their efforts since launching the project in August 2005 and until present. The range of inputs, outputs and activities demonstrates a high level of the partners' commitment. The fruits of emerging impacts are yet to mature from a first quantitative base of 6270 participants, thereof 35% women.

Technical assistance delays and deficiencies during phase 1 appear home-made by internal ILO mechanisms for technical assistance (TA) beyond this particular project. TA operations with VCCI headquarters and the respective branch offices may allow for simpler mechanisms in the future, as long as mutual accountability and transparency are guaranteed for the donor's concern.

Beyond these challenges, opportunities exist for PRISED in conjunction with other technical assistance (TA) interventions with a pro-poor approach to MSE/HB in Vietnam (ILO: EEOW; IFAD: rural economy; ADB/DFID: Markets for the Poor - M4P). PRISED in particular will be able to demonstrate how globalisation threats in the era of WTO accession may be transformed into action for local economic development (LED). Targeting MSE/HB through gender-neutral business niches will also allow for increased gender equality in a market economy during a period of change.

With a long-term visioning process to start in the transition process of PRISED from phase 1 to phase 2, VCCI together with the ILO will be able to strengthen its profile as a business chamber that includes the MSE development landscape. The mid-term review (MTR) team recommends the continuation of project activities to take place along the timing foreseen in the project document (two phases of two years each, with a possible overlap for transition between the two phases).

The points below are to summarize the conclusions and to highlight the recommendations for the remaining phase 1 (until July 2007) as well as for launching phase 2, as of August 2007:

CONCLUSIONS: the **national execution scenario** demands for new execution modalities with VCCI for phase 2. The project management capacities of VCCI constitute a concern for the transition process for which a national consultancy assignment was drafted by the PSU in response to the issues raised by the mid-term review. The areas to be covered by the assignment include management and

leadership, institutional arrangements, financial resources, human resources, equipment and knowledge resources.

Meaningful TA interventions with ILO support in phase 2 should build on MSE needs and demand by provincial partners to be re-assessed. Beyond PRISED project completion, capacity building of local institutions and service providers will be the leverage for sustainable business development services (BDS).

LED and policy training for creating an enabling environment at provincial level need additional conceptual and practical inputs. Social marketing and the use of media, themes introduced by the ILO in phase 1, bear great potential for reaching out to the MSE sector. Their ease of access to media and information and communication technology (ICT) is confirmed for all the four provinces where PRISED is active.

RECOMMENDATIONS:

Relevance and Impact: in order to overcome the supply-driven start of phase 1 towards a more focused and demand-driven BDS approach, PRISED should continue only with those products and tools that can effectively be rolled out in phase 2. These include Start&Improve Your Business (SIYB), Gender&Entrepreneurship Together (GET) AHEAD as well as Know About Business (KAB) and capacity development for Small Business Associations (SBA).

Regions and Outreach: the absorption capacity to go deeper within the four provinces to reach out to districts and communes along the local economic development (LED) approach will allow PRISED to work closely with all stakeholders involved. Working with two additional provinces as originally planned (see project document) would represent a fresh learning ground for national execution in phase 2, on the one hand. On the other hand, the added value for the PRISED concept appears limited and the add-on be kept as an option, only.

Systematic Exchange of Information: it is recommended to continue the dialogue between projects for real coordination and implementation, to avoid overlaps and foster learning&innovation for good practice cases.

MEI System to be set-up as of NOW! Monitoring, evaluation and impact (MEI) assessment is urgently needed for PRISED. A simple and fully decentralised tool along the project document's updated indicators of achievement (IOA) should be handled in and by all four provinces (and beyond). Such a tool will contribute to a coherent joint planning, implementation and evaluation of achievements.

Staff development, technical business competencies and decentralisation: Human resources and capacities need to be strengthened for VCCI branches. Acting as a facilitator for BDS service provision, VCCI's role will have to focus on supporting local providers in applying relevant business content and tools for MSE. The urge for decentralisation requires TA budget and sufficiently qualified human resources for technical transfer. If the identification of national short-term staff appears difficult, long term hired national candidates should be considered as alternative sources.

⇒ **Short-term Issues until 07/2007 (end of phase 1)**

The MTR team recommends a wide discussion and feedback of MTR results and recommendations as well as decisions to be taken, as summarized below:

- take a decision on the use of ILO support staff for phase 2: the MTR team recommends to continue making use of ILO advisory services in phase 2 as foreseen in the ProDoc (plus additional resources made available by Sida independently).

This includes 12 w/m for three advisors each (international, national and associate expert). VCCI may negotiate its priorities with Sida in a triangular discussion to include the ILO, so as to reach the best fit of expertise and management.

- Prepare the outline for an endline survey, building on Baseline Survey with corrections (MSE target group!) for use at the beginning of phase II.

- Use of Unspent Budget, Phase 1, to accommodate for delays - meet hardware needs of the provinces and respond to demand for activities (e.g. WTO&MSE relevance through media; value chains and environmental concerns).

- Preparation for New MoU for Phase 2 between SIDA and VCCI: design new system of management, including a project document and budget revision, a certified accounting system and organisation development support for monitoring and strategic advice. Sida to supervise VCCI Operational Planning via benchmarks/milestones.

⇒ **Short- and medium-term Issues as of 08/2007 (start of phase 2)**

The MTR team recommends the launching of phase 2 without delays, by taking a clear but at the same time smooth approach for transfer between the two phases:

- Launch of phase 2 by calling for a PRISED FUTURE STRATEGY event: to earmark the progress achieved in phase 1 and the beginning of a new phase 2, PRISED should run a 'joint vision' retreat at its earliest convenience, involving a large number of participants from all four provinces.

- Operational planning for 2008 at provincial level to be prepared by October 2007.

- Ensure continuity of a consultative mechanism to include multiple stakeholders: MPI-ASMED to continue to act as a consultative advisory body through the provincial network.

Institutional Arrangement VCCI HQ - Provinces & Sida:

Sida: steering with trust while abiding to mutual accountability includes the levelling of TA also in the Field Against Corruption.

VCCI: support VCCI in its motivation to make PRISED a Good Practice CASE for National Execution, and for MSE service delivery decentralised to provincial level.

1 INTRODUCTION

1.1 Project Background

The project '**Poverty Reduction through Integrated Support to Small Enterprises in Vietnam**' (PRISED) intends to stimulate local economic growth and to create decent employment through strengthened micro- and small enterprises (MSE). The project's contribution to the reduction of poverty in four (later six) provinces in North and South Vietnam is catered for by applying an integrated approach to pro-poor private sector development (PSD).

Differently from conventional PSD approaches that aim at enhancing national economic growth by strengthening small and medium-sized enterprises (SME) with a proven potential of growth, PRISED looks for the integration of PSD **and** MSE policies and legislation that include the poor and micro-enterprises in a pro-active manner. Targeting the MSE- and informal sector is therefore considered vital for a meaningful policy dialogue that considers poor labour conditions as important as vulnerable groups, gender and ethnic concerns.

The project design of PRISED is based on earlier products and lessons learned from the Mekong I project (see references in the Project Document: ProDoc). In addition, Sida support of an Start and Improve Your Business (SIYB) project in Vietnam, implemented by the International Labour Organisation (ILO, 1998 – 2004), shows the challenges imbedded in national execution thereafter, with the same counterpart agency as for PRISED, the Vietnam Chamber of Commerce and Industry (VCCI). The project budget allocated for PRISED is spread over four years divided in two phases (phase I: 08/2005 – 07/2007 at US\$ 2,7 mln; phase II: 08/2007 – 07/2009 at US\$ 1,8mln).

Besides SIYB, PRISED could dwell on previous efforts undertaken at that time and catering for Business Development Services (BDS).

In addition, the testing and finetuning of various BDS concepts, methodologies and tools in the context of the ILO's Integrated Support to Small Enterprise Development (ISED) in the Mekong Delta countries (Laos, Cambodia, Vietnam) greatly enhanced the scope for rolling out the integrated approach with an emphasis on poverty reduction. By doing so, PRISED could tap on piloted and initially tested components and tools in the region, such as the Public-private-partnership (PPP) tool or the Small Business Associations (SBA) kit, the information-sharing and the "Job Quality – It's just Good Business" message via TV stations and local media agencies, or the GET Ahead training (Gender and Entrepreneurship Together).

1.2 PRISED Mid-Term Review: Review Team, Tasks and Methodology

The Terms of Reference (ToR, Annex 1) for the Mid-Term Review (MTR, 18 March – 06 April 2007) were entrusted to a national/international consultant team in PSD and OD (Organisation Development) that submits the present report: Tran T.H.Trang, Vu Quoc Huy and Susanne Lucie Bauer (team leader).

The MTR team adopted a participatory and resource-oriented rather than deficit-driven approach to conduct the review. The methodology for assessing capacity building achievements and challenges (MTR purpose) followed a set of guiding questions that allowed the team to verify the current status of project performance and further needs in terms of:

- capacity building and technical assistance (TA),
- effectiveness of project strategies and partnerships,
- efficiency of the use of inputs for the expected outputs,
- relevance of the integrated approach against the changing social and economic context in Vietnam,
- sustainability and the institutional dimension of the project through VCCI and provincial partners,
- emerging signs of impacts identified.

The mission schedule includes a list of persons met (Annex 2). The MTR team considers these as the clients and intended users of the review results: the VCCI SME Promotion Centre, the VCCI branches, key provincial partners, the Ministry of Planning and Investment's Agency for Small and Medium-Sized Enterprise Development (MPI/ASMED), ILO Hanoi and Bangkok, the Swedish Embassy Hanoi and other relevant partners in Vietnam.

2 PROJECT DESIGN

2.1 Vietnam Context

The project concept was designed in 2004 in line with the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). The underlying problem analysis at the time bears relevance until present, and so do the Sida PSD policy guidelines (2005). At the same time, the economic and social uplifting of the Vietnamese reform program (*doi moi*) has paved the way for the country's integration into the world market. To this end, Vietnam's WTO membership (2005) demands a true path towards modernising the regulative environment and improving the conditions of a sustainable market economy, yet to emerge.

Given the macro-economic growth trend allowed for in this framework, the more recent SME decrees put emphasis to moving from a low-income developing nation towards a middle-income surplus economy under full-fledged participation of the private sector. The emphasis on local industry and trade ends the predominance of agriculture which, on the other hand, remains a stronghold for the poor strata of the rural economy. While poverty reduction remains a continuous challenge for Vietnam, the current policy agenda for micro- and small enterprise (MSE) development is little visible at provincial level.

Furthermore, the Hanoi Core Statement (issued 02 July 2005) applies the principles laid out in the overarching Paris Declaration (March 2005, see Annex 3: list of documents). In particular the indicator of alignment refers to „no parallel PMU's" (project management units) which bears great relevance to the transition of PRISED planned to move from international to national execution.

While the principles of „ownership, alignment, harmonization and simplification as well as managing for results and mutual accountability" all fully apply, these need a clear benchmarking to reach their indicative targets by the year 2010. The MTR team therefore shares the concern voiced by the PRISED Project Support Unit (PSU) that the national execution scenario does not yet appear fully prepared on the side of VCCI. Obviously, similar concerns are being raised in Vietnam by other donors who express their doubts regarding an effective delivery of project budgets and results. However, the MTR team cannot draw the simple conclusion that such lack of getting prepared would justify the continuation of international execution.

2.2 PRISED Project Concept

The **PRISED project structure** is managed by an ILO Chief Technical Adviser (CTA) for phase I, complemented by a national project director of the VCCI SME Promotion Centre, Hanoi (50%). Implementation is jointly steered and accompanied by four national project coordinators and four VCCI counterparts in the respective branch offices, supported by a total of 4 ILO staff members in the PSU. In addition, Sida has granted an associate expert for a duration of two years whose assignment will be completed in July 2008.

The **PRISED LOGFRAME**¹ follows the logic of pursuing:

- **the development objective** (contribution to local economic growth, poverty reduction and job creation through PSD / MSE and partnerships with the governmental structures at provincial level), as well as a set of
- **immediate Objectives:** improvement of **(1) local economies**/business environments for poverty reduction in MSE and households in 6 provinces **(2) BDS markets** that improve access to new/innovative training materials for MSE and BDS providers **(3) Partners' making use of mass media** to improve the access of MSE to information/knowledge/services **(4) National capacity for Local Economic Development (LED)** and an enabling environment (EE) at provincial level.

The impact chain of activities spelled out in the logframe appears loaded with elements that make it difficult to assess the actual status of implementation, let alone the **indicators of achievement (IOA)** of intended results:

a total of 63 activities is distributed over the four immediate objectives, 12 outputs and 24 IOA (equally spread over 6 IOA per immediate objective). These were not always designed in a „S-M-A-R-T"² spirit that would make evidence traceable. What has become clear from the field visits is that the logframe has not been used as a planning tool in the provinces. This was highlighted by the provincial partners who are not aware of the full picture of the logframe. The MTR team tried to assess the status of outputs along the logframe in an estimative form only, given the absence of a monitoring&evaluation system – until present, all information is listed in

¹ PRISED Project Document (ProDoc), version signed by Sida, VCCI and ILO on 17 June 2005 (40p.)

² S-M-A-R-T stands for „specific-measurable-achievable-realistic-time-bound" elements that make planning realistic and action-oriented.

numerous reports but no data bank has been set up to make these data accessible (see chapter 3.3).

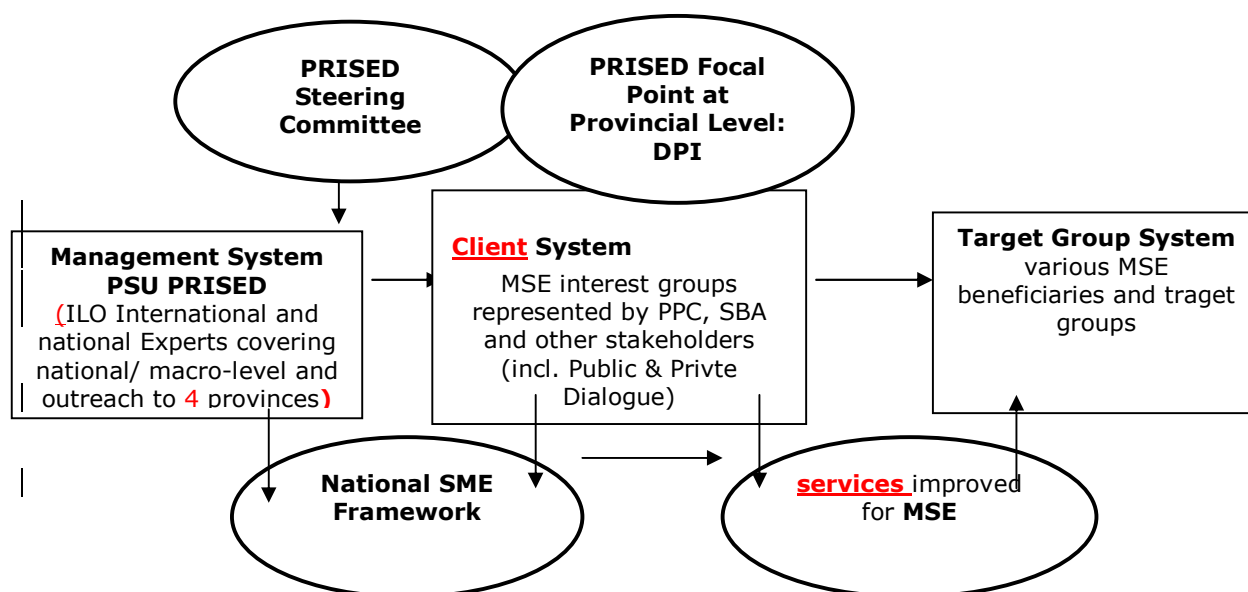
It is worth noting that PSU/PRISED has worked on a „**Monitoring, Evaluation and Impact Assessment (MEI) Strategy, Methodology and Action**“ in early 2006³. The MEI approach aimed at integrating the project's MEI assessments into a common system and avoid duplication with existing systems. The report emphasizes PRISED's demand-led activities to be applied on the proposed MEI system itself, and that the MEI would not impose an extra burden on local partners. This emphasis might explain why such system has not come in place so far.

3 IMPLEMENTATION LEVEL

3.1 PRISED Institutional Set-Up

The PRISED implementation structure for phase I is organised along the ILO project management unit (PMU), then called project support unit (PSU). The ProDoc (p.25/40) visualizes a linear project set-up with VCCI as its key implementing partner, project stakeholders and national and provincial partners acting in the „*vibrant small enterprise sector within a sound and regulatory framework*“: suppliers and BDS providers such as business associations, credit institutions such as micro-finance institutions and women's business clubs as well as small enterprises as buyers.

The Project Steering Committee (PSC) consists of MPI (ASMED), VCCI, Sida and ILO (ILO Hanoi and PSU PRISED). Acting as the project's executive board, the PSC convenes every six months to review ongoing work (work plans, budgets, achievements) and strategic issues. At provincial level, the Department of Planning and Investment (DPI) acts as PRISED focal point.



³ MEI Strategy, Methodology and Action Plan: proposed draft by international consultant, 02/2006

PSU PRISED, besides working with the Small and Medium-sized Enterprise Promotion Centre (SMEPC) as its counterpart, also established working relations with VCCI departments such as the department for Employers' Activities and the department for Membership and Training.

VCCI/SMEPC interacts with the PSU mainly through its national project director (NPD) with 50% of his time budget allocated as PRISED's national counterpart. Furthermore, VCCI/SMEPC operates within the client system through the VCCI branch offices. According to the NPD's self-assessment, this engagement absorbs up to 80-90% of his time at provincial level (Thanh Hoa, Da Nang, Hoh Chi Minh City, the latter also representing Can Tho). In all four provinces, the VCCI cooperates via the departments of Planning and Investment (DPI) that follow the political and operational agenda of the people's provincial committees (PPC).

The **PRISED organisational flow-chart** prepared by the MTR team (Annex 4) demonstrates a high level of complexity and a range of open ends and loopholes within the system that may explain its operational weakness:

VCCI/SMEPC, during phase 1, works with its branches in parallel with PSU PRISED. Its tasks are described, among others, in terms of coordination and support of the VCCI branches, and for reporting to the VCCI Executive Board on PRISED for monitoring and conformity purposes. However, the function and organisational set-up of VCCI/SMEPC did not appear visible in discussions with VCCI branches. The MTR team therefore sees the necessity for a more effective decentralisation of all PRISED action down to local levels. In response to the concerns raised by the branches and provincial representatives, PRISED phase 2 will require a fully transparent and visible management structure of VCCI/SMEPC.

In operational terms, VCCI/SMEPC would need a more extended Management Board with provincial sub-accounts and an auditing system set up for project administration in a decentralised manner. In order to increase accountability, six-monthly work plans would enable both the Management Board and the Steering Committee to trace evidence of results (results-based operational plan).

Acting as a private sector stakeholder with a status as non-governmental organisation (NGO), VCCI also liaises with social-political mass organisations such as the Viet Nam General Confederation of Labour, the Viet Nam Cooperative Alliance and the Viet Nam Women's Union or the Farmers' Union. PRISED's beneficiary group of MSE and household businesses in provinces outside the larger cities does not represent VCCI's main clients and members. Accordingly, VCCI's role as a facilitator and manager for the PRISED project calls for a clear targeting with focus on poverty reduction for this particular client and beneficiary group.

The MTR team applied the **SWOT⁴ model** to summarize in particular the strengths and weaknesses it came across during the review:

⁴ SWOT: strengths-weaknesses-opportunities-threats

STRENGTHS:

- √ the PRISED approach is in line with the Government policies and Sida's private sector development (PSD) Policy (see paragraph 2.1 of the present report).
- √ VCCI's standing and its decentralised structure correspond with PRISED's aim for outreach, therefore the organisation is fully apt to act in line of command.
- √ Local stakeholders are committed and ready to go for impact, sustained through the PPCs and other local partners' involvement in PRISED implementation.
- √ ILO's international network of PSD tripartite partners and competencies constitutes a valuable asset for PRISED in the medium- and long-term.

WEAKNESSES:

- the ILO/PRISED approach appears too bulky and is NOT fully grasped at local level (evidence: MTR team interviews in all four provinces).
- The PSU of PRISED seems driven by a hands-on delivery urge and does not feel confident about the TRANSITION of the project for national execution. Its EXIT STRATEGY is therefore not yet clear, at present.
- The VCCI's interaction with PSU PRISED, although actively involved in all operational aspects (development of ToR, tools, dissemination and communication, management), is perceived by the MTR team in a passive and re-active, not in a pro-active manner. VCCI is waiting for phase 2 and national execution to start, and phase 1 to end in due course, as planned.
- The communication between PSU PRISED and VCCI is not in flow. Email and reports as well as regular technical meetings for ongoing work appear mechanically exchanged, without the necessary follow-up to act with 'one voice'.
- Implementation delays have occurred and continue to occur both in timing and budget delivery. The negative consequences on PRISED partners' motivation carry the risk of losing MOMENTUM.
- The client system of PRISED is not heard directly. Partners appear to voice their interests via PSU PRISED only, because no **National Advisory Committee** was set-up as originally planned (ProDoc, 4.6, p. 23/40).

3.2 Stakeholder Involvement and Provincial Planning

PRISED cooperates with a multitude of partners involved at national and provincial level. The cooperation agency MPI intermediates mainly through its decentralised structure of the Department of Planning and Investment (DPI) at provincial level, acting as the focal point for PRISED. The peoples' provincial committees (PPC) act as guarantors to identify MSE and business households needs and those of specific target groups. Depending on the project proposals and activities launched by local partners, the Department of Industry (DOI) may appear active in one province, while in another province agriculture, education or labour and social work (MOLISA) may be more relevant.

At this point, it is worth mentioning the project's **Local Economic Development (LED)** approach to respond to the growing demand and increased number of stakeholders:

multiple stakeholder consultations and participatory planning workshops (2006/2007) have resulted in consolidated Action Plans, each time bringing together several hundred participants in order to agree on activities. Mutual learning was further enhanced by bringing together up to ten provinces⁵. As a result, the Provincial Strategy Papers and Planning Guidelines for 2007 represent valuable starting points for fostering ownership of the various local partners involved for PRISED prioritization. A strong coordination and a continuous flow of information between the national and the provincial level is needed, however, in order to translate decentralisation into meaningful action on the ground.

The above-said translates into a call for continuous support for a greater understanding of the LED process and an increasing participation by other stakeholders at provincial level, in particular under-represented groups. A brief SWOT analysis per province is presented to illustrate the MTR team's assessment:

Province Thanh Hoa:

- Lack of involvement of local authorities /leadership, and confusion of VCCI/Thanh Hoa's involvement and PRISED's activities in the province.
- + Strong interest of Labour Federation (window of opportunity for media / social marketing).

Province Quang Ngai:

- + Focus and opportunity on integrated approach (value chains).
- Need for more involvement from private sector.

Province Binh Phuoc :

- + Value chain + YIB Air radio program.
- +/- Potential replication to 2 more provinces not yet grasped (Ben Tre, Tay Ninh).
- Outreach opportunities lost (delays) to reach out to more farmers (minority groups).

Tra Vinh / all 4 Provinces:

- + Commitment of local authorities AND INTEGRATION of PRISED into ongoing curricula and BDS (SIYB, GET Ahead, KAB, PP dialogue).
- Need to respond to local GOV concerns with appropriate tools (media).

With regards to systematic stakeholder involvement, VCCI acts as the main partner and implementor of PRISED and claims to „*represent the Vietnamese business community, employers and business associations of all economic sectors*“⁶. Considering itself an NGO, VCCI/SMEPC Hanoi operates via the VCCI branches.

⁵ See progress report 1, 08/2005 – 02/2006: 238 participants, accumulated figure from all four provinces. Can Tho Provincial Workshop, June 2006; a similar workshop is planned for June/July 2007.

⁶ VCCI presentation: The role of VCCI in promoting SME, 15 slides (ppt). VCCI/SMEPC presentation for the PRISED Project Review, March 20, 2007, 22 slides (ppt.)

A review of the monthly reports issued by the NPD reveals vital concerns regarding the „*reactive involvement by local partner organizations in provinces*“⁷. The critical assessment of PSU/PRISED working methodologies is being referred to here via the summary of findings provided by the ICD/OCD report (see chapter 3.4.1 of the present report): insufficient communication and discrepancies in differences in grasping the ProDoc's understanding (perception by branches: „*they talk different language from that of PSU...*“, op.cit. p.2).

This example is chosen to demonstrate the difficulty of the MTR team to make sense of the stakeholders' perception concerning PRISED by way of PRISED reports. The MTR team further validated these remarks in field interviews conducted with many different PRISED partners. These impressions confirm a certain lack of joint understanding among provincial partners as to the overall PRISED concept and the allocation of activities to intended outputs. This is also due to the fact that project staff itself is not located in the provinces but at 2 – 3 hours drive (and flight) away.

In summary, PRISED's limited scope of a **locally owned impact chain for MSE development** needs to be supported through a better and strictly applied **M&E system decentralised at the VCCI branch level** (minimum requirement), or down to DPI provincial level (maximum option preferred if feasible).

3.3 Major Issues for Implementation

In line with the above laid-out concerns regarding PRISED's institutional set-up (chapter 3.1) and stakeholder involvement and provincial planning (chapter 3.2), the MTR team summarizes its main points for consideration of a strategic revisiting, relevant not only for the present phase I but moreover for launching and implementing phase 2 in the near future:

- ☐ Coordinate and strengthen the role of multiple stakeholders.
- ☐ Increase PRISED visibility and ownership.
- ☐ Manage the integrated program approach with more FOCUS ✖.
- ☐ Go for decentralization that constitutes an opportunity for PRISED, not a threat.
- ☐ Get better informed and prepared for change towards transition (phase 1 – 2).
- ☐ shift from direct intervention to facilitation towards a more intended focus on beneficiaries (see also RUDED lessons learned!)
- ☐ Integrate PRISED into the ongoing government policy process to ensure sustainability and support from all implementing partners.
- ☐ Integrate different components of PRISED into one set of MSE-oriented activities (now sometimes isolated from one another).

✖ FOCUS and Opportunities: the MTR team calls for both focus while going deeper at provincial level. Taking the KAB pilot example (all 4 provinces) for FOCUS on youth entrepreneurship, its positive outcome allows to aim towards integrating the

⁷ VCCI Report Februar 2007: Commendations for institutional development and PRISED/VCCI staff training 2007, by Pham Hoang Tien, NPD.

KAB approach into the national educational system. OPPORTUNITIES constitute yet another venue for outreach: with IFAD's consequent request for deeper collaboration in the field of matching micro-finance with BDS, specialised TA provided via the ILO could constitute a win-win scenario for PRISED that can dwell on its unique selling-point for the MSE market.

3.4 PRISED Project Performance for Capacity-Building

According to the ProDoc (paragraph 2.5, p.20/40), VCCI's capacity to manage the project will be carried out at the beginning of phase I. It is the understanding of the MTR team that such an assessment was not carried out directly, but followed throughout the progress reports.

The staff of PSU PRISED (ILO/VCCI) and local partners have benefitted from a range of training inputs and learning opportunities allocated during phase I:

- staff development regarding knowledge sharing at sub-regional level (Cambodia, 12/2005)
- EEW exposure (01/2006)
- PACA / LED methodology training(02/2006)
- Training of Trainers (ToT) support (various workshops: GET Ahead 55 trainers trained; SIYB ...trainers trained/upgraded?)
- Training strategy workshops for vocational training / other training institutes
- SYB training conducted (so far, no demand emerged for „Expand Your Business“, although it is being mentioned by PSU/PRISED)
- value chain (VC) analysis methodologies and tools introduced and VC upgrading strategies planned
- staff development reports (1 – 3, the 3rd workshop, 09/2006, included social marketing as a learning topic)
- Know About Business (KAB) training for NIESAC⁸.
- Individual staff training at ILO/ITC Turin for all national professional staff.

This list shows that there is partly a mix of trainee profile and competencies between staff development and capacity-building for local partners. Besides five staff development workshops, the participation in study programmes in Vietnam and abroad as well as staff enrolment in ToTs (KAB, GET Ahead, SBA) constitute valuable inputs for national human resource development.

However, it appears to have been difficult for VCCI to propose candidates for a range of assignments. This has eroded the intended effect of learning-by-doing, and reflects on the limitations of the overall absorption capacity of VCCI to receive and deliver TA. For phase II, if it remains difficult for VCCI to identify appropriate staff for technical transfer, long term hired national candidates should be considered as alternative sources. The issue of the distance of VCCI branches could be reduced as long as the branches have dedicated and competent staff who could manage to coordinate local partners effectively, using multiple communication means and a clear division of tasks and supports. This implies the needs for sufficient coaching to branch's staff on their new roles in phase II.

⁸ NIESAC : National Institute of Education Strategies and Curriculum Development

3.4.1 PRISED Log Book Activities per Province

The log books kept by PSU PRISED for monitoring show a total of 60 activities conducted throughout phase I since 'entry point activity' (EPA) until present. The total number of participants listed between January 2006 and March 2007 amounts to a total of 6270, thereof 35% women, see details below:

705 participants in Trah Vinh (37% women)
1129 participants in Bin Phuoc (23,6% women)
2735 participants in Quang Ngai (43% women)
1701 participants in Thanh Hoa (38% women)

This number excludes the partner activities (stakeholder meetings) and trainings conducted as a result of ToT and upgrading workshops. Accordingly, the MTR team estimates the number of participants reached by PRISED during phase 1 higher than the above figures.

Another initiative recently launched by PRISED refers to „Guidelines for developing a **„Provincial PRISED Project Strategy Paper“** (PSP, February 2007⁹) per province. The PSP are meant to review, amend and approve the overall action plans in the four provinces covered so far. If the PSP prove useful and achieving the aim of obtaining a *„better, integrated planning result..that is understood and supported by local partners“*, they will possibly serve well to widen the PRISED project scope towards expansion. Independently of PRISED, the mapping of the MSE environment at provincial level is further fostered by the **Provincial Competitiveness Index (PCI)**, a new policy training tool catering for addressing the current business environment in Vietnam.

Used also by other TA interventions (e.g. GTZ), a provincial cluster-based industrial development assessment is one of the elements addressed by the PCI. ILO PRISED considers its features for the value chain work at provincial level. To this end, the monitoring system designed for PRISED value chain support activities in Quang Ngai province¹⁰, and to be handled by VCCI in the future, may include the PCI concept to overcome local disadvantages for economic growth.

With reference to the **KAB status of activities by March 2007**¹¹, this initiative deserves to be highlighted because of its outreach and potential for roll-out within the educational system of Vietnam. Although KAB was not originally planned as part of PRISED activities, the piloting in all four provinces during the academic year 2006-7 in secondary schools and vocational training centers has shown great potential if the basics are cleared: approval of the school management committees, youth unions and the Ministry of Education (MoE). VCCI has, independently of KAB and PRISED, entered a Memorandum of Understanding (MoU, 2006) with the MoE to integrate entrepreneurship into the school system.

⁹ Guidelines for developing Provincial PRISED Project Strategy Paper, 02/2007 (3 p.)

¹⁰ PSU PRISED: Monitoring System for PRISED value chain support activities, by Marije Boomsma, Market Development Consultant, Hanoi, 12/2006

¹¹ PSU PRISED: KAB Status March 2007; ILO PRISED Consultancy by Dr.Robert E.Nelson, Final Report (July 29 – September 02, 2006)

3.4.2 PRISED Monitoring and Management Issues

In terms of **monitoring**, a point of observation by the MTR team refers to the fact that the data, while impressive in numbers over such a short time frame, are not kept in a coherent manner. Monthly progress reports on project implementation are delivered by the VCCI branch offices, and PSU PRISED compiles reports, figures and/or percentages without following a systematic format applied by its own staff. This makes access to this type of information little marketable to the outside world. As referred to earlier in this report, the M&E system should be exclusively managed at branch- and provincial level (VCCI branches, DPI), by taking stock of all existing data produced and tools designed – only what is feasible and workable at local level will sustain (see recommendations).

Experience sharing, joint planning and team building (an emphasis spelled out in the 2nd PSU/PRISED progress report, p. 8) would result in a more unified picture of understanding, knowledge-building and reporting by the PSU/PRISED team. Instead, the numerous external consultancies appear somewhat isolated from one another, and do not reflect the integrated SED approach needed for an effective delivery of the PRISED concept.

In terms of **management and division of tasks** within PSU/PRISED, focal points for technical support by PRISED are listed for periodical review¹²:

Names	POLICY	LED	SBA	VC	BDS	KAB	Gender	S Mk	Media
Tu		A	B				A	B	
Duong				b	A	A			b
Jenny			A		B			A	b
Bas				A		A			b
Kees	A	A	A				B		

The allocation of tasks along the indicated areas among PSU team members followed their respective areas of competencies, professional experience and interest both at national and international level: all five experts together effectively cover the areas listed above. The two areas with less expertise on board in the team are social marketing and media, shown by the fact that no 1st focus is allocated to them by senior international staff. In addition, team members covered cross-cutting themes such as staff development, MEI, communication strategy and tools.

Although the MTR team's ToR do not include an in-depth analysis of staff capabilities, one observation concerns the job division, namely that staff members could not always respond to a particular query of the team, because he or she was/is not in charge of this particular component. Given the close teamwork otherwise, this reflects the overall status of unresolved issues such as social marketing and media, topics that are marginally covered only by PSU that heavily relies on external consultancies (see recommendations on type, time and delivery method of TA in phase 2).

¹² PSU PRISED Focal Points: key A: 1st focus; b: 2nd focus

3.4.3 Institutional and Competency Development Plan (OCD)

„In order to ensure the smooth transfer and help VCCI-PRISED staff to complete such responsibilities more effectively, a capacity-strengthening process for VCCI-PRISED staff will start from January 2007“¹³.

The above-cited report presents the Institutional and Competency Development (ICD) Plan that OCD designed in cooperation with the PRISED team, both ILO and VCCI. The MTR team found ample reference to this work in general. The only concrete reference made by VCCI during the MTR team briefing session (20/03/07) was the recommended Training Schedule in 2007 listed in the OCD report (1p.):

communication principles, project development, knowledge management (KM), leadership training, financial system and a 'new tools transfer workshop' are training topics partly for all staff while some items refer to the NPD and/or to NPC / NPCC.

The MTR team is under the impression that the operationalization of the ICD Plan is somewhat on halt, waiting for a well understood and committed process of all partners involved in order to stimulate an effective PRISED implementation that instill change to:

- overcome the reactive involvement by local partners in the provinces;
- engage more involvement and proactive proposals of solutions between PSU, NPD and VCCI branches;
- clarify differences in viewpoints on project proposals from local partners (by VCCI-PRISED staff in some branches and PRISED-IOL staff);
- undo the too complicated and unnecessarily long financial procedures in ILO.

The recommendations resulting from this analysis and the ICD stakeholder workshop (15/12/06) will be taken up by the MTR team in the concluding chapter of this report (chapter 7: conclusions and recommendations).

3.5 Cooperation and Synergies with other ODA/TA Interventions

PSU PRISED has opted, from the start of its operations in late 2005, for cooperation with poverty reduction programmes and networks of all relevant ODA/TA interventions, with a view to bundling and integrating different efforts also at provincial level. The list of opportunities to connecting with such programmes includes RUDEP (AUSAID, Quang Ngai), OXFAM and CECI (Thanh Hoa), Chai Se, Plan Int., DANIDA-BSPS, UNIDO, World Vision, Action Aid, Ifad, M4P (ADB/DFID).

Donor coordination: the Local Economic Governance (LEG) group is chaired by PSU PRISED (since 09/2006) and constitutes one of the more active donor agency coordination groups. In addition, PRISED participates in other MPI-ASMED working groups (BDS, M&E, VC) for information exchange.

¹³ OCD in cooperation with PRISED team: ILO-VCCI PRISED – Institutional and Competency Development Plan 2007 – 2009. Final report, full version, Hanoi December 2006 (19p.; Annex 1 – 8; Individual Competency Assessment Form ICD, 14p.)

4 FINDINGS of PROJECT PERFORMANCE

4.1 *PRISED Institutional Challenge of Phase I*

Project activities during phase 1 have allowed to demonstrate the challenges imbedded in the ambitious character of the overall project set-up. The MTR team's findings summarize observations with regards to project performance at national and at provincial level, highlighting the following aspects:

- Little involvement of political wills (PPC), particularly in Thanh Hoa and Binh Phuoc provinces where the DPI (PPC's appointee) lacks capabilities to lead the project at the provincial level. The heads of department in these provinces were unavailable during our mission.
- Local partners are confused about the project set-up and implementation in their respective province. Although provincial MoUs have been signed in a simple format with each province, some activities were implemented by vertical ministerial agency (NIESAD-KAB), while other activities were implemented by VCCI branches. Yet other activities have been implemented by DPI or some other local partners.
- Poor stakeholder coordination both at national and provincial level:
 - no National Advisory Committee;
 - no efficient stakeholder meetings/forum at the provinces;
 - no inter-provincial coordination.

4.2 *Indicators of Achievement: Mid-Term Status of Results*

Capacity building efforts have taken place, but seemingly without clearly introducing the tools and concepts used (social marketing). This often makes achievement of results poor as there is no clear connection of the intended concept to apply to what ultimate beneficiaries / target groups (MSEs, poor, specific sub-sectors?).

The MTR team identified the absence of an operational **Monitoring and Evaluation** (M&E) system as a clear weakness and lack of guidance of PRISED partners and stakeholders involved. This led to a management-of-activities-based approach in a hands-on fashion on the PSU/ILO's side. As a consequence, implementation appears disintegrated rather than aiming at a coherent design of PRISED implementation along the LED agenda.

Despite the fact that a promising start was made with M&E at the beginning of phase I (MEI quoted above), it fell short of implementation. There is no traceable MEI-database which would allow to clearly spell out the evidence of impact achieved via activities-results-outputs-IOA. In terms of outputs achieved, a cross-check was made along the logframe, identifying a number of outputs under-delivered.

As a matter of evidence, the example of output 1.3 (LED strategy, p. 28/40) lists 17 activities out of which less than 40% have effectively been carried out. Quoting activity 1.3.14 as not traceable („*Design a project management information and*

quality control system") highlights the weakness of implementation if purely following the ProDoc.

The MTR team estimates the percentage of activities carried out at not exceeding 40% of all 63 activities planned (source of evidence: logframe¹⁴). In terms of IOA, these appear not easy to verify because the MSE Baseline Survey was only finalized by December 2006 (see Annex 3: Documents). In addition, its quality was questioned in the field, a concern raised to the MTR team during interviews.

One example is the percentage of MSEs' access to business management training (15% according to the ProDoc, p.29/40): does the number of MSE household businesses (HB) refers to the baseline results (limited to a total sample size of 614 HBs only)? If these percentages are verified towards the end of the PRISED implementation by conducting an endline survey, their starting point needs to be re-assessed at the beginning of phase II.

4.3 Communication and Management Challenges

The MTR team reviewed the communication and management challenges and came up with the following concerns and observations:

- **No clear line of communication and reporting process** among the project and relevant partners – despite monthly VCCI reporting, the flow of communication appears disrupted or not followed through.
- **Translation of working documents into English** is a problem at local level, due to lack of resources. The overall amount of documents translated will probably be reduced, and Vietnam versions will become the main working language for PRISED.
- **Management of PSU PRISED: under ILO management (phase 1)**, several steps are currently needed to get a financial transaction approved (request from the local partner to the person in charge at the VCCI branch, then to the ILO program officer and ILO administrative staff at PSU Hanoi, further on to the program officer and administrative staff in ILO Hanoi for several checking procedures and verification). With the **transfer of management to VCCI for implementation of phase 2**, the above line of procedures will hopefully be simplified, with VCCI taking responsibility for decentralised management. In order to do so, further technical back-up and managerial guidance will be necessary to ensure that the deliverables of PRISED will be in place. Monthly meetings or regular feedback sessions would enable the new system to act in full transparency with all partners involved, in order to establish the trust deemed necessary for a comprehensive handover (ILO) and takeover (VCCI).
- **Mainstreaming of pro-poor MSE development** through partnerships and programme linkages with national and international organizations relates to the expected impact on MSEs/HB. To this end, the preliminary work on **social marketing** in phase 1 constitutes a rich resource puzzle of information and data worth exploiting for further strategic decisions on what campaign to launch in the near future. There are many MSE concerns identified by PRISED that can be well targeted in cooperation with the mass-media organisations such as the Federation of Labour et al.

¹⁴ ProDoc, , chapter 5: Development of Objectives, Outputs and Activities, p.27-33/40.

- **ILO's long-standing and worldwide media experience with MSE communities** spans across a wider range of MSE-relevant issues including information on both financial (micro-finance) and non-financial services (BDS). Definitely, overlaps with social marketing using media should be analysed in the on-going research by PRISED so as to select the area of most relevance in the context of poverty alleviation and income generation for micro- and household-businesses.

4.4 Cooperation and Synergies Potentials Identified


The project is continuously engaged in identifying and seizing new opportunities to cooperate with other relevant projects/programs in the field of poverty reduction and economic endeavours for MSE.


PRISED should, at the same time, also explore the idea to create synergies with government programs, to leverage the stakeholder's resources as well as commitments. For instance, the SYB on air program could be integrated with the national radio coverage program, and the SME week activity with the PSD promotion program of the province in Tra Vinh.



The same applies to the possibility of integrating the KAB program into the public schools and training institutions' curriculum agenda as an optional course. The concrete formula should be further explored along the different channels of vocational training, school drop-outs and generic high school curricula.

5 LESSONS LEARNED


The lessons learned emerging from the mid-term review reflect well those elaborated by ILO SEED in a generic manner¹⁵. The MTR team would like to see these lessons used for further discussion by PRISED of IOA, M&E and focus for future interventions. The red and the green bullet points earmark challenges and opportunities:


 **PRISED Lay-Out:** the bulkiness of the ProDoc (40p.) has impeded the full understanding of the project lay-out and concept among the provincial partners. Not using the logframe for guiding the overall implementation has made the discussion of activities, outputs, IOA and impact assessment obsolete.


 **Impact Measurement:** without a well-functioning MEI system in place, impact measurement will remain superficial (if at all managed). PRISED's ambitions to document lessons learned and develop comprehensive models for replication should not be presented as an academic exercise but rather as a field-based case-study approach to come forward with lessons learned for all other poverty reduction programmes in the field of LED / PSD.


  **PRISED Concept:** a truly integrated PRISED approach would have worked better with closer cooperation and trust between ILO and VCCI from the start of phase 1. If fully aiming at a 48-months-project cycle as a joint team right from the beginning, ILO/VCCI would have been able to use their technical expertise and experience in a more cohesive and productive manner.


¹⁵ ILO SEED: Some Lessons Learned from the Design of Integrated Enterprise Development Projects, ILO Geneva, 2007, 7p. (?date and author not mentioned)


 **PRISED Planning:** a participatory planning mechanism was established at provincial level, but mainly geared towards the desired PRISED achievements. With more involvement of PPC as the leader of the process, PRISED could integrate its mechanism into the local planning cycle. By doing so, an early project's annual planning cycle (October of every year) would enhance PRISED's integration instead of aiming to steer the provincial agenda.


 **PRISED Products and Tools:** the pressure for delivery steered demand and interest by local partners, on the one hand (evidence: training material, reports etc). On the other hand, PRISED's supply orientation hampered a clear demand-driven approach which undermined to FOCUS on the right things in demand. "Less is more" could be a lesson learned here, to describe our assessment that fewer but deeper and more locally integrated interventions would bring PRISED closer to the ultimate target groups.


 **Communication and Management:** PRISED&VCCI are involved in a joint process of learning. Doing things wrongly enables all partners to overcome their deficiencies and go for innovative ways. Simplify the checking and verifying of transaction processes is one element. Demonstrating what works ("the right things") in a clear and simple manner will encourage wide participation in communication and synergies created among project's provinces. To this end, the use of ICT will enhance speed and transparency in the PRISED system, and leverage modern communication means (website, blogs, email).

 **„One size fits all“ DOES NOT WORK!** PRISED experiences from phase 1 constitute a solid source for developing case studies and visualizing good practice work in a conducive spirit of learning and knowledge sharing.

 **Ownership:** PRISED stakeholders have demonstrated their readiness to take ownership at local level. However, due to little traceable evidence of impact so far, and in the absence of a National Advisory Committee (as foreseen in the ProDoc), provincial partners only take part in some aspects of operational planning.

 The project has not thematically emphasized the **BDS 'dilemma'** (high-subsidy versus partial cost-coverage of services, applicability of BDS in rural and poverty-struck settings). Embedded services in the field of value chain promotion could possibly constitute a feasible response to the BDS shortage felt by final end users in remote areas.

 **Capacity-Building:** VCCI staff at branch level will increase its learning and innovation capacities if capacity-building efforts are jointly shared with local implementation partners.

 **Opportunities:** seizing opportunities through TA interventions would allow PRISED to act in a more meaningful and relevant manner for local stakeholders. Examples: explore WTO current trends for Vietnam in their impact on the local, national and global MSE community; move the path of decentralisation at local level in close coordination with PPCs; address environmental threats along the Southern Viet Nam coast lines and aquaculture value chains; conduct social marketing campaigns for awareness raising on working conditions of and in MSE and HB.

■ **Organisation Development for VCCI:** redefining the VCCI's role for phase 2 may be based on the lesson learned of improving operations and decentralising to local level:

VCCI head quarters:

- Coordinating all partners at the national level.
- Supporting VCCI branches, if needed.
- Monitoring outputs and impacts (MEI).
- Documenting processes and good practices for further replication.
- Supervising financial disbursement at national level.

Local VCCI branches:

- Coordinating local partners to carry out activities.
- Supporting local partners, if needed.
- Handling financing disbursement at local level, by introducing a new system that allocates funds to local level, by periodical work plans.
- Implementing activities, only if necessary.

■ The good reputation that ILO brings along in the field of poverty reduction and small enterprise development throughout the levels of policy work, enabling environment and small business associations in Vietnam should result in demand for international ILO expertise and products. In addition, the ILO should emphasize its strong capacity-building know-how and continue to transfer technical expertise to national and provincial level.

■ **Project outreach** is there in potential, not yet through coverage of larger groups. However, a good basis is being laid at educational level (KAB; GET Ahead). Regarding KAB future scenario, it remains to be seen in how far the private sector (SME apprenticeship arrangements) will take part in the Government's (Ministry of Education's) commitment to validate KAB and employ graduates in the future.

6 TRANSITION from PHASE 1 towards PHASE 2

6.1 National Execution Modalities for Phase 2

The national execution scenario is part of the PRISED ProDoc design. At the beginning of phase I, „an assessment of VCCI's capacity to manage the project" was foreseen (para. 2.5, p.20/40). The mid-term review was equally planned for (month 20), in order to assess the capacity-building activities done until that time. While the first part has not become evident to the MTR team, its own assessment of capacity-building efforts has been described throughout this report (chapters 3.4 ; 4.3; 5 on lessons learned).

Sida is aware of and committed to discuss new execution modalities with VCCI for phase 2, to be elaborated in due course. In the meantime, the ILO's operational mandate and procedures for phase I will cease to be valid (MoU until the end of July 2007, the account can be financially closed as of 31 December 2007). The final financial statement to Sida is due within 12 months after the agreement is expired, i.e. the agreement is valid until 31 January 2008 (Article 11).

The project management capacities of VCCI have been openly addressed during the OCD/ICD assessment, obviously not much before that time. Catering for the transition has become more of a concern during the mid-term review. As a result, a short-term assignment to assist in the transition process was drafted by the PSU in response to the preliminary findings discussed at the end of the mid-term review (Annex 5, April 2007). The PSU has indicated its readiness to fund an external national consultancy for this purpose.

According to the draft ToR of the assignment, the transition in project execution will occur in the areas of 1. Management and leadership; 2. Institutional arrangements (roles of VCCI HQ and Branches, ASMED, provincial partners, ILO, Sweden); 3. Financial resources (project budget); 4. Human resources (staff contracts, capacity building); 5. Equipment; 6. Knowledge resources (technical and managerial tools, methodologies, networks). The MTR team supports this initiative also demanded by Sida, and comments the ToR as follows:

- the experience with nationally executed ODA projects is still fairly recent in Vietnam which will make it difficult to make this a prerequisite for selecting the appropriate candidate for the assignment.
- Modelling an operations guide by facilitating a series of meetings with the parties concerned may not be sufficient. This step may require methodological inputs to ensure that the guide corresponds with all aspects of national execution in Viet Nam (ref: Government Decree No. 131/2006/ND-CP of November 9, 2006, promulgating the regulation on management and use of the official development assistance).
- The draft transition plan and the necessary steps envisaged (chapter IV, steps 1 -9) can be streamlined to narrow the process accompanied by an external consultant down to step 1 – 5, while steps 6 – 7 can be handled by the PSU directly. Step 8 (capacity building) would rely on the OCD (ICD Plan 2007 – 2009), and should therefore be entrusted to OCD, for follow-up. Step 9 is a summary of results from all previous steps.

6.2 ILO TA for the Future

The areas of technical assistance (TA) by the ILO for meaningful MSE interventions in phase 2 of PRISED require a re-assessment of demand by provincial partners. These would translate into a focused capacity-building intervention that builds on coaching and guiding methods as proposed in OCD's institutional context review¹⁶.

By doing so, PRISED phase 2 would have the mandate to go beyond the sometimes criticised image of catering for „ad hoc technical support“ mainly, and instead invest in mainstreaming MSE issues in provincial policies and programmes¹⁷. As equally laid out in the sustainability strategy of PRISED (ProDoc, p. 19/40), further capacity building of local institutions and service providers was earmarked as the leverage for BDS delivery beyond project completion. The focus of ILO TA should therefore be decided upon the results of the needs and demand analysis referred-to above.

¹⁶ OCD/ICD report, op.cit., 4.

¹⁷ PSU PRISED, 3rd progress report 09/2006 – 02/2007, p.13.

The MTR team validates SIYB, GET AHEAD as well as KAB and SBA as the tools with least additional support required, because their Vietnamese versions are mature and ready for roll-out. LED and policy training at provincial level is estimated as less advanced due to the complexity of the immediate objective 4 (LED and EE) on the one hand, and the presence of other competitive training packages in the market (PACA, GTZ), on the other hand. Moreover, of the 6 IOA formulated, those aiming for sustainability and impact have a long way to go (a total of 90 facilitators/consultants capacitated and having delivered training; 4 leading training institutions and 2 international development agencies use the LED training packages; government officials in 5 additional provinces have assessed the LED/EE training).

Last, the introduction of themes and tools for social marketing and the use of media introduced by ILO have not proven convincing so far, despite the prominent budget allocations earmarked for their purpose (a total of US\$ 100,000 each for IYB on Ar and Media, plus an amount of US\$ 150,000 for social marketing). The MTR team sees, however, great potential for identifying the right themes for forceful media messages within the large MSE sector. This assumption is further supported by the ease of access to media and ICT in all the four provinces visited.

Despite the useful consultancy work done and ongoing in phase 1, a turn-around in these two areas might need a new start in these areas for phase 2 with additional expertises to respond to the assumption if *„sufficient competence exists in designing mass media products relevant for MSEs“* (ProDoc, p.36/40).

7 Conclusions and Recommendations

7.1 Conclusions: Validity of the PRISED Approach

The MTR team concludes a successful introduction and start of implementation of the PRISED approach. The project support unit deserves the entire appreciation of the MTR team for its efforts since launching the project in August 2005 and until present. The range of inputs, outputs and activities demonstrates a high level of commitment of the main partners involved. The fruits of emerging impacts are yet to mature. However, with a long-term visioning process to start in the transition process from phase 1 to phase 2, VCCI together with the ILO will be able to strengthen its profile in the MSE development landscape and identify new opportunities as they evolve.

In conjunction with ILO projects (EOW) and other TA interventions in Vietnam that bear relevance to the PSD segment of MSE and Business households (IFAD; M4P; UNIDO et.al.), PRISED will be able to demonstrate how globalisation threats in the era of WTO accession may transform into opportunities at the local level of economic development. Women will be able to confirm their eagerness and aptitude to access gender-neutral business niches that allow for increased gender equality in a market economy during a period of change.

The TA delays and deficiencies during phase 1 appear home-made by the ILO mechanisms that also face continuous calls for change (budget procedures between the ILO Hanoi office, the ILO sub-regional office in Bangkok and headquarters in Geneva as well as changes in computer software systems have all contributed to these sometimes unbearable situations). TA operations with VCCI headquarters and the respective branch offices may allow for simpler mechanisms in the future, as long as mutual accountability is guaranteed for the donor's concern.

7.2 Recommendations: Phase 1 Outputs for Phase 2 Roll-Out

The MTR team recommends the transition from phase 1 to phase 2 to take place as foreseen per ProDoc. The points highlighted below are considerations recommended to both VCCI and Sida as well as to the ILO, where appropriate:

Relevance and Impact: revisit the demand-driven approach to BDS, and drop some products&tools while replicating and rolling out others ⇒ FOCUS is required without the MTR team wanting to go beyond the findings summarized per technical area (chapter 6.2).

To this end, it is advisable to continue the KAB path to address clearing the basics and preparing the ground for roll-out of the KAB program, including also the Job Consultancy Centres and out-of-school youth for whom business start-up ventures could represent self-employment and income.

Regions and Outreach: the absorption capacity to go deeper within the four provinces to reach out to districts and communes based on the LED approach will allow PRISED to increase its impact yet to be shown. The visibility of PRISED and the involvement of all VCCI channels within the four provinces (and not six as originally intended in the ProDoc) may show best by rolling-out at a more massive scale for repeated service delivery. Decisions to this end imply which tools and products to choose for roll-out, and then consequently go for these tools. The MTR team furthermore recommends to leverage the provincial annual development plan. This needs an early planning period of the project (as of October 2007) as well as a stronger involvement of the local authorities in the planning process.

Systematic Exchange of Information: it is recommended to continue the dialogue between projects for real coordination and implementation, to avoid overlaps and foster learning&innovation. The creation of synergies will benefit from Good Practice stories (PSD /LEG Working Group at national level) to be told. This would enable VCCI, together with ILO, to make PRISED in Phase 2 a success story!

MEI System to be set-up as of NOW! PRISED urgently needs a full-fledged M&E system that carries an impact element for tracing the outputs based on project activities carried out at a provincial level. The MEI system should therefore be simple and fully decentralised so that all four provinces (VCCI branches, DPI – who should be decided along capacities!) may feed their data for joint planning, implementation and evaluation of achievements. VCCI HQ should be the main responsible for the MEI strategy, establishing the database and monitoring procedures through its branches. The procedures should be leveraged on the existing internal procedures as much as possible, given the assumption that such procedures exist within the VCCI's structure.

The ProDoc's IOA and other parts of the logframe may be used along the MEI proposal developed in early 2006. By taking stock of all existing data produced and tools designed, only the most feasible and workable elements will sustain. The MTR team therefore emphasizes to give utmost priority to redesign the M&E system along those logframe data relevant for phase 2.

Staff development&TA Delivery: the professional level of staff at VCCI PU HCMC allows to share experience and cooperate with some VCCI branches. However, some VCCI branches will need particular HRD/capacity development inputs to be targeted with well-designed support tools (VCCI Thanh Hoa).

In order to increase the overall absorption capacity of VCCI to receive and deliver TA in the future, it is necessary to take a final decision whether or not to continue the **social marketing and media agenda**. The MTR team herewith recommends a continuation of these two, with decisions on time frame and delivery methods of these types of interventions by means of additional external consultancies.

⇒ **Burning Issues 04 - 07/2007:**

04 - 05/2007: Mid-Term Review results to discuss widely for feedback among all partners involved

04 – 05/2007: Take a decision on the use of ILO support staff for phase II

A total of 3 x 1 ILO Staff is recommended herewith, each for a duration of 12 w/m - 1 international SME Expert, 1 Associate Expert, 1 National Expert.

ILO advisory services should furthermore be made available for phase 2 as foreseen in the ProDoc, plus additional resources made available by Sida for the associate expert. Method: **triangular VCCI – ILO – Sida exchange of priorities.**

05 - 06/2007: Phase I Unspent Budget to accomodate for delays - meet hardware needs et al + respond to demand for activities in trends (e.g. WTO&MSE relevance through media; VC&environment concerns).

05 - 07/2007 + 08 – 10/2007: Phase II New Agreement (MoU) between SIDA and VCCI:

✓ **establish certified accounting system** *a n d*

✓ **design new system of „managed national execution“ incl. budget rev./decentralisation** (external consultancy assign.): to ensure a managed transition from the international modality of execution to the national execution modality, the approx. 6-months-process would be accompanied by **international TA** that assists in OD, job descriptions and ToR along demand by VCCI, **in tandem** with ✓ **providing national OCD/OD support for monitoring and strategic advice.**

07 - 08/2007: Launch of PRISED phase 2 by calling for a FUTURE STRATEGY event of PRISED (u s e innovative way !): run a ‚joint vision‘ retreat with a large number of participants from all four provinces together, to earmark the progress achieved in phase 1 and the beginning of a new phase 2.
Inform - advise - support all VCCI structures + partners for new operational set-up!

as of 08 – 12/2007: START PHASE II Planning and Implementation

VCCI's role: take over for national execution and facilitation mainly.

ILO's role: hand over and provide technical expertise on demand only.

Phase II Budget Allocation: revise the budget allocation for PHASE II along reallocated budget lines/revised PRODOC to reflect updated needs, demands + opportunities !

05 – 08/2007: prepare the outline for an endline survey, and re-assess Baseline Survey inputs for use at the beginning of phase II.

09 – 10/2007: start with operational planning for 2008 at provincial level!

CONTINUOUS : VCCI in consultation with ILO to make choices: the question of focus & capacity-building on Policy Dialogue AND participation from other partners at provincial level will have to be answered and questioned on a regular basis. Focus areas might change over time, and so do capacities built up with the increasing roll-out of training of entrepreneurs (TOE, not ToT! SIYB, GET Ahead, KAB).

ATTENTION:

- ⇒ The introduction of new tools for piloting in phase 2 is only recommended if demand for Expand Your Business (EYB) and other tools is deemed necessary and constitutes an added advantage over other packages introduced before.
- ⇒ Ensure continuity of a consultative mechanism to include multiple stakeholders: PPC to take the lead!
- ⇒ MPI to continue to act as consultative advisory body through the provincial network (DTI, DOI, DOT)

Execution Modalities for the Future: (‘transition consultancy assignment’, Annex 5)

- Certified Accounting System (quarterly) to be introduced
- Managerial Workflow for Delivery through Monitoring Advisory Services & Systems to be designed and accompanied in the first round of applying the new execution modalities.
- Sida to supervise VCCI Operational Planning via benchmarks/milestones (approve OP + budget trenches (on a six-monthly basis).

Institutional Arrangement VCCI HQ - Provinces & Sida:

Sida: steering with trust while abiding to mutual accountability includes the levelling of TA also in the Field Against Corruption.

VCCI: operating in full partnership with and for MSE, and driven by its motivation for PRISED to demonstrate a Good Practice CASE for National Execution in full transparency. Managing in ownership and in cooperation with multiple stakeholders towards decentralisation.

-----e n d o f r e p o r t-----

ANNEXES

- 1 Terms of Reference: PRISED Mid-Term Review March/April 2007
- 2 Mission Schedule and Persons Met
- 3 List of Documents reviewed during MTR
- 4 VCCI Organizational Chart (MTR Team)
- 5 ILO PRISED: Draft ToR /INPUTS for Execution Modalities/Management Guidelines (date 10 April 2007)

(Annexes attached in separate folder)