

VIE/01/52/USA

**Final Evaluation of the USDOL/ILO
Industrial Relations Project in Vietnam**

Final Report

Oslo, May 2006



Contents

Acronyms	3
Executive Summary	4
Summary of Findings and Conclusions	4
Summary of Recommendations	6
1. Introduction.....	8
1.1 Purpose of the Final Evaluation	9
1.2 Methodology	10
1.3 Structure of the Report.....	11
1.4 Acknowledgements and Disclaimers	11
2. Findings and Conclusions.....	12
2.1 Question One: What was the strategic relevance of the project?.....	12
2.2 Question Two: Did the project achieve its stated objectives? What were the outputs and outcomes (impact) of the project?	16
2.3 Question Three: Were the recommendations of the Mid-Term considered and implemented? What was the impact of related actions?	28
2.4 Question Four: Can the outcomes be sustained once the project is completed?	29
2.5.1 Question Five: Is this project or its components suitable for replication?.....	31
3.0 Lessons Learned.....	32
Annex A: Terms of Reference.....	35
Annex B: List of Informants	46
Annex C: List of Project Activities.....	48
Annex D: Bibliography.....	50

Acronyms

CBA	Collective Bargaining Agreement
CTA	Chief Technical Advisor
DOLISA	Department of Labour, Invalids and Social Affairs (Provincial level agency of the Ministry of Labour, Invalids and Social Affairs)
EPZ	Export Processing Zone (or Industrial Zone)
FDI	Foreign Direct Investment
HCMC	Ho Chi Minh City
IFI	International Financial Institution
ILO	International Labour Organization
IMF	International Monetary Fund
IR	Industrial Relations
IRASD	Industrial Relations Advisory Service Department
MDG	Millennium Development Goal
MOLISA	Ministry of Labour, Invalids and Social Affairs
MTR	Mid-Term Review
NPSC	National Project Steering Committee
OECD	Organisation for Economic Development and Cooperation
PMU	Project Management Unit
PPTF	Provincial Project Task Force
SOE	State Owned Enterprise
UNDP	United Nations Development Programme
USDOL	United States Department of Labor
VCA	Viet Nam Cooperative Association
VCCI	Viet Nam Chamber of Commerce and Industry
VGCL	Viet Nam General Confederation of Labour
WTO	World Trade Organization

Executive Summary

Summary of Findings and Conclusions

Vietnam is undergoing a transition, from a centrally planned economy to one based on market principles. One effect has been to change the dynamics of the labour market. While industrial relations were previously an aspect of central economic management, reform is separating the interests of State, employers and workers. As a consequence, Vietnam has experienced an increase in labour disputes, mainly in the form of wildcat strikes. These are a major concern for government, as strikes threaten Vietnam's economic stability. However, the country's legal and institutional frameworks for industrial relations remain underdeveloped. Reforms are needed to adjust to new labour market conditions.

The project *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Vietnam* was funded by the U.S. Department of Labor (USDOL) and implemented through the International Labor Organization (ILO). The four-year grant of USD 1,667,494 was approved within an umbrella agreement between the ILO and the USDOL. The development objective was to improve workplace cooperation between labor and management in target enterprises. The project was officially launched in January 2003 and concludes on 30 June 2006 with the addition of \$106,878, which reflects a six month extension from the programmed end date of January 2006.

An Evaluation Team of David Gairdner (Scanteam) and Wael Issa (ILO Geneva) visited Vietnam between 26 March and 1 April 2006. The team found that the strategic relevance of ILO industrial relations project was high. The project correctly anticipated major trends influencing Vietnam's labour market. Objectives and activities related to policy development, capacity building and training enabled the project to respond well to the environment. It was also relevant to the interests of all three social partners; the Government of Vietnam, the private sector and the official union movement. Informants from the social partners expressed their satisfaction with the design process, and stated their interests were well represented. Building on strategic relevance, overall project design was strong. There is a clear relationship in the documentation between analysis of the project environment, objectives, activities and outputs and outcomes.

Shortcomings in the analysis occurred when stakeholders under-estimated how:

- Quickly economic reform and change in the labour market would occur
- Quickly the interests of the three social partners would separate
- Slow the official union would be to adapt to changes in the labour market
- Weak the representational link between its leadership and the rank and file would become as a result the union's inability to establish its independence from management and represent worker interests.

These factors had a subsequent impact on the outcome and effectiveness of some project activities.

The Evaluation Team found that the ILO Industrial Relations project has met or exceeded its objectives, and represents high value for donor investment. There is one

possible exception. Vietnam has not yet developed a national industrial relations policy framework. However, the team believed that slow movement was beyond the project's ability to influence, and noted important progress towards this objective. No other significant problems or concerns related to implementation were encountered.

The project successfully established a national infrastructure (NPSC, PPTFs and IRASDs), which is operational and functioning well. In addition to delivering high quality service, the infrastructure serves as a space for collaboration and exchange between the social partners. The structure could also be approached as a pilot for tripartite industrial relations management at the national level. Informants showed a strong interest in institutionalising it in some form. A weakness in the project structure is the limited flow of information moving between the different levels of each of the three social partners, which may hinder management and the channelling experience from enterprises into the national policy debate.

Benefiting from its infrastructure, the project has delivered activities according to the scope and spirit of the original project document. When the website and concept of an industrial relations training centre did not appear viable, the project took steps to adjust. Project services are seen by beneficiaries as being unique and not available from other sources in Vietnam. They respond to needs in the changing labour market, are of high quality and add value to industrial relations at the enterprise level. Perhaps the best indicators of value is strong demand for training and materials from outside the "Vietnam 70", the willingness of enterprises to pay a fee for services and that local People's Committees are financially supporting at least one PPTF.

The representational link between union officials and the rank and file membership undermines the project's training strategy. While the VGCL retains a powerful voice within the Communist Party, it was weak in enterprises visited by the team. Union and management officials both acknowledged that the union is part of the management structure. It lacks the independence needed to effectively represent member interests in the new labour market, and does not enjoy the confidence of workers. The VGCL, therefore, has difficulty transferring knowledge or capacity developed in the project to enterprise workers. Rather, the transfer is occurring through the government or employers. In contrast, the government and employers have been in the strongest position to benefit from project services.

Quantitative data from the PMP does not fully capture the impact of the project, and could have been strengthened. However, the project has made a lasting impact on industrial relations in Vietnam. Among its achievements, the project has strengthened the institutional capacity of all three social partners and reached a constituency significantly greater than the core 70 enterprises. Important contributions to policy development have also been made, including revisions to the labour code on strikes. Difficult to quantify but perhaps most important, the concepts and organisational model introduced by the project are contributing to a shift in the mental model of social partners. The project has provided analytical tools and vocabulary that helps beneficiaries understand changes in the labour market. As a result, the Evaluation Team witnessed different forms of innovation that will have long-term benefit. Interaction with the project is also creating a demand for industrial relations policy from the local level which may shape national debate.

In its role as project implementer, the ILO has gained the trust, respect and confidence of all three social partners. It has built these relationships based on overall

performance, the perception of neutrality and the quality of its advice and services. The strength of these relationships situates the ILO well for future work.

The project shows clear evidence of being sustainable, with the social partners demonstrating strong ownership. Their interests were addressed in the initial consultation, and the partners have determined that the project is adding value to their work. The structures, concepts and practices established by the project are being integrated into those of the social partners, who are increasingly willing to fund activities or pay for services. There was also evidence that elements of the project can be scaled up to the national level. In particular, informants expressed an interest in institutionalising the PPTFs and expanding the IRASDs nationally.

The impact of the Mid-Term Review appears modest. The report has not been used extensively by the project, nor did the Evaluation Team identify specific actions to implement its recommendations. However, the MTR did not propose fundamental changes, so none should be expected. There were few areas where project strategy and activities in 2005 diverged from its spirit or intent. However, in most cases the MTR's recommendations were being addressed in the course of regular activities, particularly as these relate to sustainability.

Summary of Recommendations

1. Future programme development should begin with an explicit statement of assumptions, the conclusions of a situation analysis on which activities are based. Assumptions should be tested and validated on a regular basis as part of the Performance Monitoring Plan, ensuring that project activities are still relevant. Where the review concludes there have been changes in the programme environment, the programme can reposition its activities accordingly.
2. A second phase of the project could focus on institutionalising the structure and concepts established in first phase, promoting their integration into Vietnam's institutional framework. In this context, the project should take on a clearer role as a pilot exercise. It should move away from the direct implementation of training activities where these do not contribute a pilot experience.
3. The flow of information between the three (enterprise, provincial and national) project levels should be improved, to ensure experience from the enterprise and provincial level is fed into the national policy debate.
4. A second phase of the project should work more closely with the official union to address the weak representation link with its members. Any improvement will require the union to reform its relationship with the political system, enterprise management, and develop the independence needed to effectively represent the interests of workers within a tripartite system. The ILO could assist the union with a change strategy.
5. PMP indicators need to be strengthened. The gathering of data to support the indicators needs to be more systematic, and expanded to support all indicators. Some indicators may need to be revised based on the available data collected by the government and social partners. The ILO should write in adequate resources for data monitoring into the project design, and donors should be open to supporting related activities.

6. Phase II should develop a new sustainability strategy, based on institutionalising the tripartite structure and transferring financial responsibility to the social partners within two years. The strategy should also identify the kinds of policy and technical roles that the ILO will play in the future, the trend should be towards less direct involvement in training.
7. The project should develop a revenue generation strategy for the government and social partners. Elements could include agreement when fees will be charged, a standard fee structure to be applied across the programme, and whether fees should support core or supplemental activities.

1. Introduction

The project *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Vietnam* was funded by the U.S. Department of Labor (USDOL) and implemented through the International Labor Organization (ILO). Project support was made through an umbrella cooperative agreement designed to help countries realize the principles of the ILO's Declaration on Fundamental Principles and Rights at Work. The four-year DOL grant totalled USD 1,667,494.

The project was scheduled to begin on 1 October 2001. Lengthy negotiations with the Government of Vietnam resulted in a one year start-up delay, which did not affect funding levels. It was formalised in a cooperation agreement between the ILO and Ministry of Labour, Invalids and Social Affairs (MOLISA), signed on 31 July 2002. There were three implementing partners to the agreement; MOLISA, the Viet Nam General Confederation of Labour (VGCL) and the Viet Nam Chamber of Commerce & Industry (VCCI).

Implementation began on 18 September 2002 with the hiring of the Chief Technical Advisor (CTA). The project was officially launched in January 2003 and concludes on 30 June 2006 with the addition of \$106,878, which reflects a six month extension from the programmed end date of January 2006. The Norwegian Embassy has offered to fund the project at current levels for two additional years, and a proposal for continuation is now before MOLISA.

Project objectives were outlined in the original 2001 project document (ILO 2001). They were revised in February of 2004, when a strategic framework, performance monitoring plan (PMP) and a data tracking table were developed (ILO 2005b). The Mid-Term Evaluation conducted in 2005 described the revisions as a tactical change based on experience that allowed "more clarity and precision in performance measurement..." (Beyna 2005: 3).

Objectives of the ILO/Vietnam Industrial Relations Project¹		
	Original Objectives (as stated in the Project Document, July 2002)	Revised Objectives (as stated in the Strategic Framework, developed in late Feb. 2004)
Development Objective	Contribute to the development of workplace democracy and sound industrial relations at all levels, including the prevention and settlement of disputes, with a particular emphasis on Vietnam's private sector.	Improved workplace cooperation between labor and management in target enterprises.
Immediate Objective 1	By the end of the project, the institutions and the capacity of social partners to support and promote workplace cooperation and to prevent labor disputes will have been established and strengthened.	Increased capacity within DOLISA to resolve labor disputes in target firms.

¹ Summary table of Industrial Relations Project objective paraphrased from Beyna 2005: 3.

Scanteam:
Final Evaluation of USDOL/ILO Industrial Relation Project in Vietnam

Immediate Objective 2	By the end of the project, a national training institute in industrial relations will have been established and strengthened to design and conduct training activities directed to the needs of Vietnam's social partners.	Increased capacity within local VGCLs to assist unions in target enterprises to represent workers in socialist-oriented market economy.
Immediate Objective 3	By the end of the project, an operational plan for workplace cooperation and dispute prevention in selected private enterprises in selected provinces will have been formulated and implemented.	Increased capacity within VCCI to assist target enterprises to manage human resources professionally.
Immediate Objective 4	By the end of the project, a coherent industrial relations policy framework will have been developed by a responsible unit of labour administration and steps identified for its progressive implementation.	Essential elements of an industrial relations policy framework developed.
Sub-Immediate Objective 1	(None in the original set of objectives)	Increased public awareness of the role and means of achieving good industrial relations

Table One: Industrial Relations Project Objectives; 2001 and revised 2004

The project is now concluding its activities, benefiting from the six month extension. No significant project activities are outstanding. The focus of the ILO staff is on wrap-up, and preparation of a new two-year funding submission with support from the Embassy of Norway in Hanoi. That submission is currently before MOLISA, and pending their decision.

1.1 Purpose of the Final Evaluation

The purpose of the final evaluation was to:

- a. Determine if the project has achieved its stated objectives and whether any anticipated immediate impact was achieved for each of the objectives. For each objective, explain why or why not these objectives achievement were realized.
- b. Assess and document the effects of project activities and outputs on the target group.
- c. Determine the extent to which each recommendation made in the mid-term evaluation was carried out and the results of doing so.
- d. Assess the impact of the project in terms of likelihood that outputs will be sustained.
- e. Assess the effectiveness of the training provided by the project, i.e, was knowledge transferred and were new behaviours formed as a result?
- f. Determine if the project and its components are suitable for replication; and

g. Report on lessons learned.²

With the framework of these objectives, the Terms of Reference (TOR) direct the Evaluation Team to address issues of project implementation, project impact, and sustainability of project activities. The Evaluation Team examined the following points for each immediate objective of the project:

- The validity of project strategy, objectives, indicators and assumptions
- Impact/benefits accrued to target groups
- Impact/benefits accrued to institutions
- Implementation status, specifically as concerns planned activities, materials, schedule and budget
- Effectiveness of management performance by the ILO and the NPC (staffing, communications, financial management)
- Sustainability of project results
- Stakeholder buy-in, support and participation in the project
- Efforts by the stakeholder to achieve sustainability of the project and its activities
- Effectiveness of project performance monitoring

In addition, the evaluation was intended to provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess and improve effective practices, opportunities for replication and potential for sustainability.

1.2 Methodology

The Evaluation Team was comprised of David Gairdner, Partner, Scanteam and Wael Issa, Technical Cooperation Officer with the InFocus Programme on Promoting the Declaration, International Labour Organisation. The team followed the scope of work and methodology outlined in Section VII of the Terms of Reference. Elements included:

- The Evaluation Team conducted a document review between 20 and 24 March 2006. Chief Technical Advisor (CTA) to the project, Jan Jung-Min Sunoo provided additional documentation during the field mission, on request from the team.³
- A pre-trip conference call was held on 21 March 2006. Participants included David Gairdner and Wael Issa (Evaluation Team), Jan Jung-Min Sunoo (ILO Project CTA- Hanoi) and Kristin Lantz and James Rude (United States Department of Labour).

² Objectives of *Final Evaluation of the Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Vietnam* are outlined in the Terms of Reference, included as Annex A.

³ A bibliography of documents consulted by the Evaluation Team is provided as Annex D.

- The field mission to Vietnam took place over five days, between 26- 31 March 2006. The itinerary was organised by the Hanoi project office, in full consultation with the Evaluation Team. Amendments to the itinerary were made during the mission on the team's request.
- An end of mission de-briefing was held in Hanoi on 31 March 2006, at which time the Evaluation Team reviewed initial findings with project staff. Purpose of the meeting was quality control for factual errors or omissions and to strengthen the substantive content of the findings.

A total of 36 informants were interviewed. These included informants working at the national level, and in three provinces. The informants were chosen from:

- Workers and employers who have received the training
- Employer groups and unions involved with the project
- Members of the Tripartite Commissions at the national level and in three provinces
- Labour Ministry staff who have worked with the project, from both MOLISA and DOLISA
- The US Embassy officials in Hanoi⁴

1.3 Structure of the Report

The report is structured in response to the seven evaluation questions in the Terms of Reference. For the purpose of organisation and to avoid repetition, these have been summarised into the following six sections:

- Question One: What was the overall strategic relevance of the project?
- Question Two: Did the project achieve its stated objectives? What were the outputs and outcomes (impact) of the project have?
- Question Three: Were the recommendations of the Mid-Term considered and implemented? What was the impact of related actions?
- Question Four: Can the outcomes be sustained once the project is completed?
- Question Five: Is this project or its components suitable for replication?
- Question Six: What are the lessons learned?

1.4 Acknowledgements and Disclaimers

The Evaluation Team received the full cooperation and support of informants. In all cases, informants engaged the team in an eager, frank and constructive manner. The team wishes to particularly acknowledge the support of Jan Jung-Min Sunoo, Chief Technical Advisor and the ILO project staff. The team made numerous requests for documentation, analysis and changes to the agenda, all of which were accommodated. Notwithstanding the high quality of inputs received, the Independent Evaluator, David Gairdner, assumes sole responsibility for the contents of the report and any errors or omissions that it may contain.

⁴ A list of informants is included as Annex B.

2. Findings and Conclusions

2.1 Question One: What was the strategic relevance of the project?

The question focuses on the relevance of the original 2001 project to industrial relations in Vietnam as they emerged during the implementation phase. The Evaluation Team considered three factors that could influence strategic relevance:

- Did the initial situation analysis correctly anticipate major developments in the labour market?
- Were project objectives and activities well situated in relation to those trends?
- Was the project aligned with the interests of the three social partners?

The Industrial Relations project was based on six assumptions. While not explicitly stated as such, the assumptions were included in the *Background and Justification* section of the 2001 project document and repeated in the 2004 strategic framework:⁵

- The Government of Vietnam is committed to economic reform based on free market principles and Vietnam's integration into the global economy.
- Political change will occur at a slower pace. The Communist Party of Vietnam will continue to dominate, with little evidence that there will be pluralism in the near future.
- The private sector will assume the major role in creating growth and employment. The relative size and importance of State Owned Enterprises (SOE) will decline over time.
- Economic reform will alter how the labour market functions, with outcomes being increasingly market-driven. One effect will be to separate the interests of the State, workers and employers and to increase in the number of labour disputes.
- Change will outpace the capacity of Vietnam's legal and institutional framework to adapt. Frequent labour disputes combined with underdeveloped institutions and processes for their resolution will adversely affect Vietnam's economic growth and social stability.
- All three social partners have a vested interest in strengthening industrial relations institutions and processes, will support the objectives of the project and use the ideas and services that it provides.

Findings

The Evaluation did not conduct a full situation analysis. However, clear trends emerged in discussion with informants and the document review.

⁵ Assumptions are the conclusions of an analytical process. They describe the major factors that shape the environment in which a programme will be implemented. Assumptions, therefore, are the basis for programme development. In a dynamic context, the validity of an assumption can be expected to change with time. The six assumptions are paraphrased from project documents.

There was no evidence that political pluralism will be allowed in Vietnam in the near future. Circumstances have required the government introduce some measures for accountability and transparency. One example is anti-corruption legislation ratified in 2005.⁶ However, the Communist Party will likely remain in power and there will be no significant changes to official ideology. As one implication for the project, it appears unlikely that an independent labour movement will emerge in the near future as alternative to the Vietnam General Confederation of Labour (VGCL).

There was no evidence that the Government of Vietnam will reverse its current economic policy. The *2006- 2010 Socio- Economic Development Plan* re-affirms the government's commitment to market-oriented reform and Vietnam's integration into the global economy (GOV 2005a). The government has also undertaken important structural reforms. Accession negotiations with the World Trade Organisation are described as being "well into their final stages", with all parties anticipating ratification in 2006.⁷ To meet WTO standards, the government also enacted a new Common Investment Law and Unified Enterprise Law which facilitate private sector development and growth in Foreign Direct Investment (FDI).

The combination of economic reform and robust growth are transforming Vietnam. The International Monetary Fund (IMF) estimates that GDP growth averaged approximately 7.5 percent between 2000 and 2005 (IMF 2005: 21), and is projected to remain above seven percent through to 2007 (EIU 2005: 10). Robust growth has contributed to a 60 percent reduction in poverty, down to 24 percent in 2005 from 58 percent in 1993. Vietnam is committed to reducing poverty a further 40 percent by 2010 (GOV 2005b: 11). Both the government and the United Nations Development Programme (UNDP) report that Vietnam is on track to meet all eight Millennium Development Goals before 2015 (MDGs).⁸ It is also anticipated that Vietnam will leave the ranks of low income countries by 2010 (IMF 2005: para 3).⁹

In this context, the Evaluation Team noted several trends that are relevant to the project. There has been a dramatic growth in the private enterprises, both national and foreign owned. Government informants advised there were 53,000 private enterprises in 2005, up from 2000 a decade ago. Informants expected significant growth in the next decade. One government official estimated there would be as many as 500,000

⁶ The team was told that corruption is undermining the credibility of the Communist Party, which accounts for strong government action.

⁷ See statements of WTO negotiation Chairperson Erik Glenne and Vietnam's Vice Minister for Trade and chief negotiator, Luong Van Tu dated 17 March 2006.
http://www.wto.org/english/news_e/news06_e/acc_vietnam_27march06_e.htm

⁸ See <http://www.undp.org.vn/mdg/index.htm> Growth has aggravated inequalities between social groups and geographic regions. Urban areas have benefited more than rural areas, and the Northern Highland region are particularly disadvantaged. While the service and manufacturing sectors are growing, the value of agriculture dropped from 20.9 percent of GDP in 2005, from 23.2 percent the previous year (EIU 2005: 12). These factors are contributing to a demographic shift into urban areas (GOV 2005b: 10).

⁹ Low income countries are defined by the World Bank as those with a per capita GNI of less than USD 825 a year,
<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

private enterprises by 2015, although the team was not able to verify this projection. Much of the growth has been concentrated in the south of Vietnam.

Foreign-invested Export Processing Zones (EPZ) are also expanding rapidly. In Dong Nai, informants expected the number of EPZs within their district to reach 32 in 2010, up from the current number of 17. The zones currently employ 250,000 workers, but there were no projections on how many new workers would be needed. Demand has already absorbed much of the local labour force. Informants estimated up to 70 percent of employees were non-residents, mostly migrants from rural areas. The majority of workers were also young and female.¹⁰

Rapid growth in the industrial and service sectors has led to a tightening of the labour market. Employers told the team they have difficulty attracting and retaining workers, a particular concern when employers invest in specialised training. As the market tightens, the bargaining power and options for workers also improve. Employers reported they must offer above minimum conditions specified by law, which is the norm for most Collective Bargaining Agreements (CBA).¹¹

Changes in labour market conditions have produced an increase in the number of strikes. The ILO reports there have been 900 strikes between 1995 and 2005 (ILO 2006: 4), with approximately 150 occurring in 2005.¹² An increase in the number of strikes reflects the growing confidence of workers (ILO 2006: 4). Two thirds of strikes occurred in foreign-invested enterprises, even though these make up only three percent of enterprises with 15 percent of enterprise employees (ILO 2004: 3). Informants noted that most were wildcat strikes, taking place outside of the legal framework for mediating labour disputes and process and without trade union involvement.

The nature of worker demands is changing. Informants at the national and provincial levels often described labour disputes as occurring when workers perceive their *legal rights* have been violated. In this context, strikes are a defensive action to claim and protect those rights. However, informants at the enterprise level referred to an increasing number of conflicts being *interest* rather than rights-based. Examples were demands for wage and benefit increases above the minimums established by the government. The shift to interest-based disputes is a fundamental change in Vietnam's labour market dynamics. It also has the effect of uncoupling actual market conditions from the government's minimum labour standards.¹³

Strikes are a major concern for government. There have been reforms to the industrial relations legal framework, and a gradual strengthening of Vietnam's institutions and processes. The team also saw evidence of much improved interaction between the social partners. However, the structures and processes for industrial relations remain

¹⁰ A 2004 ILO study cited a similar figure for migrant workers in Binh Duong and Dong Nai (ILO 2004: 5)

¹¹ The team was told that the content of Collective Bargaining Agreements (CBA) are usually taken directly from the labour code, rather than terms negotiated between management and the union. Salary scales are based on the minimum wage established by the government.

¹² ILO data shows a gradual increase in the number of strikes since 2000, from a low of 96 in that year to 119 in 2003 and the 150 reported in 2005.

¹³ The trend is described in a 2004 ILO working paper, *Strikes and Industrial Relations in Viet Nam. Industrial Relations at Crossroad in Viet Nam: Challenges and Opportunities* (Lee 2004).

underdeveloped, despite Vietnam's extensive legal framework. Informants described official processes as cumbersome and too time-consuming to be effective.¹⁴ DOLISA officials in the three provinces visited stated they intervene as "firefighters" to mediate strikes, and have little capacity for prevention. They meet with workers to compile a list of grievances which are then placed before management. Neither the workers nor the union are involved in the negotiations. In this *ad hoc* arrangement, the government effectively acts as a substitute for unions in collective bargaining.

The official union movement has been slow adapting to the changes brought by economic reform. As during the period of the centrally-planned economy, the unions remain part of enterprise management and the official political structure. Union representatives at the enterprise level described their role as organising social benefits and cultural activities. They did not see themselves representing the interests of workers to management, in response to the separation of interests that is accompanying reform.¹⁵ Union representatives freely acknowledged that they do not have the confidence of workers, and many seemed bewildered about the nature of changes and how to respond.

The team found, therefore, that unions in Vietnam remain management unions. Representational links at the enterprise level between workers and the union leadership are weak. Correspondingly, the conditions for bi-partite collective bargaining are also weak. In the absence of political pluralism, there appears to be few prospects that independent unions will emerge.

Conclusions

The strategic relevance of ILO industrial relations project is high. The project correctly anticipated major trends influencing Vietnam's labour market. Objectives and activities related to policy development, capacity building and training situated the project well to respond. Where they were analytical short-comings, all stakeholders under-estimated:

- The pace of change within Vietnam's economy, as it moves to a market system and integration into global production
- The speed at which the interests of the social partners would separate and the degree of labour tension that this process would create, particularly in the foreign-invested sector.
- The marginalization of the official union movement from its rank and file, the weakness of the representational linkage and resistance to change within the union.

These three elements had a subsequent impact on the effectiveness of project activities. However, these are errors of degree and the project did not mis-judge overall trends. Stakeholders had a limited understanding of labour market dynamics in

¹⁴ According to the ILO, the official conflict resolution process is "seen as so complex and slow, that a lawful strike becomes impossible in practice and loses its effectiveness..." (ILO 2004: 15)

¹⁵ The Evaluation Team observed that union officials are effectively in a conflict of interest. As part of the management structure, they can not act independently to represent worker interests before management. In meetings, the team noted that union officials were clearly in a subordinate position to managers. They usually did not speak unless asked. In two meetings, union officials were asked by managers to serve beverages and perform tasks such as adjusting the air conditioning.

2001 and confronted many vested interests from the old system. It may not have been possible, therefore, to be more precise.

The project's objectives and activities were consistent with assumptions stated in the situation analysis. An integrated focus on policy development, capacity building with the social partners, training and the piloting of a tri-partite structure allowed the project to respond well to changes in the programme environment during implementation. The team also concluded that the overall design of the project was strong.¹⁶ The project document clearly states the relationship between the context, objectives, activities and outputs and outcomes. While showing flexibility, the project followed the logic of its original design throughout implementation, maintaining the relationship between its design elements.

The project was relevant to the interests of all three social partners; the Government of Vietnam, the private sector and the official union. All were involved in the design of the project and were signatories to the final agreement. Informants expressed satisfaction with their initial participation in project design process and the manner in which they were consulted by ILO staff.¹⁷ Strong ownership upfront tends to increase participation and the likelihood that a project is sustainable. The structure of the project was designed to ensure ongoing consultation, and placed the social partners at the center of implementation.

Recommendations

- Future programme development should begin with an explicit statement of assumptions, the conclusions of a situation analysis on which activities are based. Assumptions should be tested and validated on a regular basis as part of the Performance Monitoring Plan, ensuring that project activities are still relevant. Where the review concludes there have been changes in the programme environment, a revised statement of assumptions will help reposition activities.

2.2 Question Two: Did the project achieve its stated objectives? What were the outputs and outcomes (impact) of the project?

The complete project activity list provided by ILO staff is included in as Annex C. The Evaluation Team:

- Reviewed activities and their outputs
- Asked informants to assess the quality and relevance of activities. Particular attention was paid to the effectiveness of training.

¹⁶ Evidence to support this conclusion is also offered in the following sections.

¹⁷ A possible exception would be the national level of the Viet Nam Chamber of Commerce and Industry (VCCI), which expressed a concern that the process was dominated by government. However, the informant did not fault the ILO in this perception, and the team believes that it reflects dynamics beyond the control of the project.

- Worked with informants to identify outcomes (impacts)

The project activity list was not disaggregated by objective, creating some difficulty correlating the two. It often appeared that one activity could serve several objectives. The team, therefore, organised its work in relation to the major outputs identified in the project document and the Terms of Reference; the structure created by the project, the effectiveness of training and their impacts.

2.2.1 Findings: The Project Structure

The National Project Steering Committee (NPSC), Steering Committee, Provincial Project Task Forces (PPTF) and Industrial Relations Advisory Service Centres (IRASD), form a tripartite network of industrial relations practitioners. The structure is intended to link:

- Vertically, from the enterprise, provincial and national levels
- Horizontally, between the social partners at each of those levels

The evaluation considered each level of the structure, and how they were relating to each other in the overall programme. It found that horizontal links at each of the three project levels were strong, but vertical linkages between the enterprise, provincial and national levels were weaker. One effect was to impede the flow of information moving from the enterprise level up to national policy discussions.

National Project Steering Committee

The project established a functioning National Project Steering Committee, with active representation from MOLISA, the VGCL, VCCI and the Vietnam Cooperative Association (VCA). The team met with all four organisations in Hanoi. The committee appears to be meeting on a regular basis and is providing guidance to implementation of the project. Both committee members and ILO staff agreed that the NPSC's was operational and playing its intended role.

NPSC members expressed strong satisfaction with the overall industrial relations project, both in terms of accomplishments and the process. Their comments tended to focus on policy issues:

- Committee members described the ILO as a trusted source of knowledge and advice on industrial relations. The overall outputs of the project are considered unique, in that they are not available from other sources in Vietnam.
- The ILO is providing unique and high quality inputs into national policy development. Informants specifically noted the ILO's contribution to reforming Chapter 14 of Vietnam's Labour Code related to strikes. However, they also referred to ongoing exchanges on policy and technical issues.
- Government informants described the analysis provided by the ILO during the inception phase as "ahead of its time". The advice was not fully understood given Vietnam's limited experience, and the fact that trends in the labour market were just emerging. However, the ILO's analysis has proven correct and is playing a role in shaping the government's response to changing labour market conditions. One informant described the result as a gradual shift in thinking and perspective within a "policy system that is rigid [and in which] officials have difficulty thinking outside of the traditional logic."

- The VGCL representative was alone in stating that the project had not resulted in a significant change to the union's approach at the national level. Regardless, the VGCL appreciates the quality of the services provided. The representative stated that the project has improved its visibility with workers, assisted in recruitment and strengthened the capacity of individual members.

Committee members highly appreciate the national tripartite structure established by the project. Several stated the principles of "tripartitism" were understood before the project. However, it is the first time a working model has been used. One of the NPSC informants speculated that the project structure could be scaled up as a permanent national industrial relations process. The others were not as decisive, but noted that aspects of the project structure and lessons learned could be carried into future reforms.

All NPSC cited the importance of dialogue and lessons learned through exchange between the social partners as the most important aspect of their participation. In addition, the VCCI representative stated that the NPSC is a point of entry into policy dialogue with the government, which they did not have before.¹⁸ Project management was described as strong, with no concerns raised in this regard. The team noted Mid-Term Review finding that communications between the ILO CTA and the Project Management Unit (PMU) in MOLISA were weak, and that there were tensions in the relationship. However, it found no evidence to support this conclusion.

Committee members had a favourable impression of training activities at the provincial and enterprise levels. However, most did not have a working knowledge. While expecting members to be focused on policy issues, the Evaluation Team noted weak links at two levels within the project structure:

- Within social partner organisations, between their different levels (vertical and horizontal), some exceptions notwithstanding.
- Between the different levels of the project structure. In particular, the PPTFs and the Steering Committee did not appear to have a good understanding of each other's activities.

The theme of weak linkages was repeated throughout the field mission, in meetings at the district and enterprise levels. VCCI members at the enterprise level said that membership in the organisation was important, but many felt they received few tangible benefits. The problem seemed more acute between the enterprise level of the VGCL and its provincial and national structures. A comment from one union enterprise representative summarised what the team heard throughout the mission; "[The VGCL] invites us to one district meeting a year. Then they send us a bill for membership. Otherwise, we never hear from them". The team observed that the effect of weak links is to hinder the flow of information, including the channelling of information from the enterprise level into national policy discussion. Research activities may have offset the problem to some extent. They gathered information from across the programme environment, synthesised it and made the analysis available to stakeholders.

¹⁸ The national VCCI informant described the organisation as junior to the other partners, given the recent emergence of private enterprise. Concern was expressed that the role of the VCCI needs to be strengthened in relation to the Government and the VGCL.

Provincial Project Task Force

The mandate of the Provincial Project Task Forces is to organise training and technical support to the ten enterprises in their province. Beneficiaries include union and management staff at the enterprise level, among others. As anticipated in the 2001 project document:

- PPTFs were established and are now operational in seven provinces. Of this number, the team met with three.
- The PPTF's were created within the approximate time frame anticipated by the project document. There does not appear to have been any significant changes to their mandate.
- Each of the three PPTFs visited by the team had at least five members, representing government (DOLISA), labour (VGCL) and employer's organisations (VCCI, the VCA and a representative of EPZ management). The DOLISA representative served as chairperson and the DOLISA was providing some degree of infrastructure support.

The Evaluation Team was struck by the dynamic and collegial environment in each of its PPTF meetings. Members appeared to work well together and showed respect for the opinions and contributions of others. They demonstrated a high degree of commitment to the project, a result of the value that each said the project was adding to their work. That commitment appeared to be both personal and professional, reflected in the many hours that individuals were contributing, as well as of their respective organisations. All NSPC cited the importance of dialogue and lessons learned through exchange.

As findings, the members of all three PPTFs reported that they have:

- Received training from the project
- Met their training obligations, as outlined in the project document.¹⁹

The PPTFs appreciated the support given by the project. Without exception, they considered the training materials to be high quality and relevant to their constituencies. Rather, the request heard by the Evaluation Team was for "more"; more resources, more materials and more capacity to deliver training in respond to demand. The Mid-Term Review reported a similar finding, meaning the demand has been consistent over time (Beyna 2005: 10-12).

All three PPTFs reported strong enterprise growth in their provinces, accompanied by dramatic social change and increased labour tension. High demand for project services has led them to expand training beyond their 10 focus enterprises. The extent of this supplemental work is not well documented or evaluated, as it falls outside the scope of the project. It also varies according to capacity and demand in the programme environment. The PPTF in Dong Nai estimated that they had provided training to an additional 200 enterprises,²⁰ while the PPTF in Hanoi estimated training

¹⁹ The team was not in a position to verify the claim, as the list of activities is not disaggregated according to the host PPTF. However, examples of training events cited by members were consistent with the programme schedule.

²⁰ The Mid-Term Review reported that the PPTF in Da Nang had conducted provided training to 240 enterprises beyond the core ten. The Evaluation Team was not able to confirm if this was in addition to the 200 reported in 2006 evaluation, or if there was some duplication in the counting.

for 15 additional enterprises in the past year. The PPTF in Ho Chi Minh City (HCMC) had done additional training, but did not have an estimate.

Supplemental training is funded with existing resources, or with service fees charged to enterprises. There is no figure on the total funds generated, nor is there a fee structure applied across the project. In Dong Nai, the PPTF reported that the local People's Committee is providing financial support. Stakeholders, therefore, are willing to pay for project services. All three PPTFs visited reported they have invited some strategic enterprises to participate, but that demand is being generated through word of mouth. The lack of capacity and resources has resulted in many being turned away.

As additional findings, PPTF members reported:

- There has been an obvious improvement in labour relations as a result of the training. While PPTF members could not cite specific data, they had anecdotal stories of troubled enterprises that now manage their industrial relations more effectively.
- The materials provided by the Industrial Relations project are unique. Most PPTF stated they did not have an alternate source of materials or knowledge. Foreign-invested enterprises generally did not appear to be importing effective labour relations practices.²¹
- The tripartite model promoted by the project is a unique innovation in Vietnam and responds well to the current situation. The majority of members wanted to see the PPTF structure institutionalised, either in whole or in part with some of the changes to the model.
- Most members were aware of their own institutional limitations. One of their responsibilities is to transfer knowledge acquired in the project back to their organisations. However, they reported resistance to change. This was more the case for the government and union than the private sector, which is driving the change.
- Some union officials mentioned the weak representational link between the union and its rank and file as a limitation.

Industrial Relations Advisory Service Centers (IRASD),

The project established Industrial Relations Advisory Service Centres in seven provinces, beginning with two in Hanoi and HCMC opened in June 2004. The centers now employ 21 trained officials. They are mandated as resource centres for the local social partners, with trainers and training materials. While their first clients are the "Vietnam 70" enterprises, the IRASD terms of reference state that services should be available to all clients typically served by DOLISA (ILO 2003c).

The team met with representatives of three IRASDs. The centres were operational and facilities appeared adequate to good. The offices received financial support from the government, as well as the support provided by the project. In this regard, the IRASDs were presented as a permanent part of the DOLISA structure. According to

²¹ Exceptions include companies using the SA8000 standards, such as a textile factory visited in Hai Phong producing garments for GAP. The voluntary code appears to have a positive impact on working conditions, and reinforces best practices established in the Labour Code. See <http://www.sa-intl.org/>

one informant, “this government is pragmatic. It will put money into things that work, and [the IRASD] is working”. Officials had received training from the project, and appeared knowledgeable. They expressed an interest in receiving ongoing support and skills upgrading.

The IRASDs visited by Evaluation Team were servicing the core project enterprises. Four of the five enterprises visited reported using the IRASDs, and expressed satisfaction with the support received. Like the PPTFs, the IRASDs have also established themselves in a larger role. First, they are providing information and training to a much larger constituency than the core project enterprises. The PMP is not designed to capture data on these activities, nor do the IRASDs themselves have much capacity. Information, therefore, is impressionistic but indicates that a significant amount of activity:

- The Hanoi IRASD averages 250-300 information requests a month, in the form of telephone referrals, letters or walk in requests. Many requests are for basic information on the labour code, but the office noted an increased demand for collective bargaining (CBA) training. To date in 2006, they have done training for five enterprises outside of the ten project enterprises, recovering a portion of the costs with a service fee.
- The IRASD in HCMC city did not have statistics on the number of information request received.²² However, they claimed to have conducted collective bargaining and conciliation training for 51 enterprises in 2006.
- The IRASD’s stated they work directly with unions. However, the main clients are the Human Resource departments of enterprises, many with foreign-invested firms.²³ Important clients for the IRASD in Hanoi are SOEs undergoing privatization.

Second, the IRASD and DOLISA play an important if informal role in the resolution of labour disputes. IRASD officials in all three offices reported that they are often called to mediate wildcat strikes. The claim was verified by enterprise and union informants, who stated that the government is the only actor with the credibility to play this role. A similar finding has been made in the ILO’s research (Lee 2004). The IRASD/DOLISA *ad hoc* mediation function appeared to be important in the absence of an effective official industrial relations structure. On the basis of information services, training and *ad hoc* mediation, the IRASD claimed to play an important role in the prevention and resolution of labour disputes. Two of the three also claimed that there was a noticeable improvement in labour relations within their clients.

An area of concern for the team was the relationship between the PPTFs and the IRASDs. Both provide training, and DOLISA is the institutional link between them. The PPTFs were positive about their relationship with the IRASDs, and believed that the centers were a good model. However, it was unclear how closely the two coordinated their efforts.

²² The Mid-Term Review reported the HCMC ISASC received 365 information requests over a six month period in 2004. The Hanoi IRASD reported 120 requests over the same time period, indicating an increase in demand (Beyna 2005: 12).

²³ As the Human Resource Director of an enterprise is often the union representative, contact has the potential to serve both union and management.

A Bilingual Website (Vietnamese and English)

The project established a website, which is now functioning.²⁴ The site posts training materials, information on Vietnam's labour laws, resources and contacts information. The project has difficulty maintaining website given limited staffing capacity. ILO staff believed the site had potential as a communication and resource tool, but were not satisfied with its content. The site was not mentioned by informants in any of the interviews. Usage by the social partners appeared low, in part because of limited internet use. In response, a decision was made in 2005 to transfer maintenance of the site to the VCCI. The team did not determine if the decision was operational, and if it lead to improvements.

Research Activities

The project has supported three strike research studies by the social partners (VCCI, VGCL, MOLISA), and has written several discussion papers. The team made extensive use of one paper (Lee 2004). It observed:

- Research materials are not widely distributed, but are appreciated by the social partners who use them.
- The studies are of good quality. The materials are unique and fill a knowledge gap. This is particularly the case given both the newness of the theme and the weakness of government data.
- The project also published and distributed over 23,000 copies of *The Users' Guide to the Labour Law* in 4 languages, as well as 2000 posters with a summary of the Labour Law for workplace display. The team encountered these materials in offices and workplaces throughout the field mission, suggesting good usage.

2.2.2 Finding: Effectiveness of Training

ILO data shows that all 70 project enterprises have received training on the labour code, mediation, problem-solving, labor-management cooperation, and collective bargaining. The project does not keep a participant data-base, so it was possible to determine the total number of beneficiaries, or the consistency of their participation. The project has trained a group of 50 trainers in seven provinces on core industrial relations skills, intended to be transferred to union and enterprise managers. Other outputs include:

- A human resource management training curriculum for practitioners that will be taught by the two major employer organizations in Vietnam
- A National Training Manual for the VGCL

Three of the five enterprises visited had experienced a wildcat strike since 2002. In two cases, the strike was not the result of a dispute within the enterprise. Rather, disputes at neighbouring enterprises resulted in solidarity actions. All three strikes

²⁴ <http://www.goodworkvn.org/webplus/viewer.asp?pgid=1&page=1>

were resolved with mediation from DOLISA. All five enterprises had a collective agreement, although four of the five were taken directly from the labour code and were not the result of collective bargaining.

Enterprise informants described the cause of labour disputes as:

- Lack of knowledge on the labour code, when managers did not meet obligations or workers pressed claims outside of the code
- Poor communications between management and the union, particularly in foreign-invested enterprises
- Complaints on working conditions, including overtime and problems in the work place environment
- Demands for wage increases and benefits, increasingly placed above the minimum established in law. This was particularly the case where specialised skills and training for workers was involved and at foreign-invested enterprises.

In general, all stakeholders appreciated the project materials and considered them to be high quality. Most reported participating in multiple activities, although the benefits may be undermined by staff turn over. Some concerns were raised about the qualifications and appropriateness of the trainers. However, these did not appear significant. The team also saw materials displayed in the workplace at several enterprise locations.

All claimed the training had a positive effect on industrial relations within their enterprise, although some were not able to identify a specific benefit. The highest stated demand was for training on the labour code, in response to the perception that lack of knowledge was the major cause of disputes. However, the team also observed a growing demand for training on social dialogue, collective bargaining and negotiation. The shift may reflect the changing dynamic of the labour market, from being rights to interest-based.

A factor undermining the effectiveness of training is the weak representational link between union official and their rank and file. As noted, union official tend to be part of the management structure. Both union and management informants at the enterprise level freely acknowledged that the union has little credibility with their workers. It is difficult, therefore for union officials to be credible trainers at the rank and file level. Most enterprise informants wanted more training, but requested that it be delivered within enterprises by DOLISA. They preferred this option to using their own union/management capacity.

2.2.3 Impact of the Project

The project established a Performance Monitoring Plan (PMP) in 2004 to track data. Evaluation Team reviewed the most current data tables, dated October 2005.

Development Objective: Improved workplace cooperation between labour and management

- The number of targeted firms with an active labor/management committee grew from 58.5 percent in 2003 to 100 percent in 2005

- The number of firms with an established conciliation council grew from 58.5 percent in 2003 to 93.3 percent in 2005
- The number of firms with an updated collective agreement grew from 42.8 percent in 2003 to 66.6 percent in 2005²⁵
- While 10 of the target firms were affected by strikes in 2003, that number gradually declined during implementation to two firms in 2005, or 3.3 percent of target firms being affected by labour action.²⁶

The data indicates there has been a substantial improvement in the infrastructure for industrial relations within the target enterprises. The number of strikes in those enterprises has declined, at the same time as general number of strikes is increasing. The ILO attributes the decline in strikes over time to enhanced capacity within the enterprises to prepare and negotiate CBAs (ILO 2005b: Table 1). However, neither the project nor the social partners are tracking data in this regard.

Immediate Objective 1: Increased capacity within DOLISA to resolve labour disputes in target enterprises

- DOLISA successfully resolved labor disputes in 18.3 percent of the target enterprises in 2005, up from 12.8 percent in 2003.
- The number of collective bargaining agreements, registered with DOLISA and approved, grew from 41.5 of the target enterprises in 2003 to 70 percent in 2005.
- The number of local labor officials with requisite mediation skills more than doubled, to 130 officials in 2005 from 16 in 2004.

The PMP data indicates an expansion of DOLISA's capacity. The data attributes the growth in CBAs to "better awareness of CBA and improved skill of collective bargaining [resulting in] more and more enterprises ... taking up the CBA as a common practice at workplace" (ILO 2005b: Table 2). The data likely understates that capacity. DOLISA, including the IRASD offices, is responding to a demand for industrial relations services many times greater than "Vietnam 70". DOLISA benefits directly from the knowledge, materials and installed capacity created by the project. The multiplier effect, therefore, appears significant. However, there is no comprehensive data to substantiate its impact.

Increased capacity within local VGCLs to assist unions in target enterprises to represent workers in socialist-oriented market economy

- The number of collective bargaining agreements where local VCGL provided advice increased to 51.6 percent in 2005, from 21.4 percent in 2003.

²⁵ The data does not indicate if these collective agreements were negotiated, or if they were taken directly from the labour code without collective bargaining.

²⁶ The indicators do not consider whether the strike was the result of an internal labour conflict, or solidarity action involving other enterprises. Nor does it establish a direct causal link between training and a decline in the number of strikes.

- The number of workers in target enterprises who are union members grew from 46050 in 2003 to 59300 in 2005.
- The number of qualified local VGCL officials increased from a core of 16 in 2003 to 139 in 2005.

Data indicates that the project has improved the VGCL's capacity. Consistent with the impression of union informants, the project has contributed to recruitment and the visibility of the union. The number of trained official has increased almost 9 fold. However, the positive data conflicts with the team's finding of a weak representational link between official and the rank and file membership. While the growth in union involvement with CBA negotiations may be encouraging in this regard, the team found little evidence that VGCL was undergoing the reforms necessary to be relevant in the new labour market. It is not clear, therefore, that the membership is benefiting from expanded capacity.

Increased capacity within VCCI to assist target enterprises to manage human resources professionally

The PMP does not track data for this indicator. It notes that a curriculum was scheduled for completion, with the first classes to be held in March 2006.

Essential elements of an industrial relations policy framework developed

The indicator was based on "the development and submission to appropriate authorities of recommended policy framework based on consultation with social partners" (ILO 2005b). The PMP records one closed door session held in 2005 with MOLISA, the VGCL, VCCI, VCA and the ILO. No specific output is recorded.

The PMP does not capture the potential impact of policy dialogue. The Evaluation Team noted the project made an important contribution to revisions to Chapter 14 of the Labour Code on strikes. This includes both substantive input and shaping the government's strategy. The project is introducing knowledge and concepts that are shaping the overall policy debate in Vietnam. The team witnessed informants using vocabulary, concepts and analytical tools that could only have been learned through the project. While difficult to quantify, these represent a shift in the mental model used by officials when approaching industrial relations issues, and should have a lasting impact.

The project is also creating opportunities for public discussion of IR concepts and policy. These include not only local level workshops and seminars, exchanges with the PPTFs and NPSC, but also the national level IR conferences held in 2004 and 2006. Through these interactions, the project is encouraging a *demand for policy* among the social partners. By introducing concepts, knowledge and potential solutions, the project is shaping how those partners behave when confronted by a changing labour market. In turn, those social partners are placing demands on the policy system. The demand function is critical for long term development, but could be strengthened by improving the linkages between different levels of the project.

Increased public awareness of the role and means of achieving good industrial relations

- The indicator was creation of an Industrial Relations Advisory Service Department within the Employment Service Centers in Hanoi and Ho Chi Minh City. The two centres were established in 2004. Based on their success, five additional centers were opened in 2005. Some equipment and staff training were provided by the project.
- The number of requests to IRASDs from non-Vietnam 70 enterprises for information on IR. No data was gathered on this indicator.

Based on its findings, the Evaluation team expects that the public awareness created by the centers has grown. However, there is no data to quantify the extent of that growth. More precise data would focus on demand coming from non-core enterprises.

2.2.4 Conclusions

The Evaluation Team concludes that the ILO Industrial Relations project has met or exceeded its objectives, and represents high value for donor investment. The possible exception relates to policy development, where a national framework on industrial relations is still not in place. However, the team considered this beyond the scope of the project to control. Regardless, an important contribution has been made to policy development, and the perceptions, concepts and analytical tools that shape debate. No significant problems or concerns were encountered during the field mission.

The project successfully established a national infrastructure (NPSC, PPTFs and IRASDs), which is operational and functioning well. In addition to delivering high quality service, the infrastructure serves as a space for collaboration and exchange between the social partners. It is also serving as a pilot for both the concept of tripartite industrial relations and a national structure for their management. Aspects of both could be institutionalised over the medium term. The weakness in the structure is the flow of information between its different levels, which may hinder management and the channelling experience from the enterprise level into the national policy debate.

The project has delivered its activities according to the scope and spirit of the project document. When the website and concept of an industrial relations training centre did not appear viable, the project took steps to adjust. For the website, this meant transferring responsibly to the VCCI. The training center was dropped in favour of different capacity development activities. Project services are seen by beneficiaries as being unique and not available from other sources. They respond to needs in Vietnam's changing labour market, are of high quality and add value to industrial relations at the enterprise level. Perhaps the best indicators of quality is strong demand for training and materials from outside the "Vietnam 70", the willingness of enterprises to pay a fee for service and that local People's Committees are supporting at least one PPTF.

A weakness in the training strategy is the weak representational link between union officials and their rank and file membership. The union movement is the slowest of the three social partners in adapting to change. While the VGCL retains a powerful voice at national level, it appears increasingly weak within enterprises. The ability of the VGCL, therefore, to take advantage of new capacity and transfer this to the

enterprise level is limited. Further collaboration with the VGCL in a future phase of the project may be required to address these issues. In contrast, government and employers have been in the strongest position to take advantage of project services.

Quantitative data from the PMP does not fully capture the impact of the project, and could be strengthened in a future phase of the project. However, the project appears to have made a lasting on impact industrial relations in Vietnam. It has strengthened the capacity of all three social partners and reached a constituency significantly greater than the core 70 enterprises. Intangible but perhaps most important, the ideas and structures introduced by the project are contributing to a shift in the mental model partners use to approach industrial relations. The Evaluation Team witnessed forms of innovation which will long-term benefit. Interaction with the project is also creating a demand for policy from the local level.

The ILO has gained the trust, respect and confidence of all three social partners. It has built these relationships based on overall performance, the perception of neutrality and the quality of its advice and services. The strength of these relationships situates the ILO well to play a future role.

Recommendations

- A second phase of the project could focus on institutionalising the structure and concepts established in first phase, promoting their integration into Vietnam's institutional framework. In this context, the project should take on a clearer role as a pilot exercise. It should move away from the direct implementation of training activities where these do not contribute a pilot experience.
- The flow of information between the three (enterprise, provincial and national) project levels should be improved, to ensure experience from the enterprise and provincial level is fed into the national policy debate.
- A second phase of the project should work more closely with the official union to address the weak representation link with its members. Any improvement will require the union to reform its relationship with the political system, enterprise management, and develop the independence needed to effectively represent the interests of workers within a tripartite system. The ILO could assist the union with a change strategy.
- PMP indicators need to be strengthened. The gathering of data to support the indicators needs to be more systematic, and expanded to support all indicators. Some indicators may need to be revised based on the available data collected by the government and social partners. The ILO should write in adequate resources for data monitoring into the project design, and donors should be open to supporting related activities.

2.3 Question Three: Were the recommendations of the Mid-Term considered and implemented? What was the impact of related actions?

2.3.1 Finding

The Evaluation Team made close use of the Mid-Term Review (MTR) as reference material. Time did not permit a detailed review of the recommendations against the project's work plan for 2005-2006. However, the team made the following observations:

- The MTR did not propose any fundamental changes to the project's strategy or activities. Accordingly, the team did not expect to find major adjustments.
- ILO staff considered the MTR to be constructive and of good quality. However, it appears to have made little impact on their strategy or work plan. Staff did not bring up the MTR during interviews. Nor did informants make reference to the report or its recommendations.
- Many MTR recommendations have been addressed, either by design or in the course of regular programming. This is particularly the case for sustainability and the introduction of CBA training, which constitute the major of recommendations.

Two recommendations require specific comment:

Recommendation 11 The project CTA should meet soon with the head of the PMU unit and have a frank, but constructive, discussion regarding both individuals' outstanding project management concerns and identify actions that both might take to ensure better communication, understanding and collaboration. The team found no evidence of a conflict between the CTA and the PMU, on communication, consultation or any other issue. Rather, the relationship appeared to working smoothly.

Recommendation 14 Now that two IRASDs have been functioning for over six months—and five more are planned—the project should proceed with having IRASDs log requests for information and training from non-Vietnam 70 companies, as specified in the project Performance Monitoring Plan. Data was not being gathered systematically at the three IRASDs visited, or by the PPTFs. Rather, information tended to be impressionistic and anecdotal. Combined with weaknesses in the PMP, a quantitative assessment of the project's full impact becomes difficult, particularly where the impact is indirect. Both the ILO staff and social partners have limited capacity, and must make difficult choices about where to focus their resources. However, it is unfortunate that more has not been done to systematise data gathering.

2.3.1 Conclusions

The impact of the Mid-Term Review appears modest. The report has not been used extensively by the ILO Industrial Relations project, nor could the Evaluation Team identify specific actions to implement its recommendations. However, the MTR did not propose fundamental changes to strategy or activities, so none should be expected. There were few areas where the project in 2005 diverged from its spirit or intent. In many cases, MTR recommendations were being addressed in the course of regular activities, particularly as they related to sustainability.

Recommendations

- PMP indicators need to be strengthened. The gathering of data to support the indicators needs to be more systematic, and expanded to support all indicators. Some indicators may need to be revised based on the available data collected by the government and social partners. The ILO should write in adequate resources for data monitoring into the project design, and donors should be open to supporting related activities.
- The project should develop a revenue generation strategy for the government and social partners. Elements could include agreement when fees will be charged, a standard fee structure to be applied across the programme, and whether fees should support core or supplemental activities.

2.4 Question Four: Can the outcomes be sustained once the project is completed?

2.4.1 Finding

When asked if the project would continue without support from the ILO, most informants stated that it would. The social partners continue to depend on the ILO for financial, substantive and technical support. Substance may be more important than money, as the Evaluation Team did not encounter an alternate source of expertise. The social partners outside of government do not have adequate resources to maintain the current level of activity, despite some supplemental income generation. There was evidence that project outcomes are sustainable, and that dependence on the ILO is diminishing with time.

The Evaluation Team found five elements of sustainability present. The original 2001 project document included a sustainability strategy that was linked to objectives and activities. It focuses on building capacity and the gradual transfer of responsibility to the social partners. Implementation depended from the beginning on the partners committing their own resources and, therefore, taking a stake in the process and its outcomes. Subsequent participation is generally high and consistent.

The social partners demonstrated a strong sense of ownership. The inception process included consultation with the three partners. They expressed their satisfaction with the consultation and found their interests were addressed in the project's design. At the same time, the general demand for IR services has increased and has served to reinforce the stake of social partners in the project. They feel a need to respond to demand, and believe the project is an appropriate mechanism. On this basis, the partners have been willing to commit time and resources.

The partners are integrating/institutionalising the concepts, structures and culture generated by the project into their own organisations. Perhaps the best example is the creation of the IRASDs within DOLISA, for which DOLISA is now covering operating costs. Social partners are also putting an increasing amount of their own resources into the project, beginning with allocating human resources for participation.

The partners have been able and willing to assume greater responsibility for the resources (financial, human and political) needed to continue. As noted in the MTR, funding is still a constraint. However, the team observed that alternative revenues sources are being developed, including from government sources (MOLISA and People's Committees) and user fees for training services. There was no way to estimate the value of these resources, nor is there an agreement on strategy or fee setting across the project. These are likely not sufficient to maintain activities at their current levels and often appear used to fund non-core activities. However, the trend is positive.

The PPTFs are perhaps the most vulnerable. They remain an *ad hoc* structure and rely on the project to fund core activities. Informants said that measures to institutionalise a tripartite structure at the provincial level with government support would be needed. However, in the medium-term the PPTFs will still require support.

There is reason to be concerned about the sustainability of the TOT process. There was no data to indicate how trainers have functioned. The long-term impact of the project depends on enterprises having professional IR trainers able to continue the work. However, factors such as employee turnover and the low credibility of unions and management to deliver IR training undermine sustainability. The five enterprises visited did not appear to have the qualifications to deliver training, and expressed reliance on external support, particularly on more specialised issues such as collective bargaining.

2.4.2 Conclusions

The project shows clear evidence of being sustainable. The social partners demonstrate strong ownership. Their interests were addressed in the initial consultation, and the partners have assessed the project as adding value to their work. The structures, concepts and practices established by the project are being integrated into those of the social partners, who are also increasingly willing to fund activities or pay for services.

Two years of additional funding from the Norwegian Embassy provides an opportunity for the project to revisit its sustainability strategy. Elements of particular concern should be:

- Institutionalising the PPTF structure, or the appropriate tripartite structure at the provincial level.
- Strengthen TOT activities to ensure they have an impact.
- Developing a resource strategy that transfers full funding responsibility to the social partners by the end of the second year, identifying the appropriate policy and technical roles that the ILO might play in the future.

Recommendations

- Phase II should develop a new sustainability strategy, based on institutionalising the tripartite structure and transferring financial responsibility to the social partners within two years. The strategy should also identify the kinds of policy and technical roles that the ILO will play in the future, the trend should be towards less direct involvement in training.

- The project should develop a revenue generation strategy for the government and social partners that is consistent across the activities, including a standard fee schedule for services.

2.5.1 Question Five: Is this project or its components suitable for replication?

2.5.1 Findings

Informants at the levels of enterprises, DOLISA and PPTF viewed the project structure as a potential model for managing tripartite relations and training. Some aspects are already being scaled up. The IRASDs are effectively institutionalized within DOLISA, and many informants saw the model of the centers as appropriate for use country-wide.

Informants from all three PPTFs felt they should be institutionalized and made part of Vietnam's industrial relations structure. One suggested that the PPTFs should focus on dialogue between the social partners, and move away from the coordinating of training. In turn, training responsibility would move to the IRASD, with DOLISA serving as the institutional link between the IRASDs and the PPTFs.

The team observed that this proposal would allow the PPTFs to focus on the prevention and resolution of labour disputes, and making policy contributions. In turn, the IRASDs could specialise in training and technical support. DOLISA has the credibility to deliver training at the enterprise level. However, the structure would require an agreement between the PPTF and DOLISA that would allow the PPTFs to provide some form of direction to the overall training programme, ensuring synergy between the policy development, conflict resolution and training.

2.5.2 Conclusions

Aspects of the project, its structure and activities may be replicated in other parts of Vietnam. If this were to take place, the IR project would have served as a pilot, although this was not explicit in the original strategy. However, the Phase II proposal lacks a clear strategy for moving from a pilot concept to scaling up and institutionalising the project nationally.

3.0 Lessons Learned

Four lessons learned were drawn from the Vietnam Labour Relations project, which can be applied to other DOL policy and capacity development initiatives.

1. Successful projects are based on stakeholder ownership.²⁷

The *Paris Declaration on Aid Effectiveness* represents 30 years of learning on the delivery of development assistance. In the declaration, donor and partner countries commit to:

- Strengthening the capacity of partner country's to achieve national development objectives
- Aligning development assistance with national strategies

The principle of alignment is based on ownership; that partner governments and organisations have first responsibility for the design and implementation of development strategies. The Industrial Relations project was consistent with this principle.

Initial project design was based on consultation with all three and reflected their priorities and interests. The Government of Vietnam assumed responsibility for achieving project objectives when it signed the 2002 cooperation agreement. The other two social partners also took responsibility when they were subsequently brought in as implementing parties. Implementation then depended on the participation and resources of all three social partners, who have begun integrating knowledge and structures from the project into their own organisations.

Without this high level of ownership, the enabling conditions for success would not have existed. They also require a strong working relationship between the ILO and the partners, with the ILO being accessible for support on a regular basis.

2. There should be a clearly expressed and understood demand for policy before a policy-development project is launched.

Policy innovations rarely emerge from the vision of governments alone. They are more often the result of:

- A change process occurring in society, where new policies, institutions and mental models are needed to manage that change.
- The presence of actors in the political system (parliamentarians, opposition parties), civil society, private sector and the international community with the capacity to articulate what kind of policy is needed and then create a demand by engaging with the government.

²⁷ *Paris Declaration on Aid Effectiveness*, Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

There was a strong demand for new industrial relations policy in Vietnam. The country is going through a process of deep change. The union movement, the private sector and communities in which change is occurring have all begun to articulate the kind of policy they think is necessary. The government also recognised a need, and made a decision to engage others in the policy development process.

Future programmes should ask whether internal policy demand exists. What is the nature of the change process going on in that society and how does it affect stakeholders? Does that change require a new policy or institutional framework? Which stakeholders are capable articulating their policy needs? Do they have the capacity to engage government, and will the political system allow them to? What kind of support will stakeholders need to strengthen policy demand?

3. Projects should be based on a clear statement of assumptions, the conclusions of a situation analysis on which project design is based.

Assumptions define how programmers believe the project environment will evolve, and how stakeholders in that environment will respond to change. Assumptions should be integrated into the performance matrix and tracked on a regular basis to confirm they remain valid. Where the project environment changes and assumptions need to be updated, revisions provide a baseline to re-position activities.

As an example, a key project assumption might have been “the VGCL will gradually reform and become a more effective representative worker interests”. However, the union has been either unwilling or unable to change. If assumptions were being monitored and validated regularly, it might have led the ILO to:

- Conclude that change was not occurring within the VGCL
- Analyse why the unions were not reforming, (vested interests prevent the union seeks independence from the Communist Party and enterprise management?), assess the impact (are unions being marginalised at the enterprise level? Is the representational link weakening?), then ask how project activities were being affected (can the union transfer knowledge and skill to rank and file in a TOT framework?).
- Re-position the programme strategy and activities to compensate²⁸

4. A strong performance matrix and data gathering are critical. Clear indicators should be written into the project design, and supported by systematic data gathering.

Projects working on policy development and capacity development are knowledge and skill intensive. Their outputs tend to be new ideas and abilities, the presence and impact of which can be difficult to quantify. Understanding what is going on in the project environment and how activities are affecting that dynamic requires good data. The difficulty is not only developing indicators and data gathering systems, but to imagining where change is occurring.

²⁸ The points are made recognizing that trends can take time to emerge, and assessment can be difficult in programmes with short time spans.

The Industrial Relations project had an adequate to weak performance monitoring structure. Project staff appears to have made resource trade-offs, in which the longer term activity of monitoring was a second priority behind more immediate programming and administrative concerns. The consequence may have been that the ILO had only an impressionistic knowledge. As examples:

- A significant number of non-core enterprises were involved in the training programme, multiplying the impact of the project.
- The union's ability to deliver on at the enterprise level was weak, and it could not fulfill a TOT function.

If the project had full data on these factors and others, it might have re-focused activities. Performance monitoring, therefore, must be integrated into the design of the project and properly resourced. Both donor and implementer should try to avoid the inevitable resource squeeze in that places performance monitoring on the bottom of the priority list.

Annex A: Terms of Reference

Final Evaluation of the Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Vietnam

I. Project Description

The Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors project in Vietnam is a four-year grant in the amount of \$1,667,494. The project is funded by the U.S. Department of Labor (USDOL) and implemented by the International Labor Organization (ILO) through an umbrella cooperative agreement designed to help countries realize the principles of the ILO's Declaration on Fundamental Principles and Rights at Work. The project began on September 18, 2002 and ends March 31, 2006.

Beginning in the 1980's, Vietnam embarked on a policy of national economic renovation named "Doi Moi." This transition to a market based economy is rapidly outpacing the capacity of its legal and institutional framework to adapt to a more open and competitive economic environment. Doi Moi has altered the way in which the labor market functions with labor market outcomes being more market-determined than in the past. These outcomes, which remain new to Vietnam, have created problems that are manifested by an increase in labor disputes. These disputes are the outward signs of a more fundamental matter – the separation of interests between employers and workers. The project aims at developing and promoting sound workplace industrial relations in the non-public sector that contribute to sustainable social and economic development within the country.

In February of 2004, a strategic framework, performance monitoring plan (PMP) and a data tracking table were developed for the project. The objectives and their performance indicators for the project are as follows:

Development Objective: Improved workplace cooperation between labor and management in target enterprises.

Indicators:

- Number or percentage of firms with an active labor-management committee
- Number or percentage of firms with an established conciliation council
- Number or percentage of firms with an updated collective bargaining agreement in place
- Number of strikes in the target firms

Immediate Objective 1: Increased capacity within the Department of Labor, Invalid, and Social Affairs to resolve labor disputes in target enterprises.

Indicators:

- Number of labor disputes resolved successfully;

- Number of collective bargaining agreements approved; and
- Number or percentage of local labor officials having requisite mediation skills.

Sub-Immediate Objective 1: Increased public awareness of the role and means of achieving good industrial relations.

Indicators:

- Creation of an industrial relations advisory service department within the employment services centers in Hanoi and Ho Chi Minh City;
- Number of visits to the industrial relations website; and
- Number of requests for industrial relations training from non-Vietnam 70 enterprises.

Immediate Objective 2: Increased capacity within the Vietnam General Confederation of Labor (VCGL) to assist unions to represent workers in socialist-oriented market economy in target enterprises.

Indicators:

- Number or percentage of collective bargaining agreements where local VCGL provided advice and assistance to union members;
- Number or percentage of workers in target enterprises who are union members; and
- Number or percentage of local VGCL officials with requisite mediation skills.

Immediate Objective 3: Increased capacity within the Vietnam Chamber of Commerce and Industry (VCCI) to assist target enterprises manage human resources professionally.

Indicators:

- Number or percentage of target firms with HR professionals certified by VCCI; and
- Number or percentage of HR professionals in target firms participating in VCCI-led Human Resources Professional Club activities

Objective 4: Essential elements of an industrial relations policy framework developed.

Indicator:

- Development and submission to appropriate authorities of recommended policy framework based on consultation with social partners (yes or no).

The project objectives are geared towards creating industrial relations institutions and building the capacity of social partners at various levels. Thus, it is hoped that the project has supported and promoted sound labor-management relations in the workplace. Technical advice delivered through the project team and its resources are

intended to assist in the process of institution building. The training element of the project is intended to support the advisory component and is addressed to the industrial relations actors – workers’ and employers’ representatives at various levels, and government officials – both individually and jointly. The training component is intended to provide not only direct support to key actors, but also to build a sustained capacity for continuous training and capacity building through the training-of-trainers in the key industrial relations subjects of collective bargaining, workplace cooperation and other workplace management related issues.

Mid-Term Evaluation

The mid-term evaluation of the project was conducted from January 12 to 21, 2005. The evaluation team included Larry Begna, Management Systems International, John Ritchotte, International Labour Organization and Bruno Bui, USDOL. The team visited sites in Hanoi, Hai Phong, Da Nang, Ho Chi Minh City and Dong Nai. In addition, the team met with Vietnamese government officials, trade unions, employer organizations and the CTA and project staff.

In their report, the (mid-term) evaluation team made the following recommendations. The final evaluation shall address the extent to which these recommendations were adopted and results achieved in doing so:

- Project staff should devote some of their 2005 efforts to helping PPTFs and IRASDs identify and develop strategies for generating financial resources for reaching, training and otherwise assisting enterprises with IR.
- With one year left before project end, staff should explore and implement ways of ensuring a sizeable cadre of people who are skilled in designing and implementing training programs on their own.
- Project staff should pursue transferring the website to one of their Vietnamese partners. If a transfer is not possible, staff should either abandon the website or make improvements to its content and maintenance.
- Project staff should create an IR-expert/training-expert database for use now and to leave behind after termination.
- Project staff, in collaboration with their national and provincial partners, should devote some final-year effort to developing post-project strategies and plans for spreading IR awareness and practice within and beyond the seven targeted provinces.
- Project staff should revise its 2005 work plan to complete preparations for and conduct the enterprise-level training in collective bargaining as soon as possible.
- If time and resources permit, project staff should include in their 2005 work plan the originally planned seminars to review and publicize outcomes of the enterprise activities, a synthesis report on the “Vietnam 70” enterprises, and preparation of “Best Practice” training material.
- Project staff should explore and apply whatever responsible means they can to reduce—indeed, eliminate—the dependence on the project of the provincial network of IR practitioners and trainers.

- Project staff should, as they apparently intend to, work during the third year to strengthen the tripartite relationships that have been created or reinforced during the first two years. This is especially important at the provincial level, where organizations are working directly with enterprises.
- In keeping with the two recommendations above, project staff should work with their Vietnamese partners during the final year to develop a post-project sustainability plan, which clearly outlines what needs to be done, and by whom, to keep the project activities going after USDOL funding ends.
- The project CTA should meet soon with the head of the PMU unit and have a frank, but constructive, discussion regarding both individuals' outstanding project management concerns and identify actions that both might take to ensure better communication, understanding and collaboration.
- Now that two IRASDs have been functioning for over six months—and five more are planned—the project should proceed with having IRASDs log requests for information and training from non-Vietnam 70 companies, as specified in the project Performance Monitoring Plan.
- Project staff should reconsider their plan to conduct two semi-annual, random-sample surveys of impact among targeted enterprises in March and September 2005, in favour of doing only one broader survey, which would include both targeted enterprises and additional enterprises that have received project interventions.
- At a minimum, the project should consider sharing the performance data collected to date with key stakeholders and co-implementers at the national and provincial levels, especially the PPTFs, who have been helping with data collection.

II. PURPOSE OF THE EVALUATION

The purpose of the final evaluation is to:

- a) Determine if the project has achieved its stated objectives and whether any anticipated immediate impact was achieved for each of the objectives. For each objective, explain why or why not achievement was realized.
- b) Assess and document the effects of project activities and outputs on the target group.
- c) Determine the extent to which each recommendation made in the mid-term evaluation was carried out and the results of doing so.
- d) Assess the impact of the project in terms of likelihood that outputs will be sustained.
- e) Assess the effectiveness of the training provided by the project, i.e., was knowledge transferred and were new behaviours formed as a result?
- f) Determine if the project and its components are suitable for replication;
and
- g) Report on lessons learned

The Evaluation Team shall address issues of project implementation, project impact, and sustainability of project activities. The Evaluation Team should examine, for each immediate objective:

- The validity of project strategy, objectives, indicators and assumptions
- Impact/benefits accrued to target groups
- Impact/benefits accrued to institutions
- Implementation status, specifically as concerns planned activities, materials, schedule and budget
- Effectiveness of management performance by the ILO and the NPC (staffing, communications, financial management)
- Sustainability of project results
- Stakeholder buy-in, support and participation in the project
- Efforts by the stakeholder to achieve sustainability of the project and its activities
- Effectiveness of project performance monitoring

In addition, the final evaluation will provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess and improve effective practices, opportunities for replication and potential for sustainability.

III. PROJECT STATUS

The following activities have been undertaken to advance the work of the project according to the work plan:

- Bi-annual meeting of the Provincial Project Task Force (PPTF) from 7 provinces was held in Ho Chi Minh City (HCMC) for all PPTF members to review activities implemented for the first 6 months of 2004.
- Study tour for the remaining members of the PPTFs in 7 provinces to Malaysia.
- The Staff from the Project's two Industrial Relations Advisory Services Departments (IRASD) in Hanoi and HCMC were involved in regional training courses in Social Dialogue held in two cities for the representatives from a number of enterprises.
- Staff of the IR Advisory Services Departments (IRASD) in Hanoi cooperated with the Authorities of Hanoi Economic Processing Zones in identifying and designing the proper training syllabus for two enterprises in the Thang Long Industrial Zone which had experienced strike activity.
- An additional 3000 copies of the "User's Guide to the Labor Policy" in English and Vietnamese were printed and distributed to the PPTFs and enterprises in 7 provinces.
- Activities were implemented to speed up the IR Project-sponsored strike research work conducted by 3 social partners: MOLISA, VGCL, VCCI.

- An abbreviated National Steering Committee (Vietnamese parties only) was convened by the NSC Chairman to discuss the preparation for the National Industrial Relations Seminar planned scheduled for December 15/16, 2004 in HCMC.
- To follow up the Training-of-Trainers, courses in Social Dialogue were held in Nhan Trang, the PPTF and local trainers held training courses in Social Dialogue in Hai Phong, Hai Duong, HCMC, Dong Nai, and Binh Duong provinces.
- A national training course on Collective Bargaining Agreements (CBA) was held for the PPTF and local trainers from 7 provinces in Hanoi for the participants from the North, and in HCMC for the participants from the South.
- A series of Collective Bargaining Agreement Negotiation skills trainings have also been held in various provinces Local trainers were PPTF members, IRASDs trainers and labor/union officials. Participants were union and management representatives from enterprises.
- Two meetings were held with representatives from VCCI of Hanoi and HCMC on building the training syllabus and materials for HR courses.
- Training materials for the HR courses for VCCI and VCA collected from the Malaysian Employers Federation and ECA were translated to Vietnamese.
- Two IRASDs professional staff training courses on key industrial relations skills such as mediation skills, CBA, social dialogue and presentation skills was organized to facilitate the initial work of the new IRASD staff.
- The Project Office is compiling a booklet on The Causes and Prevention of Strikes in Vietnam. The booklet analyses the status, causes and prevention of strikes in Vietnam.

Please refer to the quarterly technical and status progress reports for more information on project implementation and completion of activities.

IV. EVALUATOR

An independent evaluator with specific skills in international project evaluation, familiar with international project implementation, and preferably with experience in Southeast Asia, will carry out the evaluation. The evaluator will also be a proficient writer in the English language providing a final evaluation draft that is readable and concise. Please note: writing samples will be required from applicants and these shall be made available to ILO and USDOL five work days before a decision can be made to approve the selection of the evaluator.

V. EVALUATION TEAM

The evaluation team will be comprised of: (i) an independent evaluator, and (ii) one representative from the ILO Declaration. The independent evaluator will serve as the team leader of the evaluation team.

The Team Leader is responsible for conducting the evaluation according to the terms of reference (TOR). He/she will:

- Review the TOR and provide input, as necessary.
- Review project background materials (e.g., project document, progress reports).
- Review the evaluation questions and work with the donor and implementer to refine the questions, as necessary and to develop interview protocols.
- Develop and implement an evaluation methodology (i.e., conduct interviews, review documents) to answer the evaluation questions.
- Conduct a Team Planning Meeting (TPM) with USDOL and ILO prior to the evaluation mission.
- Prepare an initial draft of the evaluation report, circulate it to USDOL and ILO, and prepare final report

The USDOL Project Manager is responsible for:

- Drafting the evaluation TOR;
- Finalizing the TOR with input from the ILO and the evaluator;
- Providing project background materials;
- Participating in the TPM prior to the evaluation mission;
- Assisting in the implementation of the evaluation methodology, as appropriate and as approved by the team leader (i.e., participate in interviews, observe committee meetings) and in such a way as to minimize bias in evaluation findings.
- Reviewing and providing comments of the evaluation report;

ILO Declaration is responsible for:

- Reviewing the TOR and providing input, as necessary;
- Providing project background materials;
- Reviewing the evaluation questions and working with the donor to refine the questions, as necessary;
- Participating in the TPM (by phone if necessary) prior to the evaluation mission;
- Scheduling all meetings;
- Assisting in the implementation of the evaluation methodology, as appropriate and as approved by the team leader (i.e., participate in interviews, observe committee meetings) and in such a way as to minimize bias in evaluation findings; and
- Reviewing and providing comments on the evaluation report.

VI EVALUATION SCOPE

The Final Evaluation will:

- Evaluate the validity of the project methodology and approach.
- Ascertain if impact statements articulated in the Strategic Framework were achieved.
- Evaluate the quality and impact of project activities on participants.
- Evaluate employer and worker understanding of industrial relations at the targeted companies.
- Evaluate stakeholder (all individuals and organizations involved in the project) understanding and capacity to address industrial relations at the workplace through workshops and TA.
- Evaluate the tripartite approach in the context of the country
- Assess the project implementation (schedule, activities, materials).
- Evaluate the current management performance effectiveness of the project, which include staffing responsibilities and communications (ILO, CTA, and key personnel).
- Evaluate the project's sustainability plan.
- Assess the effectiveness of the project performance monitoring sustainability plan.
- Assess level of stakeholder commitment to the project.

VII. EVALUATION METHODOLOGY

Document Review. The evaluator will review the following documents before conducting any interviews or trips to the region.

- Project Document
- Mid-term evaluation report
- Quarterly reports
- Miscellaneous Reports
- Training Materials
- Trip Reports
- Strategic Framework and PMP
- Work plans

Team Planning Meeting. The evaluator will have a Team Planning Meeting (TPM) with the USDOL/OFR project manager, OFR Senior M&E Officer, the independent evaluator and ILO Geneva and field project staff. The objective of the TPM is to reach a common understanding among the evaluator, USDOL and project implementer regarding the status of the project, the priority evaluation questions, the available data sources and data collection instruments and an outline of the final

evaluation report. The following topics will be covered: status of evaluation logistics, project background, key evaluation questions and priorities, data sources and data collection methods, roles and responsibilities of evaluation team, outline of the final report.

Individual Interviews. Individual interviews will be conducted with the following (final interview schedule will be developed by the evaluation team):

- USDOL Project Manager in Washington
- ILO Project Staff in Geneva and in the region
- Selected individuals from the following groups:
 - Workers and employers who have received the training;
 - National Tripartite Committee Members;
 - Employer groups, unions, NGO's that have received training or otherwise worked with the project;
 - Labor Ministry staff who have worked with the project; and
 - US Embassy

Field Visit. Meetings will be scheduled in advance of the field visits by the ILO project staff, in accordance with the evaluator's requests and consistent with these terms of reference. Interviews conducted at these sites will be carried out by the team leader who will determine if it is appropriate for other evaluation team members to be present.

Debrief in Field. On the final day of the field visit, the evaluator will present preliminary findings to the ILO Hanoi staff and if time permits, a debriefing can be held for employer, government, and union representatives. A briefing may also be required for US embassy staff.

Post-Trip Meeting. Upon completion of the report, the evaluator will provide a debriefing by phone to ILAB and the implementer on the evaluation findings, conclusions, and recommendations as well as the evaluation process.

VIII: DURATION AND MILESTONES OF EVALUATION

The following is a schedule of tasks and anticipated duration of each:

Tasks	Work Days
Preparatory Research	4 Before trip
Field Research	5
Travel days	3
Draft Report	5
Finalization of Document including debrief	4

IX: DELIVERABLES

A. Pre-Evaluation Trip meeting with USDOL project manager, ICG Evaluation Coordinator, independent evaluator and ILO staff to discuss roles, responsibilities, and TOR by 17 March 2006.

B. Interviews with Washington based staff prior to the field visit scheduled for 27-31 March 2006.

C. Draft Report will be submitted to USDOL and ILO by 14 April 2006.

D. Post-Trip Debriefing, via conference call, with USDOL and ILO by 10 April 2006.

E. A Final Report, original plus 5 copies, will be submitted to USDOL and ILO within five days after receiving final comments from USDOL and ILO. The final report should also be submitted to USDOL and ILO electronically.

IX. REPORT

Before the end of the field visit, the evaluator, USDOL Project Manager, and ILO representative will consult and come to consensus on an outline of a draft report and will review key Findings and Conclusions.

The evaluator will complete a draft of the entire report following the outlines below. The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 20 pages in length, excluding the annexes:

- Title page (1)
- Table of Contents (1)
- Executive Summary (2)
- Acronyms (1)
- Background and Project Description (1-2)
- Purpose of Evaluation (1)
- Evaluation Methodology (1)
- Project Status (1-2)
- Findings, Conclusions, and Recommendations (no more than 10 pages)

This section's content should be organized around the TOR questions, and include the findings, conclusions and recommendations for each of the subject areas to be evaluated.

Annexes

- Terms of Reference
- Strategic Framework
- Project PMP
- Project Workplan
- List of Meetings and Interviews

- Evaluation Protocols
- Other relevant documents

Annex B: List of Informants

Evaluation Team

Mr. Wael Issa, ILO Geneva

Mr. David Gairdner, Consultant, Scanteam AS, Oslo

Ms. Ta Thi Bich Ha, Translator

International Labour Organisation, Hanoi

RoseMarie Greve, Director, ILO Vietnam

Jan Jung-Min Sunoo, Chief Technical Advisor, ILO/Vietnam Industrial Relations Project

Ministry of Labour, Invalids and Social Affairs, Hanoi

Nguyen Manh Cuong, Deputy Director., International Dept.

Dao Van Ho, Deputy Director, Legal Dept.

Nguyen Kim Oanh, Legal Dept

Vietnam General Confederation of Labour, Hanoi

Vo Van Nhat, International Department

Vietnam Cooperative Alliance, Hanoi

Mr. Nguyen Van Nen

IRASC, Hanoi

Mr. Tran Xuan Trung, Head of IRASC

VCCI, Hanoi

Mr. Phung Quang Huy, Director of Bureau for Employers' Activities

PPTF Hai Phong

Pham Van Huan, Director

Pham Van Cang

Two other members of the PPTF HP

Long Son Joint Stock Company (leather shoes) Hai Phong, accompanied by Mr. Cang

Pham Thi Hop, Director

Le Thi Dam, Union Chairwoman

MSA-HAPRO Hanoi Ltd (garments)

Dao Bang Tam, Deputy Director

Representative of Union

US Embassy, Hanoi

Dan Langenkamp, Labour Officer

Vo Lan Phuong, Commercial Assistant

Hanoi EPZ Authority

Mr. Nguyen Dan Tam

PPTF, Dong Nai

Le Mai Thanh, Director

Mai Thi Tuyet, Secretary of Arbitration Council

Three other members of the PPTF, from the VCCI, VGCL and Dong Nai EPZ management

NEC Factory, Dong Nai

Representatives of Union and Management

Diamond Cutting Factory, Dong Nai

Two representatives of Management

IRASC, Dong Nai

Lam Thanh Thu, Head of IRASC

One IRASC staff member

IRASC, HCMC

Nguyen Cao Thang

Nguyen Huu Diep

VCCI HCMC

Director, Bureau of Employers' Activities

Nguyen Hong Ha, Bureau of Employers' Activities

Annex C: List of Project Activities

A. List of training activities, seminars and workshops

2003

1. 02 training courses on Labour Law and Mediation skills in Ha Long and Vung Tau: 100 trainees/course
2. 02 regional seminars on tripartite industrial relations in HCMC and Hanoi: 100 trainees/seminar
3. 07 training seminars on Mediatin in HCMC, Binh Duong, Dong Nai, Hai Phong, Hai Duong, Da Nang, and Ha Noi: 40-50 participants/seminar

2004

4. 01 national training workshop (4 days) on Social Dialogue in Nha Trang for 7 PPTFs
5. 07 training courses on SD in 7 provinces for PPTFs
6. 02 training regional seminars on CBA (3.5 days each) in Hanoi and HCMC
7. 02 training seminars on labour law and IR in HCMC
8. The 1st National Conference on IR in HCMC
9. 01 Seminar on Draft Ordinance on Strike in Do Son

2005

10. 07 training courses in 7 provinces on CBA and IR skills (2 days each): 45-50 participants/course
11. 04 training courses for HR managers on IR skills
12. 01 training course on marketing skills of union
13. 01 national training course on marketing and mediation skill for IRASDs in Nha Trang
14. 01 national training course on CB skill and strike for IRASDs in Da Nang
15. 03 seminars on tripartite consultation framework and Ordinance on Strike in Hai phong, Da Nang and Quang Ninh
16. 01 training course on CBA for unionists
17. 02 training courses on mediation skills for 50 enterprises in Dong Nai (2 days each)
18. 02 training courses on mediation skills for 50 enterprises in HCMC (2 days each)
19. Opening 7 IRASDs in 7 provinces

In 2006

20. 01 meeting on Decree 145 on tripartite consultation
21. 14 training courses on mediation and collective bargaining skills for 7 provinces (each province held 2 courses, each 2 days for 45-50 participants/course)
22. 01 Roundtable meeting on dispute resolution (30 participants)
23. 01 Meeting of the Drafting committee for Labour Code Chapter 14 revision
24. The 2nd National Conference on IR in HCMC.

B. List of Researches and Studies:

1. Biannual baseline survey on industrial relations and social dialogue

2. Syllabus on Industrial relations by the University of Labour and Social Affairs/MOLISA
3. VGCL training manual
4. Training materials on IR for VCCI and VCA
5. 3 strike researches by MOLISA, VCCI and VGCL
6. Issue Paper on Dispute resolution and prevention

C. List of Project publications:

1. User's guide to the Labour Code
2. Labour Law Poster 1
3. Labour Law Poster 2
4. Project brochure
5. IR Conference Brochures
6. Strike leaflet (to be released end of May)
7. ILO Discussion Paper

Annex D: Bibliography

Beyna, Larry, *USDOL/ILO Vietnam Industrial Labour Relations Project, Mid-term Evaluation*, 24 February 2005, Management Systems International

Economist Intelligence Unit, *Vietnam at a Glance: 2006- 07*, the Economist Magazine, 2006

Government of Vietnam, *2006- 2010 Socio- Economic Development Plan*, 2005a

Government of Vietnam, *Vietnam; Achieving the Millennium Development Goals*, August 2005b, <http://www.un.org.vn/undocs/mdg04/mdg04e.pdf>

Lee, Chang-Hee, Simon Clarke, Do Quynh Chi, *Strikes and Industrial Relations in Viet Nam. Industrial Relations at Crossroad in Viet Nam: Challenges and Opportunities* ILO Discussion Paper, Bangkok, November 2004

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Viet Nam: PHASE 2*, Project Document, March 2006

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report*, April – June, 2005 , ILO, Vietnam, June 30, 2005a

International Labour Organization, *Performance Monitoring Plan; Performance Data Table*, October 2005b

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, March - May, 2004*, ILO, Vietnam, May 31, 2004a

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, January - March, 2004*, ILO, Vietnam, April 25, 2004b

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, September-December 2003* , ILO, Vietnam, March 15, 2004c

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, January-March 2003*, ILO, Vietnam, 7 April 2003a

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, April-June 2003*, ILO, Vietnam, 19 June 2003b

International Labour Organization, *Terms of Reference for the Industrial Relations Advisory Service Department Staff*, 2003c

International Labour Organization, *Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors; Status Report, 1 March – 30 June 2002*, ILO, Vietnam, June 2002

International Labour Organization, *Technical Cooperation Project; Promoting Sound Industrial Relations at the Workplace and Strengthening the Capacity of Industrial Relations Actors in Viet Nam*, October 2001

International Monetary Fund, *Vietnam; 2005 Article IV Consultation Staff Report. IMF Country Report 06/22*, January 2006

International Monetary Fund, *Vietnam Poverty Reduction Strategy Paper, IMF Country Report 04/25*, January 2004

Organisation for Economic Development and Cooperation, *Paris Declaration on Aid Effectiveness*, March, 2005, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>