



Evaluation Summaries

Youth Employment through Local Economic Development in Quang Nam Province

Quick Facts

Countries: *Vietnam*

Final Evaluation: *September 2011*

Mode of Evaluation: *independent*

Technical Area: *Enterprise Development*

Evaluation Management: *Merten Sievers*

Evaluation Team: *Roel Hakemulder, Pham Quang Trung*

Project Start: *May 2010*

Project End: *December 2011*

Project Code: *VIE/09/02/OUF*

Donor: *One UN Fund, US\$ 1,389,000*

Keywords: *Local Economic Development, Private Sector Development, Youth Employment*

Background & Context

Summary of the project purpose, logic and structure

The project “Youth Employment through Local Economic Development in Quang Nam Province” aims to “improve the employability of and employment opportunities especially for young women and men by upgrading vocational and entrepreneurial skills and improving job opportunities in Quang Nam through enhanced business enabling environment, business development services and overall market access”. The project covers four districts in Quang Nam: Nui Than, Duy Xuyen, Thang Binh and Phuoc Son. The province has a population of about 1.5 million

and a largely rural economy (65% of output). Its annual per capita income at the time of project formulation was US\$ 700, well below the then national average of US\$ 1,024 (2008).

The funding window under the One UN Fund ran from January 2009 to December 2010, but since the document was finalized in spring 2009 and approved in May 2010, effective implementation will run from the approval date to December 2011. The final budget is US\$ 1,389,000.

The development objective quoted above basically summarises the immediate objectives, which are:

1. The pro-employment business framework conditions in the province is improved, thus strengthening existing and new businesses in identified growth areas, improving the local economic conditions and creating local opportunities for job creation and poverty reduction.
2. Employability and employment of vulnerable rural youth, especially those in the selected districts and value chains, are improved through upgraded vocational and entrepreneurial skills to respond to the demands of current and new business opportunities.
3. By using the value chain approach, the market access of selected products in selected districts of the province is improved by strengthening relevant market players, improving product value added, competitiveness and brand, strengthening the linkage with national and international market.

By achieving these objectives the project also aims to demonstrate a Local Economic Development (LED) for youth employment model, for possible replication in other provinces.

The project document was well-researched, took into account stakeholders' priorities, and has a number of strengths. They are that:

- It addresses the demand and supply sides of the labour market, economic development creating demand, training supply.
- It is based on what is known about local economic development and the improvement of local market systems. In other words, the causal chains implicit in the design are plausible.

However, the design has serious weaknesses, including:

- The expected duration was two years, far too short to show results in terms of jobs, employability and incomes in any LED project, or even to complete interventions.
- The document implicitly foresees a double role for the project – it is a facilitator of LED, while the project will also contract stakeholders to carry out activities and deliver services. This is confusing.
- The value chains selected in the project document, rattan and vegetables, are unlikely to attract youth.
- The project document quotes a 76.5% rate of youth who do not have jobs or have unstable jobs. However, actual youth unemployment may be as low as 3.6 %, with youth underemployment at 27.2%.

This is not to say that there was or is no rationale for the project. The poverty rate for the province remains high at around 20%, nearly double the rate of Vietnam as a whole, with incomes particularly low in rural areas and among ethnic minorities. Rural underemployment is said to be high in the off-season. However, given the above weaknesses, demonstrating an LED for youth employment model was not a plausible objective. It was not helped either by a flawed logframe, with composite objectives, 20 outputs, 76 indicators that did nothing to trace how interventions would lead to impact, and details on

the interventions in the value chains that should have come out of the analysis conducted by the project.

Present situation of project

This independent evaluation found the project with still four months to go. Many activities were still ongoing; some still had to be initiated. Preparations for a period of closing down and sharing of experience had started. A no-cost extension was under discussion.

The project team is based in Quang Nam and consists of a chief technical adviser, two project assistants, one admin/finance assistant and a driver.

Purpose, scope and clients of the evaluation

The objectives of this evaluation were to:

1. Determine whether the project achieved the stated objectives.
2. Determine what steps have been taken for the sustainability of key components of the project beyond the project's life.
3. Determine what the potential is for using the project interventions as demonstration models.
4. Document lessons learned and present recommendations for future projects and exercises initiated by ILO on local economic development.

Within this framework the evaluation team (ET), consisting of Roel Hakemulder and Pham Quang Trung, two independent consultants, was asked a number of specific questions under the headings of project design, effectiveness, efficiency, relevance, impact, scale and sustainability. The evaluation took into account all interventions, the full geographical coverage, and the entire project period (May 2010 to August 2011).

The principal clients for the evaluation are ILO project management, project stakeholders in Quang Nam and at the national level, ILO Hanoi and Bangkok, ILO technical units (Employment Sector), the ILO's technical cooperation and evaluation departments, and the project donor. The Evaluation Manager was Merten Sievers, of the Job Creation and Enterprise Development Department, ILO HQ.

Methodology of evaluation

On the basis of the TOR we prepared an Evaluation Matrix indicating how we expected to obtain the required information and a standard list of questions for different groups of stakeholders. We reviewed the reports and documents listed in the TOR, as well as further documents provided by the project. We interviewed and had discussions with the full range of stakeholders, at the provincial, district and finally the national level. This included target beneficiaries, which allowed us to gather some anecdotal information on impact.

At the end of the assignment we briefed the key stakeholders on our main preliminary findings and obtained their feedback. Meetings in Hanoi combined further information gathering with debriefing on the most relevant points.

The evaluation followed UN evaluation norms, standards and ethics.

We much appreciate the inputs of the project stakeholders, and in particular the project team, which has been very forthcoming with information, and open to all questions and suggestions.

Main Findings & Conclusions

Effectiveness and efficiency

In addition to weaknesses in the design, the project has had to deal with a number of important implementation constraints. These included the late approval and start and uncertainties about an extension beyond December 2010; delays in UN Fund transfers; project planning periods not coinciding with the government's; confusion arising from the mixed facilitation/direct support function of the project; and the large number of partners, which, while appropriate for an LED project, required much time and effort to sort out mandates and then ensure effective coordination. Slow government as well as ILO procedures resulted in a heavy administrative burden and caused significant delays, government and ILO financial procedures did not match, and the Department of Labour,

Invalids and Social Affairs (DoLISA) did not, as stipulated in the project document, assign a full-time secretariat.

This taken into account, the project has made good progress in the less than one and a half years it has been operational. The project's M&E system and our assessment indicate that some 2/3 of the logframe targets for the indicators have been achieved. Most of the others are likely to be achieved before project completion.

An indicator by indicator assessment is included in the report. The following is a review of the substance of what has been achieved. Under Objective 1, "**a pro-employment business environment**", main results include the organisation of Public Private Dialogues (PPDs) at provincial and district level, which resulted in action plans that are under implementation by the stakeholders, some with project support. PPDs have been replicated by the Provincial People's Committee, one district, and one of the business associations, which indicate they fulfill a useful function. The actions supported by the project include introduction of software that will facilitate registration and information sharing between authorities and the revival of a Business Portal. The project has provided assistance to strengthen several Business Associations. Its Project Management Board has improved coordination especially among government departments and mass organizations. This is a significant achievement.

Under Objective 2, "**employability of rural youth improved**", a training needs assessment was conducted in conjunction with the analysis of the rattan and vegetables value chains, and an action plan developed. On this basis a number of training services were strengthened or introduced, or access was improved. This included Start Your Business and Know About Business, and training specific to the value chains, including on Occupational Safety and Health. In total 125 trainers were trained and training was delivered (though this was not necessarily the newly developed or improved training) to in total 1,163 target beneficiaries. Women made up 34% of those trained. Training providers were provincial government partners, companies in the value chains and consultants or resource institutions from outside the province. A Labour Market

Development Strategy was developed by the stakeholders, with support from the ILO. It has been approved by the Provincial People's Committee. This is a first in the country, the strategy is fully owned by the stakeholders, and this is an important achievement. Reportedly four other provinces are now developing an LMDS.

Under Objective 3, “**more competitive rattan and vegetables value chains**”, participatory value chain analyses were conducted and action plans developed and approved. For rattan the main strategies are to ensure sustainable supply of rattan (nurseries, plantations), increase local value added and rattan quality (rattan boiling), improve product quality, productivity and OSH in home-based weaving for companies that supply to IKEA, product diversification and building new market linkages. The project supports the development of well-managed business groups at these levels of the value chain, as demonstration models for possible replication. Weaving and rattan boiling groups are operational, while for nurseries and plantations preparations have been made but implementation is awaiting the right season. Much training has been provided to the model groups. A Rattan Coordination Group made up largely of relevant Government stakeholders monitors and guides the activities. These are promising results. As the value chain is dominated by women, and in rattan harvesting by ethnic minorities, they are the main beneficiaries.

Currently the project is developing a guidebook and manual for home workers and their leaders, with guidance on labour rights, Occupational Safety and Health, operating as a business and others. This is an important initiative, especially since this appears to be a first for the ILO and IKEA may support introduction.

In vegetables, the main strategy is to support the introduction of VietGAP certification so that farmers can access higher-end markets. Two groups have been set up and are receiving training and advice from government institutions. A processing facility is being established, a second is being planned. A marketing outlet will be made available at a wholesale centre in Da Nang. The project follows the same approach of building strong groups that can be demonstration models as in the rattan sector. Although progress is less than in rattan (implementation started later for a

number of institutional reasons) the framework seems to be in place to deliver results. Both women and men are likely to benefit.

These achievements have been very much those of the stakeholders in collaboration with (and largely funded by) the ILO. The overall good (though variable) partnerships between the ILO and public sector stakeholders are the project's main strength. Coordination among stakeholders has also improved as a result of their work with the project.

However, much still needs to be done. The action plans are still being implemented, with many activities ongoing and a few still to be started. Other issues include:

- The value chain analysis has insufficiently explored opportunities for improving vertical integration, and insufficient effort has been made to deepen the analysis, and identify the root (systemic) causes of constraints – this will affect impact, outreach and sustainability.
- While women are likely to be the project's main beneficiaries, the interventions are insufficiently based on gender analysis and do not address gender specific constraints.
- The training was funded by the project. Partners did not contribute (with some in kind exceptions) and trainees did not pay fees. This may have affected the training's effectiveness and it will not have contributed to sustainability. While free training may be the norm in Vietnam, this is not good practice and adapting to the norm does not bring change.
- The stakeholders expect more direct support from the project. While it is designed to be a facilitator in the first place, its role is ambiguous since it does offer direct support, including to service delivery and equipment.
- The project is dominated by public sector stakeholders and interventions are not sufficiently based in the private sector, although commendable progress was made in this direction.

With regard to efficiency, we found the project was implemented efficiently under the circumstances. The project is well managed and its

team is capable and committed. The team's workload has been, however, significantly too high and it lacks sufficient expertise on monitoring, evaluation and impact assessment. The absence of a full-time secretariat at DoLISA and the ILO's financial regulations and procedures have been drawbacks. Good efforts have been made to establish coordination and collaboration with other projects, with some results, i.e. with UNIDO and UN Habitat projects, and with the World Wildlife Fund for Nature.

Impact

The project shows a good impact orientation. An M&E concept was developed based on results chains. If implemented this would have allowed the project to demonstrate plausibly how its interventions led to results. However, the stakeholders turned this concept down, preferring to monitor on the basis of the 76 logframe indicators, which was mandatory in any case. The results chains have, however, remained relevant and do, we believe, reflect the project's results orientation. At least some of the logframe indicators that were included in the M&E framework that was adopted were also helpful in maintaining such an orientation. The various action plans (district and provincial), the project workplans, and the extent to which progress was being monitored, also indicate a high level of results orientation. This is positive.

On the other hand, the project has not planned adequately for impact monitoring or assessment, in particular of the demonstration projects which it hopes will be replicated. What is currently foreseen will, in our view, not enable the project to assess impact in a reliable manner. This has to be addressed because it will affect the learning that can be gained from the project as well as the extent to which interventions will be replicated.

Actual impact is of course an indication of impact orientation as well. Taking impact to mean changes in behaviour, "the way things are done", and beyond that, increases in productivity, quality, work (including quality of work), incomes and empowerment, we found that of course that the interventions have been too recent to expect significant results at this level. Our own findings from interviews did indicate there are some early signs of impact. They include changes in practice

at different levels in the rattan value chain and among vegetables farmers, and consequent impact on income and work. Group leaders have also gained in terms of empowerment. Public Private Dialogues are reported (by stakeholders) to have improved relations between the private and the public sector. District governments solving concrete problems for enterprises is an indication of this, and so are some public private partnerships. This has included the establishment of more weaver groups, for an additional 130 women, with assistance of a lead rattan company and a district government (without project assistance). The Rattan Coordination Group is a good instance of a "new way of doing things". The project reports that by the end of 2010 8% of those who had SYB training had started a business.

While this is encouraging, the findings are largely anecdotal or qualitative, and if the project does not take immediate steps to assess impact thoroughly, it will not be in a position to demonstrate that its "model" works.

Sustainability

The project's overall sustainability strategy is based on using participatory approaches to facilitate local ownership over interventions and innovations, so stakeholders will maintain them, and building their capacity so they are able to do so. The project has also aimed at alignment with local political priorities and plans, as well as to a lesser extent building on business incentives. This is in line with LED experience and current good practice, and several results show good potential for sustainability. These include in particular the business groups in the value chains, which have gained much and are likely to continue, and the improvements in technical and Occupational Safety and Health training that lead companies provide to rattan weavers. Stakeholders are also likely to continue the Public Private Dialogues at the provincial and district levels.

However, overall there has not been sufficient time to ensure that the training to public institutions has created an independent capacity. More work on this is required and funding and human resources will remain a constraint. Furthermore, the project needs to develop and implement a sustainability plan for each of the

changes it has facilitated that are expected to continue beyond the project period.

Scale

The project's present scale of outreach is small. Around 1,500 people have been trained. The business groups include 113 members. Hundreds of people have participated in various events (PPD, for the value chain analysis) but whether this had any effect on them is not known. Eventual scale of outreach and impact will depend on the sustainability of the changes the project has facilitated, whether the changes concern a market system or economy that includes, or has the potential to include, many businesses and workers, and whether they are systemic, i.e. whether they constitute "change in the underlying causes of market system performance – typically in the rules and supporting functions – that can bring about more effective, sustainable and inclusive functioning of the market system"¹.

As we have seen above, sustainability of many of the changes the project brought is still uncertain. The market systems the project has worked in do provide good scope for scale, with the rattan value chain providing full-time employment to 3,000 and part-time employment to 5,000 people, 7,850 generating income from rattan harvesting and demand for additional workers being high². More people may become involved through nurseries, plantations, rattan boiling and new weavers' groups. In vegetables, as a result of the project's work the government plans to have 1,000 hectares used for VietGAP certified vegetables which may affect perhaps 2,000 to 3,000 households³. More people may become involved through processing plants. With regard to generic improvements in the business

environment, all enterprises (nearly 5,000 registered) could benefit⁴. If KAB becomes institutionalized, which is likely with some further support, potentially thousands of vocational trainees could be affected. Implementation of the Labour Market Development Strategy could affect thousands as well.

To what extent changes will prove to be systemic remains to be seen. As mentioned above, the analysis of the value chains may not have gone deep enough to identify underlying, systemic constraints. Changes facilitated may therefore also address symptoms rather than causes of underperformance. However, one of the indicators for systemic change taking place that is often used is that market actors start "crowding in", i.e. they copy the innovations, start using them for their own purposes in the same or other sectors, or move into a market system to benefit from the changes⁵. A constraint in this regard is the high cost of some of the project's interventions, e.g. the intensive and therefore expensive support to the business groups based on the CB-TREE methodology. Neither public nor private sector stakeholders are likely to be able to replicate them as is. However, the development of more rattan groups by a lead company and a district government (with a much slimmed down model of assistance) is a sign that crowding in may be taking place. There are also signs of more groups being interested in rattan boiling, though it is too early to say whether this will be copied more widely. More significant is that 4 provinces are following Quang Nam's lead in developing LMDs. If this becomes a continuing trend and provincial LMDs prove to be relevant and implementable in the Vietnamese system, this could eventually affect millions of women and men. There are, therefore, some signs that systemic change may be taking place.

Finally, the success of a change is often not sufficient guarantee it will be copied and so reach

¹ The operational guide for the making markets work for the poor approach, SDC, DFID, 2008

² Report on the participatory value chain analysis for bamboo, rattan, home accessories and furniture sector, Prosperity Initiative Analytics, the Centre for Agricultural Policy, 2010.

³ Report on the participatory value chain assessment for the vegetable sector, Prosperity Initiative Analytics, the Centre for Agricultural Policy, 2010. The report mentions an average of 0.2 hectares per household allocated to vegetable growing but we have assumed somewhat larger areas would be required for VietGAP farmers.

⁴ Quang Nam Business Portal, <http://www.quangnambusiness.gov.vn>

⁵ The "official" definition is: "Crowding-in is the central process in – and purpose of – facilitation through which interventions catalyze or bring other players and functions into the market system so that it works better for the poor", in The operational guide for the making markets work for the poor approach, SDC, DFID, 2008

scale. Reaching scale often needs to be facilitated. The project therefore needs to develop scaling up strategies and to plan for facilitation, and the ILO and stakeholders have to agree on who is going to do (and pay for) what. It is not too late to still do this.

Relevance

The project was and remains highly relevant to Quang Nam province and is fully in line with the priorities and plans of the Government, the UN and the ILO. This is true with regard to what turned out to be the project's main goal, i.e. reducing underemployment and poverty in rural areas, as well as some of the specific interventions, i.e. development of the rattan and vegetables sectors, development of the poorest districts and a focus on women and ethnic minorities, and increasing not just work but also the quality of work. Given in addition that social dialogue is central to the project's approach, it proves to be well-rooted in International Labour Standards and ILO values.

Recommendations & Lessons Learned

Main recommendations and follow-up

For the remaining project period we recommend the following:

1. The project (ILO and the stakeholders) should continue implementation of the current action plans.
2. The project should plan for next year, whether or not an extension will be approved. Even without a project stakeholders should follow through on planned activities.
3. The project should develop a sustainability plan that identifies innovations that should be sustainable and that plans how, by whom, with which funds and when this should be achieved.
4. The project should develop a scaling up strategy that makes explicit how scale will be achieved, by whom, with which funds and when.
5. The project should immediately make plans to assess the impact of its core

interventions. Cases should be written up not to "promote" these interventions but *to facilitate learning* and to enable stakeholders (including target beneficiaries) to take informed decisions on replication. "Promotion" should await the results of impact assessments.

6. Conferences and guidelines are not a priority at this stage. They should be postponed as much as possible.
7. Stakeholders should avoid the high turnover in staff assigned to coordinate and collaborate with the project.
8. DoLISA should assign a full-time secretariat immediately.
9. The ILO office and stakeholders should take action to work towards harmonization of procedures. At a minimum, any paperwork that is not mandatory should be eliminated and ways should be sought to allow for more flexible and longer-duration contractual arrangements.

To allow the project and stakeholders more time to implement these recommendations, we recommend:

10. The One UN Fund, the ILO and the government should extend the project by one year, with additional funding. If this is not possible, the project should be extended as long as the current budget allows.

We have the following technical recommendations for the ILO, for future projects and exercises initiated by ILO on local economic development.

11. It should review the value chain development methodology used in Quang Nam, which has participation, local ownership and an action orientation as main strengths, but needs to be augmented to result in a more thorough analysis of market systems, to result in identification of underlying causes of underperformance and identification of more systemic interventions.
12. It should continue its promotion of the Donor Committee for Enterprise's

standard for result measurement, and ensure that logframes are compatible to the use of results chains, so that they do not become competing approaches to M&E and impact assessment. Measurement based on results chains should provide the information required for logframe indicators.

13. It should review logframe formats given that they apparently require or allow large numbers of outputs and often not very meaningful indicators. This is not useful and an unnecessary burden on projects, stakeholders included.
14. It should ensure that LED and similar projects are formulated in a manner that allows full flexibility to reflect the results of the participatory assessments that will be part of the project.

Important lessons learned

The project document was well-researched, took into account stakeholders' priorities, and has a number of strengths. However, this final evaluation indicates that LED projects should not have a duration of 2 years only (a lesson we thought had been learnt some time ago) and should be flexible in design – i.e. should avoid many pre-determined outputs, activities and methodologies (this includes CB-TREE) that are not based on analysis the project is expected to conduct, and large numbers of indicators that do little to demonstrate how project interventions lead to impact.

LED will not happen without the private sector. LED projects should, in design and in implementation, foresee a much more prominent role for the private sector than was the case here. We recognize this was not due to a lack of effort or strategy on the part of the project. However, while the Vietnamese context (one of the contributing factors) is one in which the Government is the dominant force, the project's own (and others') experience indicates that this is a matter of degree, not principle: Collaboration with the private sector is possible.

In addition to time, demonstrating an LED model requires thorough impact assessments based on results chains that allow plausible attribution of impact to the project's interventions. If

stakeholders are not in favour of such an approach, they may need to be overridden on technical grounds.

Focusing an LED project on youth has proven to be difficult. Young men and women are more attracted by jobs in industry and the service sector in cities. Rapid growth there is taking place also without LED projects, which aim to facilitate inclusive development in more disadvantaged areas.