

Ministry of Agriculture and Rural
Development (MARD)
International Support Group (ISG)

**Review of ISG Process
Performance for 2003-2005**

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Prepared By: Dr. Eric Biltonen

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Introduction

In August 2005, an international consultant was recruited by the ISG Secretariat to support the ISG Secretariat and ISG Steering Board in the review of the ISG process performance for 2003-2005. This report presents the findings of that review and offers recommendations for the future direction of the ISG and the development of the 2006 – 2010 work plan.

Purpose and Methodology of Review

This review is motivated by the fact that the Trust Fund for the ISG process is set to expire in December 31st 2005, while the Framework Arrangement (FA), which is signed between MARD and the four core donors: AusAID, Danida, The Royal Netherlands Embassy, and SIDA) covers ISG activities through 2006. In order to seek an extension of the ISG Trust Fund or alternative methods for funding ISG activities, it is first necessary to review ISG's performance to evaluate whether continued funding is justified. Thus, the review will analyze ISG's ability in achieving existing objectives and meeting the needs of relevant stakeholders. The review will also examine whether ISG's objectives are still valid.

The TOR (Annex 1) for the international consultant engaged for this review give the specific objective for the review:

“To review and analyze the operation of the ISG process in the period of 2003-2005 and put forward appropriate comments/recommendations for consolidation and development of the ISG process in the new period, and also for strengthening the organization, financial mechanism, and ISG Steering Board's decision making mechanism in the new period.”

The related output for this component of the mission was given in the TOR as:

A draft review report on the ISG process performance in the period of 2003 – 2005 (in both English and Vietnamese), including recommendations / suggestions as stated in the 1st objective of the mission. The report should also put forward recommendations/rationale to the Government of Vietnam regarding the continuation/future development of the ISG process as a policy dialogue between the Government (MARD), line ministries and donor community. The report should also provide some recommendations and/or suggestions for the ISG core donor group on possible aspects.

There are several key documents pertaining to performance evaluation of ISG during the 2003-2005 period. These include:

- The *Development of ISG Work Plan 2004-2006* report prepared by Dr. Geoff Wright;
- The *ISG Work Plan 2005* prepared by the ISG Secretariat;
- The *ISG Performance Analysis for 2004* prepared by the ISG Secretariat;
- The *Review of the Policy Advisory Briefing Process in the International Support Group* prepared by Dr. Thorsten Celandier;
- *ISG Process: An Update and Recommendations* PowerPoint presentation given at the 10th meeting of ISG Steering Board on 6 July 2005 by Dr. Le Van Minh, Director General of ICD.

In addition, consultations were held with a wide range of stakeholders including Government, donors, international consultants and partnership members. A complete list of persons consulted during the review mission is included in the Annex 2. Additionally, the consultant attended related meetings supported by the ISG: 1) 2nd meeting of the Task Force for Rural

Water Supply and Sanitation Partnership; and 2) the ISG Annual Plenary Meeting 2005 (22-23 September).

Context of ISG Operation

ISG Mandate

ISG MARD was created to provide advice for the effective use of overseas development assistance (ODA). When created in April 1997 it primarily focused on forestry; however, in 1999 its focus was broadened to include a wider range of sectors under MARD's mandate. The ISG falls under the International Cooperation Department (ICD) whose Director General also serves as the Director of the ISG Secretariat. The ISG reports, via the ICD, to the Minister of MARD.

ISG activities are funded by a variety of donors. The main donors form the Core Donors Group (CDG) and include AusAID, Danida, The Royal Netherlands Embassy, and SIDA. In 1999, it was decided that ISG activities would be funded through a Trust Fund to which donors could contribute. The current Trust Fund arrangement is set to expire in December 31st 2005, while the current Framework Arrangement-FA is valid through 2006.

Decision 541 NN/TCCB-QD issued on April 9, 1997 established the International Support Group (ISG) within MARD for the purpose of:

“Providing consultancy to help the Minister of the Ministry of Agriculture and Rural Development in the utilization and further and effective mobilization of ODA resources in service of the development of the Agriculture and Rural Development sector. The Group serves as a forum for exchanging and sharing of information and experience related to the management of the ODA resources of the sector (Decision 541).”

According to decision 541, the members of the group are representatives of relevant Ministries and sectors as well as from the countries and international organizations that provide support to the Agriculture and Rural Development Sector.

The TOR for the ISG included in the *Steering Documents ISG MARD 2003-2005* give the ISG's overall objective as:

“To support MARD generally and ICD particularly in; (i) coordinating with international donors, including NGOs on up-coming projects and programmes, (ii) building partnerships, (iii) fostering Vietnamese ownership of foreign supported projects; and (iv) act as a facilitating mechanism in policy dialogue and coordination at vertical and horizontal levels (donors, ministries and provinces).”

The ISG Log-Frame 2003-2005 gives the overarching goal of ISG as:

“To strengthen MARD ownership, capacity and building of partnerships for the effective and efficient utilization of external support.”

These different documents clearly show that ISG is intended to support MARD and ISG in increasing the effectiveness and efficiency of utilization of external resources. The main tools for accomplishing this are information sharing, policy dialogue and capacity building.

A Framework Arrangement between the MARD and the embassies of Australia, Sweden, Denmark and The Netherlands was signed on 4 March 2004. This Framework Arrangement

was approved based on the signing parties' desire to implement the ISG Work Plan 2004-2006. The Framework Arrangement specifically states that the arrangement does not exclude other donors. In case other donors decide to co-fund the ISG, then the Framework Agreement shall be amended accordingly.

ISG Funding

ISG activities are funded by a variety of donors. The main donors form the Core Donors Group (CDG) and include AusAID, DANIDA, The Royal Netherlands Embassy, and SIDA. In 1999, it was decided that ISG activities would be funded through a Trust Fund to which donors could contribute. The Trust Fund is under the management of the ICD-MARD. The current Trust Fund arrangement is set to expire on 31 December 2005, while the current Framework Arrangement is valid through 2006. MARD-SIDA Cooperation Program commits Sweden to funding ISG process until June 2008. One element of this report is to review the current Trust Fund arrangement to identify a rationale for its renewal including any modifications that might improve its performance.

The FA states that the ICD-MARD will be responsible for administering the ISG Trust Fund which is to be used for Work Plan implementation. The FA gives MARD the sole responsibility for the management, accountability and transparency of the Trust Fund.

The FA states that the four core donors will support implementation of the work plan in equal shares for the cumulative costs. Moreover, the funding agencies agreed to support the ISG in a "flexible" manner, meaning that sufficient funds would be made available for Work Plan operations. Contributions are to be transferred to the ISG Trust Fund of MARD. Any funds remaining as of December 31st, 2006 will be transferred to the funding agencies. If it is decided by ISG or the joint funding agencies that the Work Plan will not be fully implemented, then ISG should arrange for funds to be transferred back to the funding agencies.

ISG Organizational Structure

The current hierarchical structure of the ISG is the ISG Plenary, the ISG Steering Board, the Thematic Ad-Hoc Groups (TAGs), and the ISG Secretariat. These four ISG bodies are described below.

The ISG Plenary Meeting is the highest level body and is open to all participants in the ISG process. The Plenary meets once a year and is chaired by the Minister. The Plenary Meeting serves to provide briefings on MARD's and the Government of Vietnam's current development policies with particular relevance to 1) MARD's mandate, 2) development priorities, 3) trends and tendencies in donor support, 4) on-going and up-coming projects and programs, 5) review and discussions of lessons learned, and 5) presentation of a relevant technical topics by resource people.

The ISG Steering Board is chaired by the Minister of MARD and includes 22 permanent representatives from MARD, Ministry of Planning and Investment (MPI), Ministry of Finance (MoF) and international donors. The Plenary Meeting serves to 1) update and outline the policy framework for ISG and its cooperation with donors, 2) to discuss and select thematic issues to be reviewed and coordinated, and 3) to review and approve plans and budgets.

There are three Thematic Ad-hoc Groups to support MARD and international donors in ODA coordination. Currently, TAGs include the subjects of:

- International Agro-Economic Integration and Policy (TAG-1);
- Hydraulic works developments, disaster control and rural water supply (TAG-2);

- Support Implementation of the Comprehensive Poverty Reduction and Growth Strategy in Agriculture and Rural Areas (TAG-3).

The Paris Declaration on Aid Effectiveness and the Hanoi Core Statement

From February 28 to March 2, 2005 a High-Level Forum was held to examine the issue of increasing aid effectiveness through increased ownership, harmonization, alignment, results and mutual accountability. The driving motivation for this declaration was the desire to meet the Millennium Development Goals and the recognition that meeting the MDGs would require increased levels of effectiveness of available aid. The Meeting developed several areas for reform among countries and donors; all with indicators to monitor progress in implementation. From this meeting, 91 countries, including the European Union and 26 participating organizations issued this set of principles, reforms, and progress indicators as *The Paris Declaration on Aid Effectiveness*. A central principle to this effort was mutual accountability among donors and countries.

Following the Paris Meeting, another meeting was held to localize for Vietnam's needs the principles, reforms and indicators from *The Paris Declaration*. The localized areas for reform with indicators were issued as *The Hanoi Core Statement* (included in Annex 4). The main areas for reform in increasing aid effectiveness are:

1. Ownership
 - a. Vietnam defines operational development policies
2. Alignment
 - a. Donors align with Vietnam's strategies and commit to use country systems
 - b. Vietnam strengthens institutional capacity with support from donors; donors increasingly use government systems
3. Harmonization and Simplification
 - a. Donors implement common arrangements and simplify procedures
 - b. Complementarity: more effective division of labor
 - c. Incentives for collaborative behavior
4. Managing for Results
 - a. Managing Resources and improving decision-making results
5. Mutual Accountability
 - a. Government of Vietnam and donors are accountable for development results

These areas present several opportunities where ISG can play a lead or significant role for implementation of the Hanoi Core Statement within MARD. The review and revision of ISG's objectives will need to reflect these important areas agreed to by donors and the Government.

Review and Evaluation of ISG Performance for 2001-2005

The following sections provide a review of the ISG process during 2001-2005. The review and evaluation relies on previous performance reviews and recent updates. The following section highlights the major achievements ISG has made in the most recent period. The second section analyzes some of the major issues previously identified and describes the work done to address these issues.

Key Achievements for ISG Performance 2004-2005

The evaluation of progress made by the ISG during the 2003-2005 period built upon the framework provided in the discussion on the existing performance analyses. The reviewed materials highlighted the key issues and weaknesses of the ISG performance. In general, it can be seen that the ISG Secretariat has taken criticisms and recommendations seriously and acted in an enthusiastic and motivated manner to rectify shortcomings and further improve strengths. For this, the ISG Secretariat should be highly commended. Specific achievements of ISG process during 2004-2005 are given below for the Policy Dialogue Forum, Donor Coordination, and Information Dissemination.

Policy Dialogue Forum

The Policy Dialogue Forum is the main tool of the ISG process for facilitating ODA coordination and providing policy advice to the Minister. Key achievements in this area were that 104 meetings were held in 2004 with 4 percent of the participants at the Minister and Ambassador level, 43 percent at the departmental level, and 53 percent from the officer level. During 2004, efforts were also made by various agencies in the development of sector roadmaps and strategies. Meetings included the Plenary Meeting, Steering Board Meetings and TAG meetings. Meetings were prepared in collaboration with different MARD departments, donors, and provinces to ensure increased ownership and relevancy.

During 2004, there were seven meetings held in the provinces and the ISG made 18 visits to the provinces. A provincial dialogue platform was setup in five provinces. The main purpose so far is the exchange of information and contribution to policy issues at the provincial level. Provincial representatives prepared lists of priority issues in Agricultural and Rural Development for the provinces. This demonstrates an increased implementation of a participatory strategy in policy planning by the ISG process.

The ISG Secretariat also prepared a template for the Policy Advisory Briefings. A review of the Policy Advisory Briefing Process was undertaken by an international consultant, Mr. Thorstern Celandier. A first draft of a PAB was undertaken and reviewed after being synthesized by the ISG Secretariat.

Several workshops were prepared including an Avian Influenza Conference co-organized by the ISG Secretariat, ICD, the Department of Animal Health and the World Bank. Other workshops included preparation for the mid-term CG meeting, a national rural water supply and sanitation workshop, and a national workshop on results-based and CPRGS planning.

Three thematic studies were proposed in 2004 for TAG1. Additionally, in 2004 the ISG assisted with the GoV-Donor Sector Review of Rural Water Supply and Sanitation in Vietnam. Results of the Thematic Studies are available on the ISG website.

In 2005, the ISG facilitate support to the development of the Five-Year Agricultural and Rural Development Plan. This action provided a unique forum for donors and MARD to dialogue on and provide concrete inputs to development of a major MARD policy.

Significant achievements were made by the TAGs during the first part of 2005. TAG1 monitored and supported implementation of three study proposals approved by ISG SB Chairman. TAG2 helped to support the joint GoV-Donor RWSS sector review including organization of meetings, workshops, information sharing. TAG2 is also supporting formulation of RWSS sector partnership. TAG3 supported efforts in implementation of CPRGS in the Agriculture and Rural Development sector. TAG3 was instrumental in coordinating with the Planning Department in preparation for introduction of guidelines for formulation of new FYPs and the 2006 plan for Provincial Dialogue Platforms. TAG3, in

collaboration with IFAD, organized a workshop between 12 provinces to share information and experiences on community empowerment and community-based planning.

Most recently in 2005, the ISG has hosted the Plenary Meeting with the topic of “Investment for the Agriculture and Rural Development Sector.” This important forum attracted participants including from MARD, donors, and the domestic and foreign private sectors. This forum helped lay the groundwork for ICD taking on the important function of coordinating FDI in the ARD sector. During the meeting, ISG was identified as a potentially key player in this function.

Other meetings in 2005 included several Task Force meetings on the formulation of the Rural Water Supply and Sanitation Partnership. The consultant attended these meetings and the agendas had clear objectives and identified the specific decisions each meeting needed to make.

Coordination

While there is still a lack of a mechanism for the annual analysis of this function, progress has been made. In 2004, a new sector ODA regulation was promulgated. Additionally, preliminary evaluation reports on ODA and FDI in this sector were prepared. The *ISG Performance Analysis for 2004* reported that overlap among donor-funded programs and projects had been “remarkable reduced.” However, it is unclear how this conclusion was reached.

Within MARD, an expert network was established although in 2004 this mainly focused on information exchange and contribution to policy issues. In 2005, ISG supported MARD in the formulation of a pilot system for monitoring and evaluation of ODA projects in the water sector. ISG supported MARD (CPOs, ODA projects) in the introduction of a harmonized progress reporting tool approved by five donor banks (WB, ADB, KfW, AFD, and JBIC). ISG also coordinated MARD-ICD to organize a training workshop on the application of the new reporting format and tool.

Information Dissemination

During 2004, MARD computerized and placed on the internet a database of ODA and NGO programs and projects. This database is currently managed by ICD with support from ISG. Additionally, numerous legal documents and studies were made available on the ISG website. In 2004 it was reported that there were 212 registered users of the ISG ODA database.

In 2004, a technical advisory group of experts provided by donors and MARD-ICARD was established. The purpose of this group is to provide advice on the development of an information system. So far, no mechanism has been proposed to mobilize this group.

ISG’s regular newsletters were published several times during the year. Circulation of the newsletters included provincial representatives. There is a general perception that the website is of high quality and user-friendly. The ISG Secretariat continued to improve the website by adding new tools and applications such as news section and a search engine. Key users were provided accounts to post their news and participate in the Development forum. Additionally, ISG members have been continuously encouraged to submit their own items for the newsletters, and in fact many good articles have been sent to ISG Secretariat for the newsletter.

An annual monitoring and evaluation report based on indicators in the work plan is produced and circulated to all stakeholders. Additional information for the evaluation was gathered through a questionnaire designed by the ISG Secretariat. In 2004, plans were made to produce

a financial audit and produce a report each year. Finally, the ISG Secretariat produced bi-annual reports for the Core Donor Group.

In 2005, ISG held a workshop for collection of comments from ICD officers and related partners for completion of the ICD website and the database. The ISG also provided training for ICD officers on networking.

Main Issues for ISG Process

A general review of the ISG process was conducted for the *Development of the ISG Work Plan 2004-2006* prepared by Dr. Geoff Wright (hereafter referred to as the “2004 review”). This review was based on various documents, stakeholder meetings, and TAG meetings. The review identified several important issues that the consultant recommend be addressed for improving the ISG process. These identified issues are briefly described and updated below.

General

Role of ISG and Scope of Activities

At the time of the review (early 2004), it was concluded that the role, long-term objectives, and scope of activities for ISG were neither clearly defined nor agreed to by the key stakeholders. The main issue either was whether ISG should emphasize policy dialogue or coordination of donor funding. Additionally, there was a view among some within MARD that the ISG should take an active role in implementation of policy initiatives. It was recommended that ISG should focus on providing the mechanism for high-level policy dialogue.

A strategy was suggested where the ISG facilitate thematic studies through identification, proposal development, and identification of donors willing to support the studies. In general, the studies were to focus on issues for improving the policy development process within MARD. It was recommended that ISG ensure that knowledge from the studies be fed into the process for maximum impact. The *ISG Performance Analysis for 2004* showed that a number of thematic studies had been proposed and submitted to the Steering Board for approval. However, the list of potential study topics identified by MARD was too large with no clear process for prioritizing and approving proposals.

Process for Developing Work Plans and Monitoring Implementation

- The review identified the need for ISG to define a clear process linking ISG objectives and TORs to specific annual work plans. This process would also include processes for monitoring and reporting implementation.

It was recommended that the ISG Secretariat develop a formal process for review, revision, and approval of the annual ISG work plans.

The *ISG Performance Analysis for 2004* reported that two international consultants had been engaged in this task, but did not develop clear results. However, the work that has been undertaken has been put into use. There is still an ongoing learning-by-doing approach in developing this process. The Performance Analysis suggested that the annual work plan development would benefit from a more systematic approach.

ISG Funding

The 2004 review noted the need to make provision for extending the Trust Fund or identifying alternative funding mechanisms. It noted that the issue would be resolved in the finalization of the 2004-2006 MOA (now the Framework Arrangement) between MARD and the four core donors.

ISG Financial Situation

A financial audit of ISG was conducted by Grant Thornton, an independent auditor, for 2001-2003. The audit concluded that ISG used funded sources in accordance with the set objectives. Relative to the total cost for the ISG activities, the results attained through the ISG show that the ISG process is an effective project.

Since its establishment, all budget items for the ISG process are disbursed in accordance with the regulation on management and utilization of the ISG Trust Fund, issued in attachment to the Decision 2204/QĐ/BNN/TCKT dated 24 May 2001 by the Minister of Agriculture and Rural Development. According to the Framework Arrangement (FA), to ensure expenditures are realistic, ISG Trust Fund operates with cost norms as stated in the EU Guidelines for Financing of local costs in development cooperation with Vietnam. However, the regulation on the management and utilization of the ISG Trust Fund is still followed. The ISG Trust Fund operation is managed and monitored by the Ministry of Agriculture and Rural Development.

Annually, ISG Secretariat produces financial reports according to a common format agreed to by the members of the ISG Steering Board. Additionally, ISG also produces financial reports in accordance with Vietnamese regulations which are submitted to relevant Vietnamese agencies.

Policy Dialogue Forum

Policy Dialogue

At the time of 2004 review, it was reported that there was a general view that policy dialogue was not being conducted in an optimally effective manner. It was recommended that the Government of Vietnam make better use of the donors as a source of information and ideas. Moreover, there should be regular briefings to donors on policy decisions made in meetings, so that donors could more effectively align their cooperation with the Government's priorities.

TAG groups were recommended to have a more effective Dialogue on detailed policy issues related to their specific themes. A shortcoming of the TAG meetings was identified as the wrong people were involved, especially for eliciting policy impact. In order to get the right people involved, it was recommended that MARD take more ownership of the ISG process and make involvement in the ISG part of the normal work load. The *ISG Performance Analysis for 2004* stated that the TAG2 and TAG3 groups provided the only mechanism within MARD for discussion of their particular themes (relates only to sensitive issues for TAG2).

The 2004 review recommended a strategy for developing Provincial Dialogue Platforms. The Strategy called for use of existing provincial networks in the form of donor-funded projects and DARDs. It was recommended that key provincial representatives be invited to participate in the ISG process. The *ISG Performance Analysis for 2004* indicated that five Provincial dialogue platforms were set up in pilot fashion. Constraints included a lack of skills at the provincial level in terms of IT, language, analysis and identifying issues. It was recommended that better training be provided to the provinces to improve this situation with the training provided by other stakeholders.

Meeting Preparation and Conduct

The 2004 review noted that the meetings at all levels were seen as not very effective. Weaknesses identified at the time included plenary meetings that were too formal and lacked real dialogue; TAG meetings were poorly structured; poor preparation prior to meetings; and lack of clear purpose. The *ISG Performance Analysis for 2004* reported that some

stakeholders felt there were too many meetings. There tended to be greater participation at the *ad hoc* and special meetings. The analysis recommended greater participation in preparation of the meetings. The Performance Analysis stated an improved process was put into place for 2004, including meeting agendas with clear objectives and purposes.

Process for Providing Advice to the Minister

While this role is clearly under the mandate of the ISG, no mechanism was clearly identified during the 2004 review so that ISG could effectively advise the Minister. Two weaknesses were identified in that first no consensus was reached by ISG stakeholders and second no endorsement was made of any policy outcomes.

A strategy was recommended to address this problem that involved the development of a long-term MARD-donor partnership roadmap. The roadmap would be used to guide cooperation in policy development and donor assistance coordination. The second aspect of strategy called for the development of six-monthly Policy Advisory Briefings (PABs) which would be one-page summaries of issues considered in the ISG process. The briefings would report areas of consensus or no consensus existed.

A review was carried out on the Policy Advisory Briefing Process by Thorsten Celander. The first Policy Advisory Briefing (PAB) was on “Streamlining CPRGS into MARD Rural Development Strategy.” The review first recommended that the purpose be reformulated to better reflect the expectations of the ISG’s members. Other limitations identified by the Celander review include that the PAB drafting process be solely undertaken by department heads and that PABs are only one-page summaries. Experience from development of the first PAB showed that a standardized process was not an appropriate approach.

The *ISG Performance Analysis for 2004* indicated that efforts were made to develop several sub-sector road maps, but realization of a MARD-Donor roadmap on policy development and coordination remained questionable. It was indicated that there were insufficient inputs for synthesis to develop the general roadmap. Moreover, the Performance Analysis suggested that no guidance was available to develop such a roadmap.

Coordination

Coordination

A need was identified for ISG to act as a focal point for the many activities related to the functions of MARD where donors were or potentially would be involved. This would involve many stakeholders including: donors, NGOs, TAGs, partnerships, ISGE, other ministries, and the provinces.

It was recommended to strengthen coordination between the three TAGs, the partnerships, MPI and ISGE. Additionally, a call was made to strengthen vertical coordination with the provinces, although it was unclear to what degree ISG could carry this out. Finally it was recommended that MARD assign specific responsibilities for interdepartmental and provincial coordination and communication.

The *ISG Performance Analysis for 2004* reports that ISG supported MARD in revising the regulation on management of ODA resources. Moreover, MARD has given responsibility for managing and monitoring FDI to ICD. Recommendations included strengthening ISG capacity to support MARD’s institutional development activities. These activities were also recommended to be shared with the donor community for support.

Involvement of MARD Departments

The 2004 review stated that MARD departments generally remained isolated from the ISG process. This was seen to have a significant constraint on the potential impact of the ISG process. The review state that ISG could be a catalyst for mobilizing MARD staff, but ISG should not support departments directly with work implementation. Potential areas for ISG involvement were identified as capacity building in communication and coordination, both in ICD and other MARD departments. The 2004 review recommended the establishment of an “expert network” to act as a communication channel assisting with coordination and communication. Moreover, this network would be composed of technical experts rather than management personnel.

The *ISG Performance Analysis for 2004* also reported that an informal expert network had been established including ISG Secretariat, TAG technical coordinators, ICD, and several MARD departments. However, active involvement is highly dependent on members’ work loads. The motivation of members to participate needs to be improved. Moreover, it was recommended that donors be more active in sharing MARD requests and donors’ responses.

Information Dissemination

At the time, it was felt that ISG’s information dissemination function was being well performed, but that improvements could still be made. It was recommended that the project database include government-funded programs in addition to foreign-funded ones. Related legislation from other ministries could also be added to the database. Finally, it was hoped that the database would become more integrated and use more consistent document formats. Finally, it was recommended that the newsletter could be made more professionally.

The *ISG Performance Analysis for 2004* indicated that the ISG database was held in generally high regard by stakeholders. However, it was also pointed out that the volume of information related to policy and in support of dialogue was too large for the given resources. Efforts were made to mobilize an expert network on developing an efficient information system, however, this was limited to a proposal and TOR. A constraint cited in the performance analysis is that donors do not give the ODA database development high priority. Also, ISG only has a part-time IT person which creates delays in updating the system.

Results of ISG Stakeholder Consultations for 2005

In order to bring the performance analysis up to date a series of consultations were held with stakeholders, including MARD departments, other ministries, and donors, to gather up-to date perceptions, feedback, and recommendations on the ISG process. These are presented in the following sections. These sections rely primarily on the stakeholder consultations, but also on the review of various documents and attendance at meetings. The review is designed to give a qualitative picture of how ISG is performing. *The sections present ALL stakeholder views gathered during the consultation process. This is meant to give transparency to the process of developing this review and the new work plan. Therefore, some listings in the SWOT analysis and other sections may not be consistent or relevant.* This section combined with the previous section form the basis for the Key Issues review and recommendations.

The consultation emphasized a SWOT analysis, potential new roles for ISG, and general recommendations for the future direction of ISG. The findings from these three exercises are presented below. The findings were used in combination with the findings of the 2001-2004 review (above) to identify important issues and develop recommendations for development of a 2006 – 2010 work plan.

SWOT Analysis

A SWOT analysis was conducted based on stakeholder consultations. A wide range of view points were gathered and most are presented here. The SWOT analysis indicates that many of the original key issues remain important, although an acknowledgement of significant progress is recognized by all stakeholders.

Review of the ISG Process Performance for 2003-2005

Strengths	Weaknesses
General	
Broad support among interviewed stakeholders for ISG purpose and functions	ISG process is not fully owned by MARD resulting in loss of impact
Staff of ISG Secretariat are capable, motivated, and helpful	ISG not viewed as core part of ICD
MARD leaders support ISG and see need for it	
Key Area 1: Facilitation of Policy Dialogue	
Improved structure of TAGs, meeting agendas, and senior representation	Meetings not always clear in their usefulness, although much improved agendas
Improved dialogue with donors and provinces	Impact of PABs is negligible/unclear
Policy Dialogue Forum is facilitate meetings between MARD and external institutions	ISG needs better understanding of departmental priorities, new policies and regulations
Provided excellent platform for involvement of donor community during the formulation of the 5-year Agriculture and Rural Development Plan.	TAG2 has not provided much value for its efforts, due to GoV institutional rearrangements in the water sector (i.e. MARD-MONRE)
Dialogue increases mutual understanding and trust	TAG3 (CPRGS implementation) still seems to lack clear direction, although there is good cooperation
Improved coordination of ISG activities with other ministries	Unclear relationship with MARD partnerships
Improved coordination with partners for joint activities (e.g. IFAD, CECI)	
Key Area 2: Donor funding coordination	
Trust Fund is good mechanism for flexibly responding to needs	
ISG knows the donors well, can facilitate links between departments and donors	
Key Area 3: Development and Coordination of Thematic Studies	
	Little done for thematic studies
Key Area 4: Support to ICD	
Key Area 5: Information gathering and dissemination	
Good operation of ISG information system (website, emails, ISG Newsletter, Monthly briefings, databases, LAN...)	Available information, including ODA database, has inconsistent quality and sometimes not up-to-date. Depends on the cooperation of different stakeholders, GoV agencies, and donors
ISG Secretariat is efficient means of obtaining information	Weak knowledge building on outcomes of organized events
Key Area 6: Capacity building and management processes	
Training in use of Log-frame as a planning tool was very useful	Not enough expertise in the Secretariat, including for “back office” activities
Key Area 7: Monitoring and evaluation	
Good progress in implementing an M&E system for ISG	M&E system need more work, performance indicators

Opportunities	Threats
General	
Restructure Trust Fund mechanism so resources can be used for strategic activities.	Full MARD ownership will eventually require MARD to fund ISG activities
	Constraints facing ISG that are responsibility of MARD and not ISG
Key Area 1: Facilitation of Policy Dialogue	
Expand Dialogue process to bring in regional experiences from other countries	Need to get all relevant parties involved in decision-making
Need improved mechanism for facilitating development of MARD's long-term plan.	Senior representation improves impact, but it is harder to arrange
Decision of Minister to make TAGs part of official annual work plan rather than voluntary extra work	Increased decentralization results in more projects going directly to the provinces and increases difficulty of sector coordination
Increased local-level capacity building (Province, District and Commune)	Development of PAB is too slow and not needed with a strong minister
ISG can have an ongoing coordinating role for the various Partnerships	ISG process not mainstreamed within MARD
Key Area 2: Donor funding coordination	
Increased adoption of sector and program approaches point to need of coordinating body to bridge across sub-sectors and departments.	Lack of effective decision-making mechanism for project formulation and resource mobilization
Promote implementation of joint approach for donor projects.	Need to start preparing now for eventual withdrawal of donor support
Key Area 3: Development and Coordination of Thematic Studies	
Policy Dialogue needs to be based on research.	
Key Area 4: Support to ICD	
Key Area 5: Information gathering and dissemination	
Form a TAG on information and data; would focus on M&E, policy and planning. This could also be linked with other countries in the region.	Need new method for communicating information to the poor
Facilitate sharing between projects to develop lessons learned and present comprehensive picture to the Minister	
Key Area 6: Capacity building and management processes	
Increased utilization of national consultants to boost capacity of ISGS and ICD	Small staff numbers limit ability to expand capacity or workload
Facilitate implementation of CPRGS and use of log-frame for planning purposes	
Key Area 7: Monitoring and evaluation	
Could combine MPI's and ISG's M&E tools for regular service and benchmarking M&E	Impacts of ISG activities are hard to measure due to their policy nature
Need for an evaluation of sector performance in meeting National Strategic Goals	
Performance monitoring of ODA for support in policy discussions.	

Potential New Roles for ISG Suggested by Stakeholders

During stakeholder consultations, interviewees were asked for their suggestions for potential new roles for the ISG to take on. The suggestions can be broadly categorized under three topics: coordination, dialogue, and support. It needs to be stressed that these potential roles were identified during stakeholder consultation and therefore act as a bridge between the performance evaluation and the final recommendation provided later. They are presented here to lend transparency to the participatory process by which this report was conducted. Analyses of the different roles are given in the chapter "Issues for the Future ISG Activities." The summary of potential new roles is given below:

Coordination

- Help MARD with move to sector/program wide approach (SWAPs)
- Help merge Donor and Government funding into a single comprehensive program
- Fill gaps between MARD and donors, between donors, and somewhat between line agencies
- Facilitate identification of sectors that are well supported to help avoid duplication of efforts and avoid conflicts
- Facilitate better integration of MARD departments
- Facilitate inter-ministerial communication on the aspect of international cooperation

Dialogue

- Network facilitator between departments and experts to answer questions
- Facilitate participatory policy development; bridging policy level and technical levels
- Information and communication with donors and other related sectors.

Support

- Facilitate training in departments on priority issues
- Facilitate performance M&E and enhance PAR
- Study consolidation and facilitator/disseminator
- Promote regional lessons experience
- Support ICD, help to implement ICD tasks (but only tasks prioritized by ICD Director)
- Facilitate and support coordination of FDI

Summary of Recommendations and Suggestions from Consultations

ISG Stakeholders were asked to give suggestions and recommendations to be considered for the 2006-2010 work plan and future direction of ISG. These recommendations are summarized and given below.

Ownership of ISG Process

- Donors need to make more use of ISG, which can be achieved by MARD more strongly utilizing the ISG process.
- Donors should be seen as a resource for policy formulation.
- ISG topics should have mutual interest for donors and Government to encourage cooperation
- Make cooperation between Partnerships and ISG mandatory (even though good in the past).

ISG Organization

- Should expand membership of Steering Board to include more members from departments
- TAGs should involve more technical staff and technical people are ones who use the information. Senior staff are hard to organize and rarely participate for the whole meeting
- Future duration of ISG is between 3-10 years
- Management of ISG Trust Fund needs to be improved to allow more effective mobilization of resources.

Policy Dialogue

- Need improved collaboration and consultation with the departments to make policy advice useful
- Need to expand linkages between MARD and provinces
- Participating provinces should be in same geographical area, then can utilize a horizontal coordinator.
- Coordination with departments and provinces is too difficult for ISG and should be the responsibility of MARD.

Capacity Building

- Need for technical expertise should be met through more effective relationships with different departments.
- Need more local level capacity building
- ISG needs more staff to carry out its mandate
- More training programs need to be organized

Information Sharing and Dissemination

- Need to improve analysis of information provided. This will help give more guidance
- Need to develop a coordinator network to organize support for process and reporting
- ISG needs a sectoral data coordinator

Monitoring and Evaluation

- Need to assess ability of MARD to use ODA including impact
- ISG studies should be cross-cutting issues (e.g. bring benefits to the poor).
- Six-month progress report needs more analysis and reporting on why and why not things have been achieved (but only about 2-3 pages long).

The potential roles and recommendations reflect the interests of ISG Stakeholders. In general, the list of potential roles and recommendations indicate that ISG is essentially on course to serve its intended and expected purpose. The consultant opinion is that the two main areas for ISG work are to continue building the Policy Dialogue process so that interests and priorities of MARD, donors, and FDI entities are more effectively brought into line with each other. ISG must strengthen its capacity building efforts to enable MARD to effectively manage new approaches being implemented in regard to ODA for effective donor coordination. These two main areas can be effectively addressed by emphasis on the following five issues:

- Implications of and methods for implementing a program/sector approach to donor coordination;
- Implications of and methods for implementing the Hanoi Core Statement;
- Effective and timely monitoring and evaluation of MARD's ability to effectively utilize ODA so that priority needs can be addressed and new needs identified;
- Facilitating development of sector partnerships through the TAGs; and,
- Facilitating an effective MARD-Donor management mechanism for ISG.

Issues for Future ISG Activities

The findings from the consultations identified a number of important issues to be considered in justifying and planning for the future work of ISG. The following sections give a brief overview of each issue followed by the consultant's recommendation.

Trust Fund Extension

The most pressing issue facing the ISG is the expiration of the Trust Fund in December 2005. Options include:

1. Extend the Trust Fund as is and ISG could continue to operate; or,
2. Modify to terms of the Trust Fund or adopt a new funding mechanism.
3. Letting the Trust Fund expire and ISG would cease to operate;

The review of progress reports and the numerous consultations indicated a broad consensus for the ISG to continue operating. Moreover, there were no objections to an extension of the Trust Fund as it currently exists. None of the consultations revealed any strong ideas for alternative funding scenarios. It should be noted that in the MARD-Sida Cooperation Program, Sida committed to supporting ISG through December 2007.

One concern was raised that ISG needs more flexibility in accessing the Trust Fund's resources so that strategic activities can be funded more easily. This, however, is primarily a matter for the relationship between ISG and ICD (the Trust Fund's manager) and not a matter of how the Trust Fund is formulated.

Recommendation: It is recommended that the Trust Fund be extended until 2010. This recommendation is based on the generally favorable perception of ISG's performance and usefulness. The year 2010 as a deadline provides for a sufficiently lengthy period that ISG can operate with predictability and certainty. Moreover, it appears likely that the need for ISG's services will continue throughout the proposed time frame. Final approval should be conditional on agreement between ISG, MARD and donors on the proposed 2006-2010 work plan.

Framework Arrangement

The Framework Agreement between MARD and the four core donors will expire at the end of 2006. In order to ensure smooth operations and to create more certainty on the future of ISG, it is necessary to consider the future of the Framework Arrangement. There are a few key points related to the Framework Arrangement. First, it appears that development of the Arrangement entailed more than one year for drafting, while it only pertained to a period of three years. Second, the Framework Arrangement was developed in order to support implementation of the 2004 – 2006 work plan. Third, the Framework Arrangement does not necessarily guarantee continued support from the donors, but is based on successful implementation of the work plan and financial need of ISG. Last, the Framework Arrangement allows for other donors to co-fund the ISG through the Trust Fund.

There are two options for the Framework Arrangement. The first option is to leave it as it and seek a new agreement for the 2007 – 2010 period (i.e. after successfully completing the 2004-2006 work plan). Under the first option, it would be logical to seek only a one year extension of the Trust Fund. The second option would be to immediately begin making arrangements to extend the Framework Arrangement until 2010 in line with the Trust Fund. Of course,

continuation of funding and the Framework Arrangement should remain contingent upon successful implementation of ISG's work plan.

Recommendation: Upon approval of the ISG 2006-2010 work plan, it is recommended that the ISG immediately begin pursuing actions to realize an extended or new Framework Arrangement until 2010 (i.e. MARD is suggested to seek commitments (financially and technically) from MARD and potential donors for implementation of the new work plan for 2006-2010.

New Objectives for the ISG 2006-2010

Several developments in Vietnam call for a review and revision of the objectives for ISG. First, the evolution of the ISG and development in Vietnam has somewhat altered the functions required of the ISG, although not dramatically. Secondly, the recently issued Paris Declaration and the Hanoi Core Statement have important implications for the role and functions which the ISG seeks to fulfill. Lastly, there is an increasing need to incorporate services for attracting and facilitating FDI.

There are two key principles adopted for formulation of the new objectives. The first is that the ISG possess continue in the roles it carries out. While there is need to modify the objectives to ensure they remain valid for the needs of MARD and the donors, there is also a need to maintain some consistency with existing objectives to continue building credibility and trust between relevant parties. The second key principle is that the new principles reflect any changes in policy or principle adopted since the last principles were formulated, especially the Hanoi Core Statement.

During the work for this review, consultations were held with a number of government officials and donors to gather view points on past performance and current needs. These view points have been incorporated into the draft objectives presented in this section.

The over-arching goal of ISG as given in the ISG Log-Frame 2003-2005 is:

“To strengthen MARD ownership, capacity and building of partnerships for the effective and efficient utilization of external support.”

Three sub-objectives were derived from the over-arching goal:

Objective 1: Provide a forum for discussions and exchange of experiences and policy dialogue within and between MARD and donors to improve learning and policy development in MARD and donor organizations.

Objective 2: Ensure a pro-active role of MARD in formulation of foreign-funded programs/projects, in order to ensure that donor funded projects are in line with the policies of MARD and Government of Vietnam.

Objective 3: Ensure that information related to on-going and pipe-line foreign-funded natural resource management projects/programs is available.

Based on the over-arching goal and three sub-objectives, a set of key result areas were developed. These represent the key activities in which the ISG needs to participate in order to fulfill its role. These seven key areas are:

1. Facilitation of policy dialogue
2. Donor funding coordination
3. Development and Coordination of Thematic Studies
4. Support to ICD
5. Information gathering and dissemination
6. Capacity building and management processes
7. Monitoring and evaluation

There are several issues currently affecting the existing goals, objectives and key areas. Two key issues are that responsibility for FDI coordination has recently been assigned to ICD and the Hanoi Core Statement.

In order to accommodate responsibilities related to FDI and the Hanoi Core Statement, some changes will be required. As neither of these issues drastically changes the fundamental objectives of ISG, the overall goal and three sub-objectives can remain essentially the same. It is recommended that the overall goal of ISG be amended to include implications arising from the Hanoi Core Statement. Additionally, it is recommended that Objective 1 be altered to allow for the participation of foreign-funded enterprises and domestically-funded enterprises seeking foreign financial support.

The Key Areas can generally be separated into core activities (i.e. policy dialogue, donor funding coordination, and information dissemination) and four supporting activities (i.e. thematic studies, support to ICD, capacity building, and M&E). These classifications are based on the consultations and what people stated were the most useful functions and differ slightly from those made in *Development of the ISG Work Plan 2004-2006*. These classifications are also supported by the actual work load as reported in the most recent Performance Analysis.

Upon review of the existing Key Areas, specific objectives, and the 2004 Performance Analysis, several changes are recommended. These changes are meant to eliminate redundancies and provide a clearer logical framework for the ISG's activities. Firstly, Key Area 4: Support to ICD has never been well-defined, significantly overlapping with capacity building and monitoring and evaluation functions. Moreover, it can be argued that all ISG activities are to support ICD (which then supports the Minister). Therefore, it is recommended that Key Area 4: Support to ICD be eliminated. Secondly, the Development and Coordination of Thematic Studies is a rather small component of the ISG's work load and because ISG cannot implement studies, it is unlikely to grow significantly. It is therefore suggested that Key Area 3: Development and Coordination of Thematic Studies be eliminated as a Key Area and instead be included as a specific objective under other Key Areas. However, as policy dialogue needs to be based on research and should remain an important activity of the ISG.

The preceding recommendations leave five Key Areas: three of which are core and two are supporting/cross-cutting. Thus, the proposed overall structure of the Key Areas is illustrated in Figure 1.



Figure 1. Proposed structure of ISG Key Areas: Core and Cross-cutting

Recommendation: It is recommended that the overall goal of ISG be amended to include implications arising from the Hanoi Core Statement. This is an important statement and implementation should explicitly be made a part of ISG’s work activities.

Recommendation: It is recommended that Objective 1 be altered to allow for the participation of foreign-funded enterprises and domestically-funded enterprises seeking foreign financial support. This recommendation was supported by the ISG Plenary Meeting on September 22-23, 2005.

Recommendation: It is recommended that Key Area 4: Support to ICD be eliminated as all ISG activities “support” ICD within ISG’s mandate. This also eliminates previous redundancies with Capacity Building and Monitoring and Evaluation.

Recommendation: It is suggested that Key Area 3: Development and Coordination of Thematic Studies be eliminated as a Key Area and instead be included as a specific objective under other Key Areas. Facilitation of Thematic Studies will remain a key activity, but will be classified as a specific objective in accordance with its likely size in the future work load.

Recommendation: Due to the important role played by the ISG, it is recommended that finalization of ISG’s goals and objectives be based on high-level consultations between MARD and the donors. This will allow for the highest degree of ownership and consensus.

Policy Dialogue Forum

Two main concerns were raised during the review of the Policy Dialogue activities. The first is that while the ISG Secretariat has done an excellent job of responding to past criticisms and improving the structure of meetings, the role and purpose of the Policy Dialogues in the overall policy development process remains unclear. The Policy Dialogues need to be formulated so that they are part of an on-going action process rather than one-off events. This results in some ISG stakeholders questioning the usefulness of the Policy Dialogues. In general, improvement of this first concern relies on increased ownership of the ISG process

by both MARD and the donors. In addition to exchanging information of project developments, meetings should be responding to current policy issues and producing value-added output. Preferably, many of the priority policy issues would be articulated directly by the Minister.

Increased ownership relates to the second concern which is the need to effectively build knowledge based on the meeting's discussions and outputs. Meeting minutes are easily available but generally do not represent dialogue "product." It would be conducive to the policy development process if dialogue output were "packaged" in a more effective manner. The final product could then be something akin to a Policy Advisory Briefing (as suggested in the Guidelines on Developing PABs). Meeting agendas could be structured along the lines of the output statement so that development of meeting output would be quite efficient. Meeting output would then highlight decisions made, options or recommendations generated, and future work requirements. The meeting output could then be effectively transmitted to the Minister and donors, who could quickly react to it and give guidance to ISG for what work would be needed next. In this way, meeting output would link directly into the policy development process and serve as an input into a "living" work plan.

The Policy Dialogue forum provided for the development of the new Five-Year Agriculture and Rural Development Plan was highly appreciated by all stakeholders. This forum was often cited as the best example of ISG's role and potential. The forum provided an excellent opportunity for MARD and donors to interact. In this sense, donors were utilized as sources of information and experience, which all donors would like to see more of in the future. However, there was criticism that the process was not set-up in a sustainable fashion and that the current draft of the Five-Year Plan is not as good as the first draft and does not as strongly reflect donor interests and priorities. In the future, these types of Dialogue Forums should be structured to carry through until the new policy is finalized.

In recent years, Vietnam has been faced with a number of important crises including SARS and the Avian Influenza. ISG is in a good position to help facilitate discussion on these urgent issues due to their cross-cutting nature. However, it is difficult to predict when such emergencies might arise. ISG should make arrangements in their budget to allot a small amount of funds for quick response in the event such issues arise in the future.

Recommendation: Meetings need to adopt a more output oriented purpose. Exchange of information and dialogue are important components of these meetings; however, ideally meetings are responding to priority policy issues. Many of these issues should be articulated by the Minister.

Recommendation: As an output-oriented meeting, each meeting should produce value-added output. This could be similar in form to the PABs, so that decisions, recommendations, and needed work are quickly conveyed to key stakeholders for action. This would also help to demonstrate a cumulative direction and impact from meetings.

Recommendation: In the future, the types of Dialogue Forum created during the development of the new Five-Year Agriculture and Rural Development Plan should be structured so that the process is sustained until a final version is developed and submitted for approval.

Recommendation: ISG should establish a budget line for the purpose of responding to the emergence of urgent crises with cross-cutting implications on the Agriculture and Rural Development Sector.

Coordination of FDI

ICD has been given the task of coordinating FDI for MARD. At the recent Plenary Meeting it was recommended the ISG would make an effective focal point for this effort. The main tasks would be:

- Provide relevant and timely information for potential investors;
- Facilitate studies to identify appropriate and desirable areas for investment;
- Develop proposals for attracting FDI, especially based upon potential real investments;
- Facilitate the building of capacity on different models of FDI such as BOT, BOOT, etc.

There was some concern that FDI would distract from the focus on poverty alleviation, a main objective of most bilateral donors. While FDI can be effectively mobilized and coordinated on a sub-sector level, ISG is in an excellent position to ensure that cross-cutting issues such as poverty alleviation are incorporated into sub-sector FDI plans. Moreover, it must be recognized that effective poverty alleviation will be more effectively achieved through pro-poor FDI strategies than solely through poverty alleviation activities. That is, sustainable poverty alleviation requires the economic growth that FDI can bring. FDI related activities pursued by ISG should be viewed as complementary to the aims of ODA.

It may be possible to eventually develop a permanent FDI unit within MARD-ICD for this purpose. ISG could facilitate the development of an FDI unit much in the same way it has facilitated the formulation of partnerships. A TAG-type group could be established to assist in this function; however, this would likely have to come at the expense of another TAG given the resources. Alternatively, FDI issues could be incorporated into TAG1 on economic integration. This is probably the better option initially as it is an existing mechanism for dialogue. As this is a new area of expertise for ISG, specifying a plan of action is beyond the scope of this report. A first step would be to engage a consultant expert in this area.

Recommendation: TAG1 adopt FDI coordination as a key area and draft TORs for a study on MARD needs and recommendations on FDI attraction and coordination.

Recommendation: A consultant should be engaged to assist the ISG Secretariat in establishing an FDI unit within MARD.

Monitoring and Evaluation

Monitoring and evaluation are essential components for providing evidence of worth and justify continues action. The current ISG Performance Analysis for 2004 is quite comprehensive and logically put together. The one short-coming is that there is no aspect measuring impact of ISG activities. As the impact is ultimately on policy formulation and donor coordination, this type of impact is extremely hard to measure.

Another aspect of monitoring and evaluation relevant to ISG is the need to monitor the effectiveness of ODA projects in achieving Vietnam's broader development goals. Again, this is not an easy task, but it is very important for providing the necessary evidence that ODA is being used effectively and achieving the desired impacts.

Both of these issues relate to the Hanoi Core Statement's section on Managing for Results.

Recommendation: ISG pursue the development of a Results Framework as called for in the Hanoi Core Statement and utilize it for assessing the performance of ISG and ODA in Vietnam.

Recommendation: ISG should develop links with M&E work being developed in MPI and combine with ISG's existing M&E tools. This could then be implemented as regular service and to benchmark M&E.

Recommendation: The ISG Secretariat should organize activities (either a workshop or hire a consultant) to more concretely incorporate indicators from the Hanoi Core Statement into the 2006 Annual Work Plan for ISG.

Core Donor Group

The ISG Core Donor Group consists of AusAID, DANIDA, The Netherlands Embassy, and SIDA. This group represents the four donor signatories to the Framework Arrangement with MARD. The Arrangement has a specific section stating that other donors are welcome to co-fund ISG through the Trust Fund. Because of this flexibility, there does not appear to be any need to change the current arrangement. However, ISG may wish to be more pro-active in locating additional sources of funding in response to changing needs and availability.

Recommendation: It may be useful for a high-level ISG Core Donors Group meeting to occur. This meeting could occur annually before the main donors' meeting as a means of consolidating views for the Agriculture and Rural Development sector as related to ODA.

Coordination with Donors

Coordination with donors is one of the core Key Areas for the ISG. In 2005, the Paris Declaration and the Hanoi Core Statement on Aid Effectiveness were released. These statements embody the commitments of donors and Vietnam to pursue more effective aid utilization. This obviously pertains to the core purpose for ISG's existence. Moreover, the Hanoi Core Statement on Aid Effectiveness localizes the principles and offers several specific indicators and targets. Implementation of the Hanoi Core Statement should become a priority activity of the ISG in the coming years. Implementation of the Hanoi Core Statement will touch upon activities under all Key Areas for the ISG. Specific activities related to this will be reflected in the specific objectives developed for the 2006 – 2010 work plan.

ICD has been assigned the responsibility for coordinating FDI in the future. This provides an excellent new area for ISG involvement. Coordinated development of Foreign Private Sector resources and donor resources will help to realize optimal benefits both overall and specifically with utilization of ODA. Donors should be quite favorable to this arrangement as the private sector is key to maximizing the sustainable benefits created by ODA projects. There are two main aspects to this issue. First, involvement of FDI will help donors and MARD more effectively respond to the needs of private sector development (e.g. development of an enabling institutional environment and provision of needed infrastructure development). It will also help identify areas where private sector activity is robust, allowing MARD and donors to focus ODA on more difficult areas with high poverty rates, low infrastructure development, and low capacity.

Recommendation: Implementation of the Hanoi Core Statement should become a priority activity of the ISG in the coming years.

Recommendation: FDI should be included in the ISG function for coordinating external resources. This will allow for a more comprehensive approach to development by bringing the essential foreign private sector into the picture. Arrangements should be made to also include the Domestic private sector to avoid crowding out and ensure a level playing for all.

Recommendation: Efforts should be made to facilitate MARD and donors in developing a single comprehensive program for development in the Agriculture and Rural Development Sector.

Dialogue and Coordination with Provinces

Currently, ISG pilots provincial policy dialogues in five provinces. Provincial Dialogues will be an increasingly important activity for MARD due largely to increased decentralization. Increasingly, ODA is going directly to the provinces and MARD is not always aware of projects that relate to agriculture and rural development. On the other hand, it is doubtful whether ISG will ever have sufficient resources for reaching out to all 64 provinces effectively. While the pilot approach is the most logical given the resources, there is a danger that pilot activities become only temporary experiments. Activities in provincial dialogues need to include components for permanently building capacity at the provincial level as well as planning for availability of needed human and financial resources.

Sustainable coordination and dialogue with the provinces will require a permanent network to be set-up. Moreover, these networks will be primarily comprised of permanent Government officers at the provincial level. Provincial participation in this network should be made an official part of annual work plans at the provincial level. Choosing provinces for piloting provincial dialogue should be based on close proximity to facilitate inter-provincial networking and capacity building as well.

The review points to the need for more capacity building at the provincial level especially in IT management and policy dialogue. Donors can play a key role in providing timely information to ISG on provincial level projects and programs.

Recommendation: Provincial Dialogue Platforms should be continued with a focus on capacity building in the three core areas of ISG activities, permanent organizational and funding arrangements, and processes for coordination with MARD in planning.

Recommendation: In addition to using networks based on existing ODA projects, academic institutions and extension offices can provide additional linkages. For example, the Fulbright Economics Training Program (www.fetp.edu.vn) in Ho Chi Minh City (in operation since 1994) has an extensive alumni network throughout the provinces. In addition, they have established expertise in Trade and Development which could help with economic integration and FDI coordination.

Collaboration and Coordination between NGOs, donors and ISG

NGOs can and should play an important role in ISG activities in the future. This is a role that has been established but can be increased further. NGOs have an advantage of long-term presence at provincial and grassroots levels. This long-term presence has resulted in significant trust building and development of effective working relationships with local people. NGOs, however, are often confronted by limited financial resources. Donors, on the other hand, often have significant financial resources but lack long-term local level presence making it more difficult to effectively design and implement projects. ISG can act as a facilitating agent to coordinate donors and NGOs to maximize the impact of Agriculture and Rural Development policies and projects.

For example, the Canadian Centre for International Studies and Cooperation (CECI) and ADB have developed the project “Community-Based Agriculture Extension for Mountainous Districts” (CBAET) with funding from the Japanese Fund for Poverty Reduction targeting mountainous districts of Thanh Hoa and Nghe An provinces. This project will be implemented in collaboration with National, Provincial and District agriculture extension centers and linked with the upcoming ADB loan project Agriculture Science and Technology (AST). The CBAET project will expand the community-based agriculture extension system established under the project “Improved livelihoods of mountainous communities in Thanh Hoa”. MARD is currently finalizing approvals for this project which is expected to start early in 2006.

Increasingly, NGOs are able to apply their experience with community development and their understanding of grassroots issues to assist donors and government agencies to implement poverty reduction projects. Donors have recognized the contribution NGOs can provide with the development of special funding instruments such as the Japanese funding windows in ADB and World Bank. Participatory planning and community development are still new approaches for the government agencies charged with implementing donor programs. NGOs are able to help local government with practical strategies and techniques to mobilize communities to participate in local planning and decision-making.

NGOs are also able to assist government with policy dialogue and feedback. Public consultation is a relatively new area for local governments but necessary to effectively support decentralized development and an essential part of grassroots democracy. At the same time decentralization increases the need for policy feedback between local and central levels and between different agencies. Poverty, development and economic growth are multi-dimensional issues requiring greater coordination between all concerned agencies and the decentralized environment presents both a challenge and an opportunity for local governments and central agencies to better involve all stakeholders. By virtue of their position in Vietnam working at the grassroots and with provincial and central agencies, NGOs can provide valuable assistance for improved stakeholder consultation and policy dialogue.

Recommendation: ISG should work to facilitate increased donor-INGO coordination and mutual support at the provincial level including the development of innovations in the agriculture sector, value chain development, participatory planning approaches, capacity building, and SWAPs, among others.

Recommendation: In order to up-scale the impact of the Provincial Dialogue Platforms, ISG should increase the opportunities for INGO involvement, particularly in facilitating increased donor funding.

Information and Data Exchange and Provision

This is a key role for ISG and one that most see as being carried out successfully. The main problem is limited capacity of ISG Secretariat in keeping up and managing all the information available. Closer linkages with and reliance on Partnerships is one strategy for dealing with this. Partnerships will have greater knowledge of projects in their sub-sectors, relevant studies, new legislation, etc. Allowing ISG to simply link to this information will greatly enhance ISG secretariat’s ability to manage all the information. However, to work smoothly it would be best if information exchange and provision was consistent. ISG would be in a good position to work with Partnerships and departments in developing standards for information exchange and provision.

One aspect of information that should be developed is in increasing analysis of the information that is gathered by ISG. An interactive database might be desirable so that ODA could be grouped by donor, sector, year, etc., in addition to the current presentation.

Another possibility is to formulate a TAG on information gathering and exchange. This would provide a formal mechanism for mobilizing the technical advisory group that has been established, especially if formally established by decision of the Minister. ICARD should play a lead role in coordinating this TAG. Possible functions of this TAG include development of a portfolio management mechanism for ODA, FDI and GoV projects. This TAG could also take a lead role in developing a review report on analyzing the effectiveness of spending on development in this sector.

Some stakeholders stated the opinion that there were too many meetings. As meetings should general focus on matters that need to be discussed, exchange of information on projects and programs could be better handled through voluntary submission for inclusion in the newsletter.

Recommendation: A TAG could be set-up on Information and Data. This TAG could focus on M&E, policy and planning. This could also be linked with other countries in the region.

Partnerships and TAGs

A number of partnerships exist or are in the process of being formulated within MARD. These include the Forestry Sector Support Program and Partnership, the National Disaster Mitigation Partnership, and the Rural Water Supply and Sanitation Partnership. There are also currently three TAG groups within the ISG. The review noted a need to clarify the relationship of ISG to these partnerships. Particular questions include: 1) should TAGs and Partnerships for identical sub-sectors exist and 2) what is the most effective relationship between ISG and Partnerships? Another issue is that ISG is well positioned to deal with cross-cutting issues, while partnerships are better positioned to deal with sector specific issues. However, ISG and the TAGs need to maintain sector specific activities to provide the necessary “linking” interest to facilitate consideration of cross-cutting issues into sector policy and planning.

While ISG can and does play an important role in the establishment of sub-sector partnerships, this role should decline after the partnership is fully established. Thus, if a partnership is formed for a sub-sector that is the current focus of a TAG, then that sub-sector should be removed from the TAG. After partnership establishment, ISG should remain involved with the Partnership primarily for purposes of information collection and dissemination. On a day-to-day level, policy dialogue and donor coordination will likely continue to occur on a bi-lateral level (i.e. between an interested donor and the sector department.) However, in the move to sector and program planning, ISG will have a very definite and important role in facilitating the coordination of different sub-sectors and donors.

TAG 1 is well situated to adopt consideration of FDI as a core interest area. Moreover, TAG 1 could consider inclusion of such cross-cutting issues as food safety and food security. These issues will become increasingly important as Vietnam joins the WTO.

Another specific area involves TAG2, which deals with water resources management. There is a definite need to link this TAG with similar activities in MONRE and ISGE. In fact, as the environment is a key aspect of all agricultural activities, making specific links with ISGE to bring environmental concerns should be a high priority.

TAG3 provides value as the only mechanism within MARD for incorporating poverty alleviation strategies (as specified in the CPRGS) into Agricultural and Rural Development Plans and Strategies. As the targets in the CPRGS have been incorporated into the new Five-Year Plan, the CPRGS will gradually lose prominence as the key guiding document, although

the principles will remain valid for quite some time. In this regard, TAG3 can be reformulated as a TAG on Poverty Alleviation and Social Affairs. Making the focus more general will keep its purpose relevant to the needs of MARD. The MARD-Sida Cooperation Program will focus on this TAG as one of the program's key components.

As stated in the next section, all TAGs should be reestablished by decision of the Minister. By making the TAGs "official" parts of departmental work plans, departmental cooperation will be enhanced. This increased ownership by MARD will also serve to increase interest and participation by the donors.

Recommendation: Sub-sectors represented by Partnerships should no longer be a part of a TAG once the partnership is established. Rather, ISG should be actively maintain a relationship with the partnerships. Cooperation between partnerships and ISG could be made official to facilitate sector and program planning. An important aspect will be for ISG to leverage the information and data ability contained within the partnerships.

Recommendation: The professional aspects of TAG operations should be consolidated by making the TAGs become official work of the departments. An option likely to be effective is the assignment TAG chairmanships, where departmental members can play a more active role in chairing the TAGs. Additionally, it is necessary to have clear guidance from the Ministry management on the expected outcomes of the TAGs.

Recommendation: As the environment is a key aspect of all agricultural activities, making specific links with ISGE to bring environmental concerns should be a high priority.

Departmental Coordination and Mobilizing Existing Resources within MARD

It was widely recognized that for ISG to function effectively, it requires the active cooperation and participation of MARD departments. The TAGs in particular require the active participation of MARD departments in order to function optimally. In general, policy dialogue, coordination efforts, and information sharing provide more incentive for departmental participation when pursued at the sub-sector level. It is also recognized that due to existing work loads, many departments do not fully cooperate or participate in ISG activities. Finally, ISG lacks the authority to "force" departmental cooperation with ISG activities. The ISG needs to emphasize the cross-cutting issues in which it has a comparable advantage, while maintaining sub-sector activities to maintain relevance.

The capacity of the ISG Secretariat is insufficient to carry out all the tasks required of its objective, especially in technical expertise. Much of this expertise exists in MARD departments, but existing work loads limit the ability of ISG to mobilize existing resources. This issue can also be partially addressed by having work with ISG made an official part of annual work plans through a decision by the Minister.

Recommendation: The TAGs and other ISG related work requiring departmental cooperation should be officially established by the Minister so that cooperation with ISG activities is made a required component of departmental staff's annual work plans (as appropriate), rather than additional work.

Organizational Structure for ISG

The organizational structure of ISG was a key issue arising from the review to due the wide range of opinions regarding this. In general, the different views could be classified under one of the following:

1. The ISG is primarily **internal to ICD** and performs functions under the mandate of ICD. As an internal part of ICD, the prevailing view is that eventually ISG and its functions would be absorbed by ICD. This would happen over the next 5 to 10 years and MARD would take over funding of the ISG functions.
2. The ISG is primarily **external to ICD** and performs functions that support ICD, but that ICD would not necessarily perform itself. Under this scenario, recommendations were made that ISG could possibly become more independent, perhaps coming under the directorship of a vice-minister (i.e. it would become a distinct “department” within MARD). The most likely implication of this scenario is that MARD would have to assume all financing for ISG’s operations.
3. That ISG is **hosted by MARD** but is primarily an **external link** between MARD and the Donors. Therefore, ISG facilitates links between donors and MARD, but it is not a government body. The ISG’s overarching function would be to support donors and other who wish to work in the Agriculture and Rural Development sector. The implication of this arrangement is that funding would remain dependent upon donor support. MARD would be unable to support the ISG directly unless legislative changes were made. This arrangement represents the view of the Director of ICD and ISG.

The appropriate structure depends on several factors: 1) the scope for coordinating resources and investments of foreign origin (ODA and/or FDI), 2) the estimated duration of donor support for Agriculture and Rural Development Activities, and 3) the existing legal arrangements.

As Vietnam is successfully developing in broad macro-economic terms and poverty reduction, it is probably safe to expect a possible general reduction in donor support to Vietnam over the medium term (i.e. 10 – 20 years). Moreover, donors that were consulted during the review process seemed to indicate a continuation of ISG in the current form for about 5-10 more years, although ISG can continue for longer if there is a continued need for its functions. However, it should also be expected that there will be a corresponding increase in FDI as long as economic and investment reforms continue and are successfully implemented.

The most likely course will include elements of all three scenarios with the third option being most dominant. It is recommended that future work plans of ISG include plans for adjusting to these expected future changes. ISG, along with ICD, should identify those functions which come under ICD’s mandate and design actions to begin building capacity within ICD. For other functions that will remain outside of ICD, plans should begin to be formulated for how these will be carried out, particularly in terms of funding. Moreover, ISG should begin examining the potential and needed conditions to realize co-financing of ISG activities by MARD. ISG could either begin providing for-fee services to cover its costs or different legal arrangements will need to be made.

Recommended: In the short-term, ISG can continue to operate as a hosted entity, but for the longer-term ISG must be prepared to operate with decreasing donor support and more MARD support. This will require several changes in the way ISG is defined and efforts should begin to plan for these changes.

The Steering Board's Decision-Making Mechanism

A request was made to the consultant to review the current decision-making mechanism for both the ISG Steering Board and the ISG process as a whole. There are two key issues. The first is which ISG members are required for a decision to be made. The second is what mechanism should be used. Resolving this issue requires a set of protocols and rules. It however, must also remain consistent with the needs of the ISG process. Finding a suitable balance between structure and flexibility is difficult for such a diverse group of members. The proposed mechanism is thus proposed as a starting point and should be modified and finalized at another point in time.

A main problem with the current process is that of coordinating high-level attendance with the need to make a decision. If high level members are required for a decision, then the harder it is to organize a meeting. In this regard, the Steering Board's membership should be expanded to include more departmental members as alternatives with voting rights. This will also help to link technical and management sides of the policy development process. It is also recognized that decisions need to be timely.

A suggested change for the format of the meeting minutes is to present ISG member attendance records rather than a participants list. The attendance record can concisely present attendance and voting records on decisions. This record will also be used to clearly identify active and inactive members. Inactive members could be those members who do not attend three consecutive meetings (or any number considered appropriate). Active status would be restored upon attendance at the next meeting (or two). Members providing financial support to ISG could be exempted from the attendance criteria. Meetings include the Plenary Meeting, the Steering Board Meeting, TAG meetings, and other special meetings as arranged by the ISG.

Since policy decisions usually require more review than allowed at a single meeting, e-mail provides a potential tool for facilitating the voting process. Relevant information can be circulated prior to meetings for review. The meeting can serve as the forum to debate the issue. Then a vote can proceed. If all active members are present at the meeting then a decision can be made with the final decision binding. However, a vote can also be circulated via e-mail. (Microsoft Outlook has a built-in voting function included for e-mails.) The e-mail vote would include all ISG members, but be time limited, say to ten days. After ten days, the received votes will be recorded as the official final decision. This can also be conditional on at least 50 percent of *active* members responding to the vote call. Decisions could relate to any topic including approval of ISG work plans and performance reviews. A diagram of the Decision-Making Mechanism is presented in Annex 5.

Since the ISG's purpose is only to advise the minister, it is not necessary to reach a consensus on all issues. Outcomes of meetings should be presented as a Decision Briefing which outlines policy options along with the arguments presented in support of each option. Options can be presented as 'majority opinion' and 'minority opinion(s).' The Minister and donors can then review these outcomes, see who voted for which option and what the general argument is in favor of each option. If needed, reviewed options can then be fed back into the ISG process by the Minister or donors for further discussion and clarification. This may also be used to facilitate the identification of priority issues for Thematic Studies and PABs.

Recommendation: Past participant lists are reviewed to construct an active and inactive membership list.

Recommendation: Voting results are presented in Decision Briefings with options listed as 'majority opinion' and 'minority opinion'. The Briefings should include who voted, how they voted, what decision or decisions were made, and what the rationale for each option was. This should only include the top 2 or 3 voting options.

Recommendation: The Steering Board membership is expanded to include alternatives with decision-making (voting) rights.

Recommendation: A decision-making mechanism is implemented based on active ISG membership and utilization of internet technology. Decisions can be made at the meeting if a majority of active members are present. As an alternative, votes may be moved to time-limited e-mail votes by all ISG members. At the end of the voting period, all received votes are considered as the final decision. The director of the ISG reserves the right to call for another vote in unusual cases such as very low voter response.

Recommendation: A special meeting (or e-mail discussion) should be held to discuss the proposed decision-making mechanism. This should include such issues as whether it should be adopted, what modifications are needed, should membership status matter, and under what circumstances it should be utilized.

Option: As the ability to attend meetings is an important issue for ISG members, the active and inactive membership status could be based on voting records instead. This would imply that all members are initially considered active upon implementation.

Capacity Building and Organizational Strengthening

There was a lack of clarity on whether Capacity Building is provided by ISG Secretariat to other departments or whether ISG Secretariat itself is the target of capacity building activities. The general perception is that the secretariat's need for technical expertise should primarily be met through more effective relationships with the departments. It was suggested earlier that more effective relationships could be fostered through the Minister making cooperation with ISG activities a mandatory part of departmental staff's annual work plans.

It is also recognized that ISG would benefit greatly from having a full-time technical staff person in the office. This person should be a generalist who can help facilitate policy dialogue and TAG coordination by using their technical expertise to more effectively design meeting agendas and outputs so they are responsive and useful. It should be noted that this should not be interpreted as part of an expanding trend in the size of ISG. In fact, this person would most beneficially be used for a Data and Information TAG which would be focused on building an effective coordination network within MARD. In this light, the technical person would possibly be engaged for only one or two years.

Perhaps the most important area for capacity building is in the area of implementation of sector-wide or program approaches (SWAPs). These types of approaches allow for much more comprehensive, integrated, and longer-term planning. However, they place a different and often more complicated set of demands on people responsible for planning (both technical and managerial). ISG could help to facilitate capacity building within MARD for effectively implementing sector or program planning methods. It is highly likely that international consultants would need to be engaged for this activity. A point of leverage for this activity is the possibility of linking this to regional experiences. ISG could facilitate fora where international/regional best practices in implementing sector and program approaches are exchanged. Potential areas for collaboration include the linking with the ADB-funded program on regional data exchange. In the water sector, possible collaboration with the

Mekong River Commission might be beneficial as they have pursued a program approach for several years now.

Recommendation: ISG should hire a full-time technical staff person for the office. This person should be a generalist who can help facilitate policy dialogue by adding technical expertise to the design of meeting agendas and outputs so they are responsive and useful to priority policy issues and decision makers.

Recommendation: ISG should facilitate a capacity building program within MARD for effectively implementing sector or program wide planning methods.

Recommendation: ISG should establish linkages with regional entities and work to facilitate fora where international and regional best practices in implementing sector and program approaches. These linkages can be broadened in the future to include topics such as information exchange and other relevant topics.

Rationale for Continuation and Future Development of the ISG Process

The ISG process is an extremely valuable resource for policy dialogue between MARD, line ministries, and the donor community. ISG can expand its valuable role as the focus of its activities expands to the coordination of FDI resources. The Hanoi Core Statement offers several important areas for future ISG activities to which both donors and the Government of Vietnam have committed. The recommendations made in this report will be fully considered and incorporated into the 2006 – 2010 work plan.

This review and the consultation have made abundantly clear that there is a real need for the services for which ISG was created. While the process and focus are not yet perfected, it is the view of this consultant that progress in this direction has been significant and pursued with great motivation. Further progress relies on increased ownership of the ISG process by both MARD and the donors. To facilitate this progress, it will be necessary for all stakeholders, including donors, to become more actively involved with ISG activities. Moreover, a mechanism should be set up so that stakeholder recommendations can be fed into ISG for consideration at any time, rather than during meetings or special review missions.

Given the favorable reviews of ISG activities, clearly identified need for its functions, and motivation and skill of the ISG Secretariat staff, it is recommended that the Trust Fund be extended. If the recommendations contained in this report are implemented and continued action occurs on previously developed recommendations, then the ISG should greatly increase its effectiveness in carrying out its role. These recommendations will also help clarify ISG's roles which will also help in making its impact on the policy development process more apparent.

Annex 1: Terms of Reference



Terms of Reference for Consulting Service

Final version (19 August 2005)

Review of ISG process 2003-2005 and development of a work plan for ISG process in the period of 2006-2010

A. Context

The International support Group (ISG) of the Ministry of Agricultural and Rural Development (MARD) has been in operational in accordance with Decision No. 541 NN/TCCB-QD on 9th April 1997 with advisory function in the effective use of ODA resources. An ISG Steering Board was established under the chairmanship of MARD Minister and representatives from MARD, Ministry of Planning and Investment, Ministry of Finance, and international donors. An ISG Secretariat and an ISG Trust Fund were also formed under the management of ICD to facilitate ISG process. Currently, a core donor group (AusAID, DANIDA, Netherlands Embassy, and SIDA) is contributing their financial assistance to ISG Trust Fund.

In order to support MARD and international donors in ODA coordination and policy dialogue, ISG has formed Thematic Ad-hoc Groups on International Agro-economic Integration and Policy (TAG1), Hydraulic works development, disaster control and rural water supply (TAG2), and Support implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) in Agriculture and Rural Areas (TAG3). The present hierarchical composition of the four ISG bodies is: ISG Plenary, ISG Steering Board, Thematic Ad-hoc Groups (TAGs) and ISG Secretariat. Some important tools have been used, including Policy Advisory Briefings (PAB) and Provincial dialogue platforms (PDP).

The ISG Trust Fund was established for 2001-2002 and then extended until Dec 2005. That means ISG Trust Fund will expire by 31 Dec 2005. Additionally, partners involved in the ISG process have been witnessing effectiveness of the activities done so far by the ISG process and expressed commitment to provide technical and financial/in-kind support to develop the ISG process, including:

- MARD contributions.
- The Framework Arrangement signed between MARD the four Core donors (Australia, Denmark, Netherlands, and Sweden) has confirmed to fund the implementation of the ISG work plan 2004-2006.
- MARD-Sida Cooperation programme (MSCP) was signed 17 June 2005, in which Sida committed to finance the ISG process until June 2008.
- MARD and donors request the ISG process to continue its role in supporting formulation of sector partnerships (the on-going development of a sector partnership in rural water supply and sanitation (RWSS Partnership) is an example).
- MARD and donors also expect ISG process to contribute its role in supporting development and implementation of the sector 5YP by acting as a coordination mechanism between MARD and donors to effectively mobilise external resources for realisation of the Agenda 21, VDGs and CPRGS under the framework of the sector 5YP.

So, to ensure a legal framework for the ISG operation, preparation for an extension or for a new status of the Trust Fund should be a need. In that spirit, it is proposed that and at the agreement of the ISG Steering Board members at the 10th meeting of the Board on 6th July, a review of ISG for 2003-2005 should be carried out and a new work plan for the ISG process in the new period of 2006-2010 should be developed. The ISG objective should be revised as well.

In this connection, this Terms of Reference (ToR) is designed for an international consultant and a national consultant, who will be engaged to support the ISG Steering Board and ISG Secretariat in reviewing the ISG process performance in the period of 2003-2005, and developing a new work plan for the ISG process for the new period 2006-2010. It is proposed that as MARD is in its formulation of the 5 year Plan 2006-2010 for the agriculture and rural development sector, the new proposed work plan for ISG process should be developed in a way to support MARD in implementation of its plan and also to strengthen ISG's role in ODA coordination and supporting MARD/ICD to better perform their functions in mobilization and management of the external resources (including Official Development Assistance (ODA) and the Foreign Direct Investment (FDI) sources) for the sector in the new period 2006-2010.

B. Objectives

The objectives of the mission are as followed:

1. To review and analyse the operation of the ISG process in the period of 2003-2005 and put forward appropriate comments/recommendations for consolidation and development of the ISG process in the new period, and also for strengthening the organization, financial mechanism, and ISG Steering Board's decision making mechanism in the new period; the ISG objective should also be revised as agreed by the ISG Steering Board at its 10th meeting of 6 July 2005.
2. To develop a new work plan for the ISG process in the new period of 2006-2010, with efforts to create linkages to the implementation of the ARD 5 year plan. The ISG work plan 2006-2010 together with the 2003-2005-review report will be submitted to the Government for consideration and approval.

C. Scope of Service

The international consultant, in consultation with ISG Secretariat and ICD-MARD, will:

1. Conduct the desk reviews (list of documents to be reviewed detailed in Section I of this TOR);
2. Discuss with officials of MARD and relevant GoV agencies, ISG Secretariat, TAGs; relevant donor agencies (Meetings will be arranged by ISG Secretariat and the national consultant);
3. Draft a review report on the ISG process in the period of 2003-2005;
4. Draft a new work plan for the ISG process in the new period of 2006-2010 (based on the work plan 2004-2006 approved by ISG Steering Board);
5. The new plan should also include appropriate training programmes for the ISG staff to strengthen their capacity to better serve the community;

The national consultant, in consultation with ISG Secretariat and ICD-MARD, will:

1. Support the international consultant in all the assignments and meetings between the mission and relevant donor and GoV agencies, including interpretation and

- introduction of the mission objectives. Some kinds of translation may be needed as well.
2. Provide documents needed for the work of the mission.
 3. Provide comments/suggestions/recommendations to the drafts of ISG 2003-2005 review report and the work plan 2006-2010 produced by the international consultant.

D. Outputs of the consultancy service

The mission (international consultant and national consultant) will have to produce the following products as final results of the mission:

1. A draft review report on the ISG process performance in the period of 2003-2005 (in both English and Vietnamese), including recommendations/suggestions as stated in the 1st objective of the mission. The report should also put forward recommendations/rationale to the Government of Vietnam regarding the continuation/future development of the ISG process as a policy dialogue between the Government (MARD), line ministries and donor community. The report should also provide some recommendations and/or suggestions for the ISG core donor group on possible aspects. A revised objective for the ISG process should be set out.
2. A draft work plan for the ISG process for 2006-2010 (in both English and Vietnamese), which should be developed on the basis of the ISG 2004-2006 work plan approved by the ISG Steering Board and the Core Donors Group. The structure of the work plan for 2006-2010 should be referred to the 2004-2006 work plan. The work plan 2006-2010 should also include indicators for monitoring and evaluation of the ISG operation.

E. Important Considerations

In carrying out the duties mentioned, the consultants will take into account the following important considerations.

1. Consolidation of the ISG process in terms of organizations as well as its Steering Board decision making mechanism.
2. Consolidation of the ISG Trust Fund regulations/cost norms;
3. Alternative scenarios of operation for the ISG process in the 2006-2010.

F. Qualifications

One international consultant and one national consultant with the following qualifications will be contracted to carry out the TORs described above:

International consultant:

1. Experience in strategic planning with a strong focus on monitoring and evaluation process
2. 10-15 years or more professional experience in directly related fields, with considerable experience in Vietnam working at the central ministry level., particularly in capacity building and institutional strengthening in Vietnam
3. Good knowledge of the following:
 - i) Policy issues confronted by Vietnam's agriculture and rural sector
 - ii) Government of Vietnam institutions, and MARD in particular
 - iii) Coordination and liaison mechanisms,
 - iv) public sector organization, management and institutional strengthening.
4. Abilities in:

- i) organizing and undertaking complex, sensitive and strategic planning,
- ii) consulting with senior Government and donor agency officials,
- iii) working efficiently under a short timeframe,
- iv) preparing clear and concise reports in English.

National consultant:

1. Knowledge and abilities similar to those described above for the international consultant.
2. Fifteen years or more professional experience in directly related fields, with considerable experience at the central ministry level.

G. Inputs

The international consultant will be contracted for 15 working days (based on 6 working days per week), spreading over around a two-month period from a date starting in August to end of September or early October 2005. The national consultant will be contracted for a period of 15 working days, spreading over a two-month period (based on 5 working days per week) and starting from a date in August to end of September or early October 2005.

Reporting

The international consultant (with support from the national consultant) will report to Dr. Le Van Minh, Director General, ICD, MARD, and also the Director of ISG Secretariat, and the core donor group as well as ISG Steering Board. The reporting should be presented in a PowerPoint document, in both English and Vietnamese, with a proposed structure as follows:

- Context,
- Some observations and issues from the mission's consultations with relevant national international organizations and partners,
- Observations and issues from the review of 2003-2005,
- New findings of the mission for the work plan 2006-2010 of the ISG process,
- Recommendations of the mission to the Government of Vietnam.

The reporting should be made right after the mission completes its required products and presented at a meeting or/and at a possible consultation workshop which will be arranged by ISG Secretariat at an appropriate time, but not later than two weeks after mission's completion.

Working arrangement

ISG Secretariat will collaborate with the consultants during the mission. It will also ensure all the logistic arrangements such as provision of necessary documents, organization of meetings, and translation of relevant reference documents.

Office space, telephone, photocopier and fax will be provided by the ISG Secretariat. The consultants will need to mobilise their own laptops.

H. Working Schedule

The working schedule will be developed by the international consultant with support from the national consultant as soon as they are recruited. The schedule should be sent to ISG Secretariat for logistics arrangements.

I. Key Documents

The national and international consultants will study the following documents:

1. Terms of Reference for ISG, 2003 – 2005;
2. Terms of Reference for TAG1;
3. Terms of Reference for TAG2;
4. Terms of Reference for TAG3 ;
5. Minutes of ISG Steering Board, Plenary and TAGs (*to be provided by ISG Secretariat*);
6. ISG Work Plan 2004-2006;
7. ISG annual reports/performance analysis for 2003, 2004, and 2005, 6 monthly ISG reports to CG meetings;
8. Report of the Policy Advisory Briefing process within the ISG framework;
9. MARD-Sida Cooperation programme;
10. The Framework Arrangement signed between MARD and the four core donors for ISG process;
11. The minutes and relevant documents of the MARD-donor consultation workshop on MARD planning for 2006-2010.
12. Draft MARD 5 year plan for 2006-2010, including log frames for the whole sector and some sub sectors. (third version is now available at ISG Sec)
13. Others.

The consultants may need to refer to the following documents, among others:

1. Decision No. 45/QD-BNN dated 30 september 2004 by the Minister of Agriculture and Rural Development on the issuance of the regulation on management and utilization of external assistance in the sector of agriculture and rural development.
2. Decision No 95/2001/QD-BNN dated 21st September 2001 by the Minister of the Ministry of Agriculture and Rural Development on issuance of the Regulation on the Code System for the Management of Agriculture and Rural Development Related Projects/Programmes using Development Support Sources Funded by Countries and International Organizations.
3. Decision No. 120/TCCB-NN-2000 dated 24th November 2000 by the Minister of MARD on the Establishment of the ISG Steering Board with the participation of 10 donors, Ministry of Planning and Investment (MPI), Ministry of Finance (MoF), several relevant Departments under MARD, and with Vice Minister of MARD being the Chairman of the Board.
4. Decision No. 121/TCCB-NN-2000 dated 24th November 2000 by the Minister of MARD on the Establishment of ISG Secretariat as an assistant unit to the Board, with its clearly-defined functions, tasks and organizational arrangements.
5. Decision No. 1167/CP-QHQT dated 18th December 2000 by the Prime Minister on the establishment of the Trust Fund under MARD management to receive the grant offered by the donor community in support of the implementation of the ToR of the ISG process.
6. Decree No. 17/200192ND-CP dated 4th May 2001 by the Prime Minister on the Issuance of the Regulation on the Management and Use of Official Development Assistance.
7. Decision No. 2204/QD/BNN/TCKT dated 24th May 2001 by the Minister of MARD on the issuance of the Guidelines on the Management and Utilization of the Trust Fund of the ISG process.
8. MARD Decision 17/2005/QD/BNN dated 22 March 2005 on supplements and amendments of some relevant Departments/units under MARD
9. Regulation on the Code System for the Management of Agriculture and Rural Development Related Projects / Programmes Using Development Support Sources

Funded by Countries and International Organizations attached to Decision No. 95/2001/QD-BNN dated 21st September 2001 by the Minister of MARD.

10. Memorandum of Agreement on "Natural Disaster Mitigation Partnership for Central Vietnam" 1 June 2001.
11. Memorandum of Agreement on the Preparation of a Partnership Support Program, "5 Million Hectare Reforestation Program."
12. Final draft terms of reference for the Task Force and working group for design of a sector partnership for rural water supply and sanitation.
13. Draft plan 2006-2010 of the MONRE.
14. Other documents deemed necessary as per request by the consultants.

Annex 2: List of Persons Met

No	Name	Position	Organization
1.	Le Van Minh	Director	ICDMARD
2.	Ho Thi Minh Chau	Expert	ICDMARD
3.	Bui Khac Hien	Expert	Planning Dept. – MARD
4.	Nguyen Van Ha	Expert	Planning Dept. – MARD
5.	Tran Quang Chieu	Expert	Agriculture Dept. – MARD
6.	Nguyen Dinh Ninh	Deputy Director	Irrigation Dept. – MARD
7.	Le Quang Tuan	Expert	Irrigation Dept.– MARD
8.	Pham Quoc Hung	Expert	Irrigation Dept.– MARD
9.	Nguyen Hong Khanh	Expert	Irrigation Dept.– MARD
10.	Nguyen Sy Nuoi	Deputy Director	Dike Management and Flood Control Dept.– MARD
11.	Nguyen Thanh Phuong	Expert	Dike Management and Flood Control Dept.– MARD
12.	Truong Thai Phuong	Director	External Finance Dept., Ministry of Finance
13.	Pham Hong Van	Expert	External Finance Dept., Ministry of Finance
14.	Do Xuan Thong	Head Division	Foreign Relation Dep't., MPI
15.	Vu Van Me	Deputy Director	FSSP Coordination Office
16.	Paula William	CTA	FSSP Coordination Office
17.	Tran Thi Minh Ha	Director General	ISGE, MONRE
18.	Nguyen Dien Nam	Manager Assistant	ISGE, MONRE
19.	Koos Neefjes	Head	Sustainable Development Cluster, UNDP
20.	Nguyen Thien Huong	Senior Program Officer	Swiss Agency for Development and Cooperation
21.	Rob McGregor	First Secretary	Australian Embassy
22.	John Fargher	CTA	VAMESP II Project
23.	Nguyen Van Phuc	Coordinator	VAMESP II Project
24.	Nguyen Phuoc Binh Thanh	Program Officer	Royal Netherlands Embassy
25.	Rolf Samuelsson	First Secretary	Swedish Embassy
26.	Tran Nam Binh	Program Officer	Swedish Embassy
27.	Nguyen The Dzung	Operations Officer	World Bank - Hanoi
28.	Torben Nilsson	Development Counsellor	Danish Embassy
29.	Jens Rydder	Senior Technical Advisor	Support for National Strategy and Target Program for RWSS

Annex 3: Framework Arrangement

FRAMEWORK ARRANGEMENT

Between

**MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT
of the Socialist Republic of Vietnam**

and

**Embassy of Australia
Royal Embassy of Sweden
Royal Embassy of Denmark
Royal Embassy of the Netherlands**

for the

INTERNATIONAL SUPPORT GROUP

Final Version

1. Signatories to this Framework Arrangement

The International Co-operation Department (ICD), representing the Ministry of Agriculture and Rural Development (MARD), at the one hand and The Embassy of Australia (AusAID), The Royal Swedish Embassy (Sida), The Royal Danish Embassy (Danida) and The Royal Netherlands Embassy (RNE) on the other hand, called in this Framework Arrangement “the Funding Agencies”.

2. General

The International Support Group (ISG) of MARD serves as a mechanism to establish and enhance the effectiveness and efficiency of the co-operation between MARD and international donors and NGO's. MARD and the Funding Agencies wish to implement the Work Plan 2004-2006 (Revision 1 dated February 24th 2004, herein after referred to as the Work Plan), which has been developed based on the ISG Terms of Reference (ToR) 2003-2005. The ToR was already approved by the ISG Steering Board at its Meeting on June 17th 2003.

The Work Plan provides a framework for ISG operations during a period of 3 consecutive years, starting on January 1st 2004 and finishing on December 31st 2006.

Through this Framework Arrangement the Funding Agencies commit themselves to provide the financial resources required for the implementation of the Work Plan. The Trust Fund contribution for the implementation of the Work Plan will be administered under Vietnamese Law.

3. Trust Fund

MARD has the ISG Trust Fund, which is managed by the International Co-operation Department (ICD) of MARD. This Trust Fund will be used to administer and manage the funds for implementation of the Work Plan, which forms integral part of this Framework Arrangement. Contributions by the Funding Agencies will be made to the Trust Fund of ISG

of MARD. MARD is solely responsible for the management, accountability and transparency of the deposited funds and funding under the Trust Fund.
MARD will seek to extent the operational validity of the ISG Trust Fund, which at this moment expires on December 31st 2005.

4. Transfer of funds

The individual contributions by AusAID, Sida, Danida and RNE will be directly made to the Trust Fund of ISG of MARD. The following bank reference is used to transfer funds to ISG of MARD.

Business Name: Chuong trinh ho tro quoc te
Currency: USD and VND
Account Number : 0011370288792 (USD)
0011000288782 (VND)

Bank: Bank for Foreign Trade of Vietnam (Vietcombank); 198 Tran Quang Khai St., Hanoi

5. Expenditures

Where applicable expenditures under ISG Trust Fund will be done according to EU cost norms. It is agreed herewith, that budget items, not mentioned in the budget overview of the Work Plan will not be invoiced. Any invoices exceeding the items as per budget overview will be the exclusive responsibility of MARD and not of the Funding Agencies.

6. Reporting

One reporting format will be used by ISG of MARD to serve the signatories of the Framework Arrangement in accordance with the Guidelines on the Management and Utilisation of the Trust Fund of the International Support Group (ISG) issued in attachment to Decision No. 2204 QD/BNN/TCKT, dated May 24 2001 by MARD.

ISG shall provide the Funding Agencies with the following reports:

- a bi-annual Technical Progress Report,
- a bi-annual Financial Progress Report and
- an Annual Plan.

The progress reports will describe the progress made over the last six monthly period, compared with the planned activities over the same period. The progress reports will include the planning of activities to be carried out in the next six monthly period.

The Technical Progress Report and the Financial Progress Report will be presented to the Funding Agencies within 4 weeks after every reporting period.

Within 6 weeks after every reporting period the progress reports will be discussed in a meeting to be organised by MARD in which the Funding Agencies will be invited. Of the meeting agreed minutes will be made.

The bi-annual reporting periods will cover from January 1st until June 30th and from July 1st until December 31st.

The Annual Plan will contain the following concise information:

- a review of the outputs achieved and activities undertaken in the previous 12 months period with reference to the previous Annual Plan,
- a financial reporting sheet (showing expenditure versus budget estimate of the previous Annual Plan),
- a narrative description of the expected outcomes, outputs and planned activities for the next 12 months period, including proposed additional activities,
- an activity schedule for the Annual Plan period,
- an input schedule and relevant budget estimate of the Annual Plan period.

7. Contributions

All contributions under this Framework Arrangement will be made in US Dollars. The Work Plan budget estimates for 2004, 2005 and 2006 are the following: 2004 USD **153.800**, 2005 USD **135.500** and 2006 USD **156.500**. The cumulative budget is USD **445.800**.

8. Present status of commitments/funding:

The level of funding directly available for implementation of the Work Plan on January 1st 2004 is USD **93.138**.

9. Practical application:

The Funding Agencies have accepted to share the cumulative costs of the Work Plan implementation equally. Covering a period of 36 months the average contribution of the each funding agency will be USD **88.166**. The Funding Agencies agree to support ISG in a flexible manner, which means that sufficient funds will be made available to ISG for its Work Plan operations. Funding Agencies will agree among themselves when and how much will be made available by each funding agency respectively, whether in three annual contributions or in one contribution covering the period of three years.

10. Disbursements

Funding Agencies will transfer their contributions to the Trust Fund of ISG of MARD.

11. Remaining funds

Any remaining funds after December 31st 2006 will be transferred to the Funding Agencies. The amounts to be transferred will be specified jointly and after approval of the audit report by the Funding Agencies.

In case ISG and/or the joint Funding Agencies decide for any reason, not known at this moment, that the Work Plan will not be fully implemented, then ISG will arrange refunding of the Funding Agencies. The refunding will be based on the achieved progress and the value of the contributions.

12. Auditing

After every period of 12 months a financial audit will be carried out and completed within 3 months. ISG, in agreement with AusAid, Sida, Danida and RNE, will select an independent locally represented international auditing company to review the expenditures, presented in the financial report. Budgetary provisions for auditing are included in the Work Plan.

13. Participation of other donors

This Framework Arrangement is not excluding other donors from co-funding the ISG Trust Fund for the implementation of the Work Plan. In case another donor has decided to co-fund the ISG Trust Fund within the context of this Framework Arrangement, then the Framework Arrangement will be amended accordingly. Any amendment will be duly signed by MARD and the Funding Agencies.

14. Status of Framework Arrangement

This Framework Arrangement does not constitute a Treaty.

Agreed and signed in Hanoi on

on the one hand:

Vice Minister (or General Director of the International Co-operation Department)
on behalf of the Minister of Agriculture & Rural Development

.....
Dr. Bui Ba Bong

and on the other hand:

The Ambassador of Australia, Hanoi
on behalf of AusAID,

.....
Mr Andrew Rowell
Counsellor (Development Cooperation)

The Ambassador of the Swedish Embassy, Hanoi
On behalf of Sida,

.....
Mr. Jan-Olov Agrell,
Minister (Development Cooperation)

The Ambassador of the Royal Danish Embassy, Hanoi
On behalf of Danida,

.....
Jan Møller Hansen
Counsellor, Development Cooperation

The Ambassador of the Royal Netherlands Embassy, Hanoi,
On behalf of the Netherlands Minister for Development Co-operation

.....
Gerben de Jong

Annex 4: Hanoi Core Statement on Aid Effectiveness

3 June 2005

Hanoi Core Statement on Aid Effectiveness Ownership, Harmonisation, Alignment, Results

Background Statement

We, the Government of Vietnam and development partners, agree to take far-reaching and monitorable actions to make aid more effective as we look ahead to the achievement of Vietnam's Development Goals (VDGs) by 2010, and the Millennium Development Goals (MDGs) by 2015¹. We recognise that while volumes of aid and other development resources are increasing to achieve the VDGs, aid effectiveness must also increase significantly to support Vietnam's efforts to strengthen governance, to improve development performance, and to enhance development outcomes. We agree at this workshop to localise the conclusions of the High Level Forum on Aid effectiveness held in Paris in March 2005 ("The Paris Declaration") to reflect circumstances in Vietnam. We resolve to increase the impact of aid in reducing poverty and inequality, increasing growth, building the capacity of human resources and institutions, and accelerating achievement of the VDGs.

Partnership Commitments

Developed in a spirit of mutual accountability, these Partnership Commitments reflect the ambitions and structure of the Paris Declaration and build on the on-going efforts and experiences of development in Vietnam.

1. Ownership

Vietnam defines operational development policies

1. The Government of Vietnam exercises leadership in developing and implementing its 5 Year Socio Economic Development Plan (SEDP) through a broad consultative processes which integrates overseas development aid into mainstream planning (**Indicator 1**).
2. The Government of Vietnam further strengthens its leadership role in co-ordinating aid at all levels.

2. Alignment

Donors align with Vietnam's strategies and commit to use strengthened country systems

3. Donors base their support on the Government of Vietnam's SEDP and related national, regional and provincial, and sectoral plans (**Indicator 2**).
4. Donors base dialogue on the poverty reduction and growth agenda articulated in the SEDP.
5. The Government of Vietnam and donors establish mutually agreed frameworks that provide reliable assessments of country systems, procedures and their performance.
6. Donors use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, donors establish additional safeguards and measures in ways that strengthen country systems and procedures (**Indicator 5, 6 and 8**).

¹ Vietnam's progress in meeting the MDGs will be presented to the UNGA Summit in New York, September 2005.

7. Donors avoid creating parallel structures (PMUs) for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 3**).
8. Donors phase out paid incentives for government officials administering aid financed activities and do not establish incentives in future activities.

Vietnam strengthens institutional capacity with support from donors; donors increasingly use government systems

9. The Government of Vietnam integrates capacity building objectives in the SEDP and related national, regional and provincial, and sectoral plans and leads a comprehensive capacity building programme with co-ordinated donor support (**Indicator 4**).
10. The Government of Vietnam undertakes reforms, such as public administration reforms (PAR), that promote long-term capacity development.
11. The Government of Vietnam undertakes reforms to ensure that the legal framework, national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
12. The Government of Vietnam and donors commit sufficient resources to support and sustain reform and capacity building in public procurement and public financial management.
13. Donors progressively rely on the Government of Vietnam's procurement system once mutually agreed standards have been attained (**Indicator 5**).
14. Donors progressively rely on the Government of Vietnam's public financial management system once mutually agreed standards have been attained (**Indicator 6**).
15. The Government of Vietnam publishes timely, transparent and reliable reports on budget planning and execution (**Indicator 6**).
16. Donors enhance the predictability of future aid through transparent decision making processes, provide reliable indicative commitments of aid over a multi-year framework (including aid commitments covering multi-year expenditures of projects) and release aid in a timely and predictable fashion in relation to the Government of Vietnam's budget cycle (**Indicator 7**).
17. The Government of Vietnam, supported by donors, develop specialised technical and policy capacity for social and environmental analysis (SIA and EIA) and enforcement of legislation (**Indicator 8**).

3. Harmonisation and Simplification

Donors implement common arrangements and simplify procedures

18. The Government of Vietnam and donors jointly conduct and use core diagnostic reviews such as Country Financial Accountability Assessment (CFAA), Public Expenditure Review (PER), Country Procurement Assessment Report (CPAR), etc, and the Government of Vietnam and donors work together to share other reviews and carry out more joint reviews (**Indicator 9**).
19. Donors rationalise their systems and procedures by implementing common arrangements for planning, design, implementation, M&E and reporting to Government of Vietnam on donor activities and aid flows (**Indicator 10**).

20. Government of Vietnam and donors increasingly use programme based approaches (Defined in Box 3.1, Chapter 3 “Sector Approaches” of Harmonising Donor Practices for Effective Aid Delivery, Volume 2 (OECD, 2005))² (**Indicator 11**).
21. Decentralisation and delegation of authority to the country level is maximised for each donor (**Indicator 12**).

Complementarity: more effective division of labour

22. The Government of Vietnam provides clear views on donors’ comparative advantage, different aid modalities and on how to achieve donor complementarity at country or sector level.
23. Donors make full use of respective comparative advantage at sector level by aligning support and agreeing, where appropriate, lead donors for co-ordinating programmes, activities and tasks, including delegated co-operation.

Incentives for collaborative behaviour

24. Government and donors devise practical means to encourage harmonisation, alignment, and results based management.

4. Managing for results

Managing resources and improving decision-making for results

25. The Government of Vietnam and donors jointly use results-oriented performance assessment frameworks to maximise aid effectiveness and manage implementation of the SEDP and related national, regional, provincial and sectoral plans (**Indicator 13**).
26. Donors link country programmes and resources to achieve results that contribute to, and are assessed by, Government of Vietnam performance assessment frameworks, using agreed indicators.

5. Mutual Accountability

Government of Vietnam and donors are accountable for development results

27. The Government of Vietnam and donors jointly assess, and carry out annual independent reviews, on progress in implementing agreed commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms (**Indicator 14**).
28. Donors provide timely, transparent and comprehensive information on aid flows and programme intentions to enable Government of Vietnam to present comprehensive budget reports to legislatures and citizens, and co-ordinate aid more effectively.

² In this definition programme-based approaches share the following features irrespective of aid modalities: i) Leadership by the host country; ii) Single Comprehensive programme and budget framework; iii) Formalised process for donor co-ordination and harmonisation of procedures; and iv) Efforts to increase use of local systems for the whole project cycle.

HANOI CORE STATEMENT INDICATORS AND TARGETS

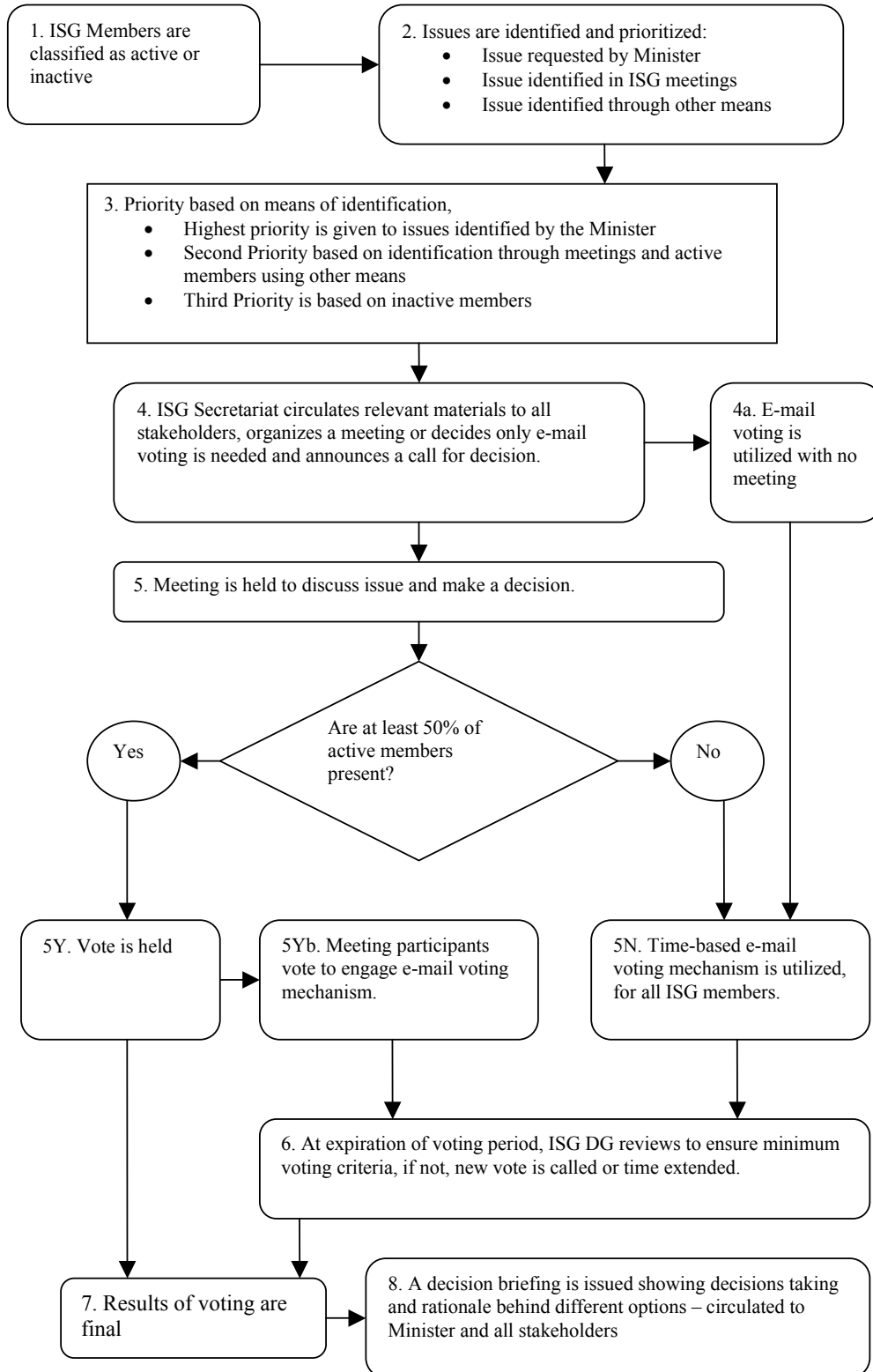
	Indicator	Indicative Targets to 2010³
	<i>OWNERSHIP</i>	
1	5 Year Socio-Economic Development Plan (SEDP) is finalised, CPRGS principles are integrated; SEDP is effectively implemented.	5 Year SEDP targets are achieved
	<i>ALIGNMENT</i>	
2	Donor assistance strategies are aligned to the SEDP and related national, regional, provincial and sector strategies	All donor assistance strategies
3	Donors strengthen GoV capacity by avoiding parallel PMUs	No parallel PMUs
4	Capacity building objectives are clearly set out in the SEDP and related national, regional, provincial and sector strategies, and PAR. GOV lead comprehensive capacity building programmes with co-ordinated donor support – <i>Percent of aid for capacity building per se delivered through GoV-led and coordinated programmes</i>	100% GoV led and coordinated programmes
5	Public procurement systems are strengthened to mutually agreed standards taking into account such recommendations as CPAR, PAR – <i>Percent of aid flow and percent of donors using GoV procurement systems.</i>	50% of aid flows and 75% of donors
6	a) Public financial management systems strengthened and PER / CFAA recommendations are implemented b) GoV publishes timely, transparent and reliable reporting on budget execution, audited by State Audit of Vietnam in accordance with INTOSAI ⁴ <i>Percent of aid flows and percent of donors that use the national budgeting, financial reporting, and auditing system.</i>	50% of aid flows and 75% of donors
7	More predictable aid – <i>Percent of aid disbursed according to agreed schedules in annual or multi-year frameworks</i>	75% of aid disbursed on schedule
8	GoV and donors improve environmental and social safeguards – <i>Percent of EIAs and SIAs implemented to international standards</i>	100% of EIAs and SIAs
	<i>HARMONISATION AND SIMPLIFICATION</i>	
9	Fewer, better, core diagnostic and country analytical reviews of Vietnam's development needs. – <i>Percent of country/sector diagnostic reviews and studies used by 2 or more donors.</i>	Core diagnostic reviews used by all donors; 75% of country analytical reviews used by 2 or more donors
10	Common project cycle management tools agreed and used throughout the project/programme cycle (planning, design, implementation, management reporting etc.) – <i>Percent of donors using common project/programme cycle tools</i>	50% of donors
11	Donor interventions are co-ordinated within GoV-led policy and sector frameworks, including general / sector budget support and project modalities. The % use of different aid modalities (by volume) will be monitored each year	100% of aid is national or sector programme based
12	Donors enhance capacity of country offices and delegate authority to them – <i>Percent of donors and aid interventions that are managed at the country level</i>	xx% of interventions and xx of donors (measurement system to be defined)
	<i>MANAGING FOR RESULTS</i>	
13	Results framework developed and used to assess the performance of the SEDP and sector programmes – Composite score based on 4 characteristics of a results-oriented framework (objectives, availability of indicators, M&E capacity and information use in decision making)	Score of 3 based on DAC criteria ⁵ and continuous monitoring
	<i>MUTUAL ACCOUNTABILITY</i>	
14	Periodic mutual assessment of progress in implementing agreed commitments on aid effectiveness	Annual assessment

³ Targets to be confirmed after completion of a baseline survey. Interim targets to be established in the V-HAP.

⁴ International Organisation of Supreme Audit Institutions (INTOSAI).

⁵ This is based on the OECD DAC scoring system detailed in their questionnaire "Baseline Survey Paris Declaration on Aid Effectiveness, 2005".

Annex 5: Decision-Making Mechanism for ISG Process



Decision-Making Mechanism for ISG Process