

EVALUATION

Evaluation on the Transition Process of
Finnish-Vietnamese Cooperation in 2008–2020

Volume 2 • Annexes



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Evaluation on Finland's Development Policy and Cooperation

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EVALUATION ON THE TRANSITION PROCESS OF FINNISH-VIETNAMESE COOPERATION IN 2008–2020

Volume 2 – Annexes

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Evaluation on the Transition Process of Finnish-Vietnamese Cooperation in 2008–2020

This evaluation report consists of two volumes. This is Volume 2 consisting of annexes.

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Acronyms and Abbreviations

\$	US Dollar
AAV	ActionAid Viet Nam
AEC	ASEAN Economic Community
AGS	Small and Medium-Sized Enterprises in Zambia
APEC	Asia-Pacific Economic Cooperation
ASA	Department for the Americas and Asia at Finnish MFA
ASA-10	Unit for Eastern Asia and Oceania at Finnish MFA
AsDB	Asian Development Bank (Viet Nam)
ASEAN	Association of Southeast Asian Nations
ASEM	The Asia-Europe Meeting
AVS-KEO	Office of the Under-Secretary of State of Development Policy at Finnish MFA
BEAM	Business with Impact
BF	Business Finland
BOOST	Building Open Opportunities for Students and Teachers in Viet Nam
CBI	Centre for the Promotion of Imports from Developing Countries
CC	Concessional Credits
CCAM	Climate Change Adaptation and Mitigation Programme
CCO	Cross-Cutting Objectives
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CEP	Country Engagement Plan (Viet Nam)
CLIDEV	Strengthening Climate Change Education for Sustainable Development in Myanmar and Viet Nam
CPA	Comprehensive Partnership Agreement
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CS	Country Strategy
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CTPPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DAC	Development Assistance Committee
DAF	Danish Agribusiness Fund
DBAV	The Dutch Business Association Viet Nam
DBE	Danida Business Explorer
DBP	Danida Business Partnership
DCIF	Danish Climate Investment Fund
DDRN	Danish Development Research Network
DECO	Danish Economic Cooperation Office in HCMC
DEPP	Danish Energy Partnership Program
DevPlat	Developing Markets Platform
DFAT	Department of Foreign Affairs and Trade (Australia)
DFC	Danida Fellowship Centre
DFCD	Dutch Fund for Climate and Development
DMDP	Danida Market Development Partnership
DPA	Danish Public Authority
DPP	Development Policy Programme
DRIVE	Development-Oriented Infrastructure Projects



DRR	Disaster Risk Reduction
DSIF	Danida Sustainable Infrastructure Finance
ECOSOC	The United Nations Economic and Social Council
EDFI	European Development Finance Institutions
EDUFI	Finnish National Agency for Education
EEP	Energy and Environment Partnership
EFTA	European Free Trade Association
EMS	Evaluation Management Services (framework contract)
EQ	Evaluation Question
EU	European Union
EUD	European Union Delegation
EUR	Euro
EuroCham	European Chamber of Commerce in Viet Nam
EVA-11	Department Evaluation Unit at Finnish MFA
EVBC	European Union-Viet Nam Business Council
EVBN	EU-Viet Nam Business Network
EVFTA	European Union-Viet Nam Free Trade Agreement
FAO	Food and Agriculture Organisation
FCG	Finnish Consulting Group
FDI	Foreign Direct Investments
FDOV	Facility Sustainable Entrepreneurship and Food Security
FF	Finnfund
FIA	Foreign Investment Agency
FINNIDA	Finnish International Development Agency
FIVIEDU	Finland-Viet Nam Education
FLC	Fund for Local Cooperation
FMI	Finnish Meteorological Institute
FMO	Entrepreneurial Development Bank (The Netherlands)
FORMIS	Forest Management Information System (bilateral project in Viet Nam)
FP	Finnpartnership
FPA	Forest Products Association of Binh Dinh
FTA	Free Trade Agreement
FVO	Fund for Sustainable Entrepreneurship
FWB	Finnish Week of Business
FWF	Finnish Water Forum
GDP	Gross Domestic Product
GGGI	Global Green Growth Institute
GIG	Governance for Inclusive Growth
GII	Gender Inequality Index
GNI	Gross National Income
GOPA	Good Governance and Public Administrative Reforms (Denmark)
GoV	Government of Viet Nam
HCMC	Ho Chi Minh City, Viet Nam
HDI	Human Development Index
HEI-ICI	Higher Education Institutes - International Cooperation Instrument



HMU	Hanoi Medical University
HRBA	Human Rights-Based Approach
ICI	International Cooperation Instrument
ICT	Information and Communication Technology
IDA	International Development Association
IDH	The Sustainable Trade Initiative
IDP	International Development Partner
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institution
IFU	The Investment Fund for Developing Countries
IIP	IFU Investment Partners
ILO	International Labour Organisation
IPP	Innovation Partnership Programme (bilateral project in Viet Nam)
IPU	Inter-Parliamentary Union
ITC	International Trade Centre
ITPC	Investment and Trade Promotion Centre of HCMC
JAMK	Jyväskylä University of Applied Sciences
JICA	Japan International Cooperation Agency
JPP	Justice Partnership Programme (Denmark)
KEO	Department for Development Policy at Finnish MFA
KEO-20	Unit for Sectoral Policy at Finnish MFA
KEO-30	Unit for Civil Society at Finnish MFA
KEO-50	Unit for Development Finance and Private Sector Cooperation at Finnish MFA
KII	Key Informant Interview
KOICA	Korea International Cooperation Agency
LCF	Local Cooperation Fund
LDC	Least Developed Country
LIC	Low Income Country
LMIC	Lower Middle-Income Country
LRC	Learning Resource Centre
MARD	Ministry of Agriculture and Rural Development (Viet Nam)
MCNV	Medical Committee Netherlands-Viet Nam
MDGs	Millennium Development Goals
MEAE/TEM	Ministry of Economic Affairs and Employment (Finland)
MFA	Ministry for Foreign Affairs (Finland)
MIC	Middle-Income Country
MOC	Ministry of Construction (Viet Nam)
MOF	Ministry of Finance (Viet Nam)
MoFA	Ministry of Foreign Affairs (Viet Nam)
MOLISA	Ministry of Labour, Invalids and Social Affairs (Viet Nam)
MONRE	Ministry of Natural Resources and Environment (Viet Nam)
MOST	Ministry of Science and Technology (Viet Nam)
MOU	Memorandum of Understanding



MPI	Ministry of Planning and Investment (Viet Nam)
MRT	Mid-Term Review
MSME	Micro, Small & Medium Enterprises
NAP	National Adaptation Plan
NATO	The North Atlantic Treaty Organisation
NDC	National Determined Contribution
NDF	Nordic Development Fund
NESO	Netherlands' Education Support Office
NGO	Non-Governmental Organisation
NordCham	Nordic Chamber of Commerce in Viet Nam
NSS	North-South-South Higher Education Programme
NVCC	Netherlands-Viet Nam Chamber of Commerce
OACPS	Organisation of African, Caribbean and Pacific States
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OKP	Orange Knowledge Programme
OSM	Ownership Steering Memorandum
P4G	Partnering for Green Growth
PAPI	The Viet Nam Provincial Governance and Public Administration Performance Index
PARFORM	Partnership for Forestry Higher Education Cooperation in Mekong Region
PCA	Partnership and Cooperation Agreement
PCI	Provincial Competitiveness Index
PEA	Political Economy Analysis
PFG	People's Participation in Forest Governance and Poverty Alleviation
PFM	Public Financial Management System
PIB	Partners for International Business
PIF	Public Sector Investment Facility
POSCIS	Programme on Strengthening the Comprehensive Capacity of the Inspectorate Sector
PPP	Public-Private Partnership
PSI	Private Sector Instrument
R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership Agreement
RDI	Research Development and Innovation
RVO	Netherlands Enterprise Agency
SAIS	Southern Africa Innovation Support Programme
SDGP	SDG-Partnership
SDGs	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs (Switzerland)
SEDP	Socio-Economic Development Plan (Viet Nam)
SEDS	Social-Economic Development Strategy (Viet Nam)
Sitra	Finnish Innovation Fund
SME	Small and Medium-sized Enterprise
SNV	The Netherlands Development Organisation
SSC	Strategic Sector Cooperation



STI	Science, Technology, and Innovation
TC	Trade Councils
TF	Team Finland
ToC	Theory of Change
ToR	Terms of Reference
ToT	Training of Trainers
TTIP	Transatlantic Trade and Investment Partnership
TUO	Department for External Economic Relations at Finnish MFA
TVET	Technical and Vocational Education and Training
UCN	University College Nordjylland
UMIC	Upper-Middle Income Country
UN	United Nations
UN Women	The United Nations Entity for Gender Equality and the Empowerment of Women
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	The United Nations Children's Emergency Fund
UNIDO	United Nations Industrial Development Organisation
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
VAT	Value-Added Tax
VCCI	Viet Nam Chamber of Commerce and Industry
VCS	Viet Nam Country Strategy
VFIS	Viet Nam-Finland International School
VIETRADE	Viet Nam Trade Promotion Agency
VIFORA	Viet Nam Forest Owner Association
VMAP	Viet Nam Market Access and Partnership (in IPP II)
VND	Viet Nam Dong
VPA-FLEGT	Viet Nam-European Union Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade
VSDG	Viet Nam Sustainable Development Goals
WASH	Water, Sanitation and Hygiene
WB	World Bank
WSPST	Water and Sanitation Sustainability Programme for Small Towns
WTO	World Trade Organisation
WWF	World Wildlife Fund
YEP	Young Experts Programme



Annex 1. Terms of Reference Evaluation on Transition Process in Viet Nam

1. Introduction and rationale

Viet Nam has been one of Finland's main development cooperation partner countries for almost four decades. Due to Viet Nam's remarkable development has the focus of bilateral relations between Finland and Viet Nam increasingly been shifting from bilateral grant-based development cooperation towards mutually beneficial cooperation and more comprehensive partnerships. In order to move in a planned, long-term and effective way from aid to trade and other forms of cooperation, a gradual transition process was started in the Country Engagement Plan 2008–2012 (predecessor to country strategy) and further continued in the following two country strategies (country strategy 2013–2016 and country strategy 2017–2020). Finland's grant-based bilateral development cooperation came to an end in 2018 but cooperation with other modalities and instruments, e.g. Finnpartnership, Public Sector Investment Facility (PIF) and institutional cooperation, has continued and is still quite substantial. Development cooperation has thus been decreasing whereas trade and other relations have been increasing.

Due to the long history of partnership and the transition process in Viet Nam there is a need for a holistic understanding on the successes, challenges, strengths and weaknesses of the transition process. The ultimate purpose of the evaluation is to support the achievement of goals for the transition process in Viet Nam i.e. transitioning from grant-based development cooperation to increase trade and other mutually beneficial forms of cooperation. From this Viet Nam-focused evaluation relevant insights and lessons can be generated for transition processes elsewhere in Finland's partner countries. The evaluation is also expected to help understand, how development cooperation can support this kind of transition process and build new partnerships and cooperation. Furthermore, the evaluation is expected to assist the Ministry for Foreign Affairs of Finland (MFA) further develop synergies between development cooperation and Team Finland (TF) as well as between different development cooperation modalities and instruments in order to support transition can be developed. Finally, the evaluation is expected to shed light on what the MFA can learn from its peer organizations (e.g. Denmark and the Netherlands).

2. Context

2.1 Context in Viet Nam

Viet Nam has undergone rapid socio-economic development over the last three decades. The government launched far-reaching political and economic reforms (Doi Moi) in 1986 with three main elements, (i) shifting from a planned centralized economy based on public ownership to a multi-sector economy based on the market; (ii) building a state based on rule of law; and (iii)



strengthening external cooperation with other countries. The reforms have spurred rapid economic growth and transformed the country from one of the poorest in the world to lower middle-income country (MIC) with one of the fastest growing economy and firm aspirations to be a modern and industrialized nation by 2035. It has successfully fought poverty with the poverty headcount falling from 58% in 1993 to 2% in 2019.

Viet Nam's key planning document is the 10-year Socio-Economic Development Strategy (SEDS). An action plan for the SEDS is outlined in the 5-year Socio-Economic Development Plans (SEDP). Both SEDS and the SEDP are high-level documents with limited detail on concrete priorities and policy instruments. They provide a framework and give direction for ministries and agencies to develop their own sector plans of actions.

The goal is to be a modern and industrialized nation moving towards becoming a prosperous, creative, equitable and democratic society by 2035. The SEDS 2011–2020 emphasizes structural reforms regarding environmental sustainability, social equity and macroeconomic stability. The three breakthrough areas identified for reforms are human resource development, improving market institutions and infrastructure development.

Viet Nam has undergone rapid socio-economic development over the last three decades culminating in becoming a lower middle-income country in 2010. When Doi Moi was launched, Viet Nam's per capita income was around US \$100. By the end of 2015, the per capita income was around US \$2,100 and double of that in urban areas. The Human Development Index (HDI) has also been increasing from 0,578 to 0,693 in 2018.¹ It has successfully fought poverty with poverty headcounts falling from 58% in 1993 to 2% in 2019. However, poverty has not completely disappeared and the vast majority of Viet Nam's remaining poor are ethnic minorities.

Viet Nam has attracted significant external funding flows in the form of both foreign direct investments (FDI) and official development assistance (ODA). The ODA increased from 1.485 bill. USD to 4.216 bill. USD between 2000 and 2014.² Since then the ODA has been decreasing and was 1.633 billion USD in 2018.³ The FDI increased from 1.298 bill. USD in 2000 to 16.120 bill. USD in 2019.⁴ As a result of Viet Nam gaining the Lower-MIC status in 2011, Several development partners, including World Bank (WB), Asian Development Bank (AsDB) and some bilateral partners, since then, started to change their cooperation portfolio.

Viet Nam has comparative social-economic advantages in advancing in economic growth and poverty reduction, such as its geographical location next to China, young and reasonably well-educated workforce, comparatively high human capital index (HDI), low salaries, strong economic growth and a growing middle class as well as the desire to become more appealing to foreign investments and to attract high quality investments based on advanced and environmentally friendly technologies.

Viet Nam has made good progress in health services and provision of basic services (like electricity and water and sanitation) although challenges still remain. Viet Nam has Gender Inequality Index

1 United Nations Development Programme. Human Development Reports. <http://hdr.undp.org/en/countries/profiles/VNM>
2 World Bank. <https://data.worldbank.org/indicator/DT.ODA.ALLD.CD?locations=VN>
3 OECD. Aid at glance charts. https://public.tableau.com/views/OECDACAidataglacebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no
4 World Bank. <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=VN>



(GII) value of 0.314 ranking 68 out of 168 in 2018.⁵ Rapid growth and industrialization have had detrimental impacts on the environment and natural assets and much of Viet Nam's population and economy is highly vulnerable to climate impacts. Urbanization and strong economic and population growth are causing rapidly increasing waste management and pollution challenges. Another challenge is rapidly aging population. While Viet Nam has managed to contain the COVID-19 outbreak so far, its economy has been hurt in recent months.

In spite of being able to meet the economic, social and cultural needs of its citizens, civil and political rights of the Vietnamese citizens are restricted. The limited freedom of expression and restrictions on the media continue to be issues of particular concern.

Viet Nam is rapidly integrating into the international trading system, with the continued opening up and reform of its economy. An important step was Viet Nam's accession to the World Trade Organization (WTO) in 2007. The Association of Southeast Asian Nations (ASEAN) Economic Community was established in 2015 and Viet Nam negotiated the Trans Pacific Partnership Agreement in the same year. The EU-Viet Nam Free Trade Agreement entered into force in August 2020.

2.2 Policy context in Finland

Development policy is an integral part of foreign and security policy and it guides the development cooperation. Development policy is closely linked with all parts of foreign relations, i.e. political, trade political and commercial and economic relations. Coherence is one of main principles in order to ensure that the individual policies and their goals support the achievement of sustainable development. The Agenda 2030 and the Sustainable Development Goals (SDGs) apply to all countries of the world. Finland is committed to reaching them both at home and in its international cooperation. Finland sees that achieving the SDGs requires development policy and cooperation as well as more broadly foreign policy. It also requires both national and international public and private funding and commitment of whole society.

Finland's development policy programmes (DPP) have guided the Finnish development cooperation globally. The DPPs of 2007, 2012 and 2016 more specifically have guided transition process in Viet Nam. The most recent DPP from 2016 had four priority areas, (1) The rights and status of women and girls, (2) Sustainable economies and decent work, (3) Education and peaceful democratic societies and (4) Climate and natural resources. A fifth policy priority area relate to humanitarian assistance. For each priority area, the MFA has developed a theory of change (ToC), with outcomes and outputs identified as well as the linkage to the Agenda 2030 and Sustainable Development Goals at impact level. Priority areas are also recognized in the latest Government Programme (2019-2022). Currently, new long-term principles and strategic priorities are prepared.

The MFA has had specific planning and management frameworks for the development co-operation in long-term partner countries and in some other countries or regions. These management frameworks have been called with different names over the times. The first strategies were country engagement plans (CEP) from 2008 to 2012 which were followed by country strategies or programmes from 2013 to 2016 as well as country strategies or programmes from 2016 to 2020 respectively. The guidance for country strategies and strategies itself have evolved over time but in principle they have been goal-oriented management tools for managing the Finnish development

5 http://hdr.undp.org/sites/default/files/hdro_statistical_data_table5.pdf



cooperation in a partner country. The strategies have provided guidance for planning and implementing the cooperation as well as for reporting on the progress. During the evaluation period the guidance on complementarity and coherence with different aid modalities and linkages between development cooperation and other type of cooperation, e.g. trade, has increased. The guidelines for the most recent country strategies and programmes for the period of 2021-2024 defines that the purpose of the country strategy and programme is to enhance the coherence of different MFA country level actions to support the set objectives in each partner country. Furthermore, the aim of the country strategy is to show how activities in different sectors, including development cooperation, are linked to Finland's strategic goals in the country and, thus, to Finland's foreign and security policy. Country strategies are managed by the regional departments/units and Embassies.

As a part of the Team Finland (TF) network, the MFA and Finland's diplomatic missions monitor and promote Finland's economic interests abroad; the internationalization of Finnish enterprises; investments in Finland; and the country brand. The TF operating model brings together the key actors and services in these fields. The core members in TF are: Ministry of Economic Affairs and Employment (MEAE); MFA; Business Finland; Finnvera; Centres for Economic Development, Transport and the Environment; and Employment and Economic Development Offices. The MFA, incl. the Embassies, helps enterprises with market understanding on their target markets, with identifying market opportunities, with establishing contacts, with leveraging development funding instruments, with removing obstacles to trade and with advice on trade policy.

2.3 Finland's country strategies and engagement plans in Viet Nam

Viet Nam was one of Finland's main development cooperation partner countries for almost four decades. Given the rapid economic growth in Viet Nam a shift was seen in the Development Policy Programme (DPP) of 2007 that advised to make an assessment on a transition from long-term inter-governmental cooperation to other forms of cooperation. **The country engagement plan 2008–2012 (CEP)** introduced a gradual shift in order to decrease the bilateral development cooperation in a sustainable manner but at the same time to strengthen other partnerships. The main sectors for bilateral development cooperation were forestry, water and sanitation as well as rural development but by the end of strategy period the cooperation would concentrate in information and innovation policy as well as environment and climate change. Synergies with regional cooperation in Mekong were also sought. The disbursements were planned to increase to EUR 22.9 million in 2008 but then gradually decline to EUR 10.8 million in 2012. Bilateral development cooperation would end in 2015 but new types of cooperation with Viet Nam e.g. institutional and private sector cooperation, would continue after 2015.

It was outlined in the CEP 2008–2012 that bilateral development cooperation would continue in water and sanitation, forestry and rural development. In addition, partnership-building programmes, twinning type of cooperation and business partnerships were promoted. The first projects under the institutional cooperation instrument (ICI) were initiated and the Fund for Local Cooperation (FLC) was utilized to engage in dialogue on human rights and good governance. Already during the implementation of the CEP, Viet Nam was one of the largest target-countries for Finnpartnership support. The concessional credit portfolio was also substantial and Finland supported the Mekong Private Sector Development Facility, a Trust Fund administered by the International Finance Corporation (IFC).



The Development Policy Programme (DPP) of 2012 further confirmed Finland's strategy to promote Viet Nam's gradual shift from a long-term development cooperation partner country to a more diversified cooperation partner. **The country strategy 2013–2016** stated *“As a result, the traditional project-based development cooperation between Viet Nam and Finland will be gradually replaced by a more comprehensive partnership, responding to the changing needs of a middle-income Viet Nam.”* The objectives were (1) increased openness and access to information, knowledge, and innovation for all, (2) enhanced green economy that creates entrepreneurial activity and decent jobs, (3) improved sustainability, inclusiveness, equality and climate sustainability of the use and management of forest resources and (4) sustainable and equal access to improved water supply and sanitation services. The strategy outlined a gradual decline of bilateral grant-based programmes from EUR 11.5 million in 2012 to EUR 4.5 million in 2016.

The country strategy 2013–2016 underlined the strengthening of partnerships between Finnish and Vietnamese authorities, institutions, private sector and civil societies. Bilateral development programmes were still the main modality but there was emphasis to support the transition by using all available cooperation instruments in a comprehensive manner, like FLC, ICI, Finnfund and Finnpartnership. Finpro (in 2018 Finpro and Finnish Funding Agency for Technology and Innovation, Tekes, formed Business Finland) was also expected to play a role with its growth programmes in the transition.

The government report to parliament on Finnish development policy in 2016 set the year 2018 as the final year for bilateral cooperation in Viet Nam. The next country strategy **2016–2020, was called transition strategy 2016–2020** and was based on this development policy and aimed explicitly towards transition. The vision was that *“by 2020, ongoing, bilateral, grant-based development cooperation projects funded by Finland have been successfully closed with sustainable results, bilateral trade has grown substantially, and Finland is known in Viet Nam as a reliable partner providing economically and environmentally sustainable solutions that contribute to Viet Nam's development goal of become an innovative, knowledge-based economy.”* In the line with the development policy, year 2018 was set as the final year for Finland's grant-based bilateral development cooperation programmes.

The overall objective of the transition strategy was to promote inclusive development in Viet Nam and to increase trade and other mutually beneficial forms of cooperation between Finland and Viet Nam. The two priority areas of Finland's development policy were emphasized: (1) developing the economy in order to generate jobs, livelihood opportunities and well-being, and (2) improving access to water and sanitation while promoting the sustainable use of natural resources. The priority sectors of the transition strategy were: (1) water, (2) forestry, (3) science, technology and innovation, (4) energy and other cleantech solutions and (5) education. Development finance instruments and TF Growth Programmes were key tools for supporting the transition. Development assistance after 2018 was seen to serve as a springboard for kicking off larger commercial projects and to networking.

The tools for the transition were 1) financing for development cooperation projects, in order to support Viet Nam's transition towards an open civil society and a competitive economy, with an emphasis on environmental sustainability; 2) promoting Finland as a well-functioning, clean, high-tech country offering state of the art technology, world-class know-how and innovative solutions to Viet Nam and 3) promoting Viet Nam's business opportunities in Finland.



The development cooperation programmes and funding were aligned with transition targets and the programmes were steered towards contributing to the transition.

Unlike earlier country strategies, the transition strategy was formulated in wide cooperation with Finnish stakeholders within and outside the MFA: MEAE, Tekes (former Finnish Funding Agency for Innovation, currently Business Finland), Finpro (former Finnish trade promotion organization, currently Business Finland), Ministry for Education and Culture, Natural Resource Institute Finland, Finnish Meteorological Institute, Finnish Environment Agency, Finnish Water Forum (FWF), Finnfund and Finnpartnership. These organizations were also invited to the Viet Nam group, an informal governmental group on Viet Nam that has gathered biannually during the implementation of the transition process.

The main instruments for cooperation during the whole transition period have been bilateral cooperation, ICI, multi-bilateral cooperation, FLC, CSO cooperation, Finnpartnership, BEAM (Business with Impact)⁶, concessional credits, Public Sector Investment Facility (PIF) and Finnfund. Annex 2 includes a list of private sector development instruments.

The following graph below summarizes the key sectors of in the country strategies in Viet Nam under the evaluation period.

2008–2012	2013–2016	2017–2020
Water and sanitation Forestry Rural Development ↓ Information society and innovation Environment and climate change	Knowledge society Forests and climate change Water and sanitation	Water and sanitation Forestry Science, technology and innovation Energy and other cleantech solutions Education

During the years from 2009 to 2020, Finland disbursed c. 125 mill. Euro in ODA in Viet Nam. The figure does not include regional programmes or programmes/projects covering several countries.

2.4 Transitioning towards other forms of cooperation and the role of Team Finland in Viet Nam

While the design and elaboration of the development cooperation frameworks of Finland in Viet Nam are well-documented and have also been subjected to regular reviews and evaluations, this has not been the case to the same extent in relation to Finland's political and economic cooperation with Viet Nam as well as in other partner countries. The Finnish Embassy in Viet Nam has made strategic and annual plans and has reported on political and economic relations. These plans and reports will be available to the evaluation team during the inception phase. On Aid for Trade relevant documentation and evaluations are also available, though also on Aid for Trade the main perspective was on development cooperation more than economic aspect. During the inception phase of this evaluation, an initial desk-study on the transition process needs to secure that

⁶ Currently DevPlat (Developing Markets Platform) under Business Finland.



background and description of the transition process provides a balanced narrative on Finland's political and economic cooperation with Viet Nam and its development cooperation in the period under review. If and where needed in developing this balanced narrative, additional interviews with key informants might be required during the inception phase.

In the economic sphere of cooperation between Finland and Viet Nam the TF is an important network and consultations with its members will constitute an important step towards developing the economic part of the narrative referred to above. As part of TF network, the MFA and Finland's diplomatic missions monitor and promote Finland's economic interests abroad: the internationalization of Finnish enterprises, investments in Finland, and the country brand. The TF operating model brings together the key actors and services in these fields. The core members in TF are: Ministry of Economic Affairs and Employment (MEAE); MFA (incl. Missions); Business Finland; Finnvera; Centres for Economic Development, Transport and the Environment; and Employment and Economic Development Offices. The MFA, incl. the Embassies, helps enterprises with market understanding on their target markets, with identifying market opportunities, with establishing contacts, with leveraging development funding instruments, with removing obstacles to trade and with advice on trade policy.

The TF country teams prepare annual plans. It is noteworthy that there will be no new country strategy for Viet Nam but the TF plan will guide in the future support sectors identified based on commercial interests from Finland.

Several Memorandums of Understanding (MoU) have been signed between different Finnish and Vietnamese actors. In Viet Nam the Finnish Embassy and Business Finland's office in Ho Chi Minh City form the core group of the TF in Viet Nam.

Finland and Viet Nam have conducted bilateral consultations concentrating on development policy and cooperation issues biannually and separate bilateral consultations on political and economic issues. In the consultations, the countries follow up implementation of the programmes and agree on future cooperation. During the evaluation period bilateral consultations were held in 2009, 2012, 2014, 2016 and 2018. The last consultation included both political and development cooperation.

Earlier Evaluations of development and partnership approaches and modalities in Finnish-Vietnamese partnership relations.

This evaluation will build on the findings of several previously published evaluations and studies. These include, among others, the Evaluation of Finland's Development Cooperation Country Strategies and Country Strategy Modality (2016), Evaluation of Finland's Aid for Trade (2016) as well as evaluations on bilateral programmes in Viet Nam. Evaluations on transitions in Egypt and Namibia provide valuable information on earlier transition processes. Detailed list is provided in Annex 1.

The evaluation on country strategy done in 2016 revealed that Finland's country strategy in Viet Nam has been relevant in many aspects but the relevance is hindered because it does not cover all MFA aid interventions and does not explicitly address the transition issues. Country strategy's contribution to transition or to prepare ground for new types of cooperation is not clear and not much progress has been made in terms of pushing the transition agenda forwards. Development cooperation portfolio was not expected to have major impacts on facilitating the transition by 2018. Furthermore, the human and financial resources available to support the transition had been insufficient.



The Evaluation on Aid for Trade (2016) came to the same conclusion on resources. Furthermore, capacities of staff and systems in the MFA and embassies were insufficient to deal with specific challenges in transitioning from ODA to economic partnerships and trade promotion. Private sector development instruments had not been widely used although they are important for transition. The development cooperation portfolio was fragmented using different modalities and instruments and the coordination between different MFA units and departments and embassies is weak. The evaluation pointed out that Finland had not done as well in transitioning from aid to trade compared to Denmark and Netherlands who had developed specific sets instruments for transition.

An independent review of Finnish aid done in 2015⁷ concluded that the role of Finnfund had not been very important in Viet Nam and in other countries where bilateral grant aid has been or is being phased out, although there are emerging signs this is changing more recently. The Finnish private sector opportunities had not thus coincided much with bilateral aid. The review also stated that Viet Nam has been the largest user of concessional credit instrument and it is a good example how concessional credit can replace grant aid.

Programme final evaluations done in 2018 and 2019⁸ showed that Finland's bilateral cooperation had at least partly contributed to the transition. For example, the Innovation and Partnership Programme II (IPP II), cooperation in forest sector and ICI projects had contributed positively to transition process by creating positive image of Finnish technology and know-how in the specific sectors and by widening their outreach to different actors. Foundations for growing commercial and other types of cooperation had been created. The lessons learned are that transition processes need to be developed first and not just "retrofitted" around the existing programmes. By doing so the programmes can be designed to contribute to the transition. Furthermore, transition processes should have clear goals and indicators. It is also needed to have separate instruments/programmes that are tailored and deployed for transition. However, the Final Evaluation of Water and Sanitation Programme for Small Towns, WSPST, (2019) concluded that the WSPST, in spite of efforts taken, unlikely paved the way for Finnish companies to the Vietnamese markets.

Evaluations on transition from grant-based development cooperation to more diversified cooperation in Namibia and Egypt (done in 2008 and 2010) provide valuable lessons from earlier experiences. They revealed that transition takes time, financial resources, suitable cooperation instruments as well as human resources and capacity. In Egypt for example the objective to phase out grant-based development cooperation was met but expansion of commercial economic relations was not met. Findings from Namibia were a little bit more positive and the evaluation concluded that the transition had introduced somewhat diversified relations and had thus served the strategy's intended purpose.

More recently, Finland is embarking on other transitioning processes in at least Zambia and Nepal. Although data on these processes are available only occasionally and preliminarily (e.g. in an ongoing evaluation on Economic Development, Jobs and Livelihoods that includes also Zambia), this evaluation is to look into these processes, as far as data can be made available and relevant

7 Reinikka R. (2015). Results on the Ground. An Independent Review of Finnish Aid. MFA.

8 Final Evaluation of the Innovation Partnership Programme, Phase II (2019), Final Evaluation of Water and Sanitation Programme for Small Towns in Viet Nam Phases I, II and III (2019). Joint Final Evaluation of Two Forestry Projects in Viet Nam Development of Management Information System for the Forestry Sector (FORMIS – Phase II) and People Participation in Improvement of Forest Governance and Poverty Alleviation in Viet Nam (PFG) (2019) and Final Evaluation of three Institutional Cooperation Instrument Projects in Viet Nam (2018)



and knowledgeable resource persons can be identified in these countries. The prospective evaluation team is requested to prepare a proper scope and plan for this comparative study and analysis during the inception phase.

The MFA is aware that also other development partners and donor countries have experience in transition processes in general and more specifically in Viet Nam. For the generation of relevant insights and lessons, the MFA is also interested to tap into these other experiences and identify relevant other studies, reviews and resource persons. The evaluation team is requested to prepare a proper scope and plan for this comparative study and analysis during the inception phase.

3. Purpose, objectives, scope and intended users of the evaluation

Purpose

The ultimate purpose of the evaluation is to support the achievement of goals for transition process, i.e. transitioning from grant-based development cooperation to increase trade and other mutually beneficial forms of cooperation, in Viet Nam and elsewhere in Finland's partner countries.

The evaluation is expected to shed light on what are the successes and challenges in the transition process in Viet Nam and thereby help to identify the strengths and weaknesses. The purpose is also to assist in understanding, how development cooperation can support transition process and build new partnerships and cooperation. The evaluation is expected to assist the MFA further develop synergies between development cooperation and Team Finland as well as between different development cooperation modalities and instruments in order to support transition as a process.

Objectives

The objective of the evaluation is to produce evidence and present well justified conclusions on the following and provide practical recommendations:

- To what extent has the transition process achieved its goal to move from traditional bilateral development cooperation to more diversified cooperation.
- To assess the successes, challenges and possible limitations in the approach, modalities and resources to support the transition process and its goal on building new partnerships and new type of cooperation.
- How Finland's development cooperation has supported the transition and how it has contributed to building new partnerships.
- How synergies between different cooperation modalities/instruments, between development cooperation and Team Finland as well as between different actors have been sought.
- What the MFA can learn from its peer organizations, e.g. Denmark and Netherlands.
- How to best support transition processes elsewhere in Finland's partner countries and continue support to post-transition phase, with still remaining available resources.



Scope of the evaluation

The evaluation will cover the period of 2008–2020. It will cover all forms of Finnish Government funding in Viet Nam: bilateral cooperation, multi-bi cooperation, institutional cooperation instrument (ICI), higher education cooperation (HEI ICI), private sector funding instruments and support mechanisms (concessional credit, Finnpartnership, Public Sector Investment Facility (PIF), Business with Impact (BEAM), Developing Markets Platform (Devplat), Finnfund, Finnvera, Tekes, Team Finland Growth Programmes), cooperation through civil society as well as the local cooperation fund (LCF).

The final scope and sampling will be established on basis of an in-depth desk study of the existing documentation. The final scope will be agreed during the inception phase.

Intended users of this evaluation

The main users of the evaluation results are the MFA regional units and departments, the MFA policy departments as well as Embassy of Finland in Hanoi and other Embassies especially in those partner countries where similar transition processes will be planned. Other more directly interested users include Team Finland, Business Finland and Finnfund. Other users are more broadly the public institutions, civil society organisations and private sector actors in Finland.

4. Key evaluation questions

The following five main evaluation questions will be answered in this evaluation:

1. To what extent and how has the transition process supported the development, political and economic interests and objectives of Finland and Viet Nam?
2. How and to what extent have development and economic cooperation strategies and the choice of ODA and non-ODA instruments, modalities and delivery channels affected the transition process and contributed to the building of a new partnership of Finland and Viet Nam?
3. To what extent the new kind of partnership is sustainable or are further actions needed to strengthen the partnership?
4. How the gender equality and human rights based approach (HRBA) have been supported throughout the transition process?
5. What can the MFA learn from its peer organizations engaged in Viet Nam and from its own experience in other partner countries on how the transition process can be further refined?
6. During the inception phase, the main evaluation questions can be adjusted. The sub-questions and the use of OECD-DAC evaluation criteria will be specified and included in the inception report.



5. General Approach and Methodology

The following generic evaluation approach will be applied and further refined during the inception phase of this evaluation.

Theory-Based Evaluation: The transition strategy of the MFA is based on a Theory of Change (ToC) that presumes that with a changing mix of partnership approaches, methods and instruments, the nature and quality of the international partnership will change and develop towards a broader social-economic partnership relation. It is important to test this ToC for the specific situation of Viet Nam and to identify critical assumptions in specific pathways of change in this ToC. It will also be important to look at this ToC and assumptions in an international comparative perspective to generate the right lessons to be learned on transition concepts and approaches and effectiveness of transition processes in different political, social-economic and cultural contexts.

Inclusion of a political economy analysis: Transitioning in partnership relations is primarily a process of policy and political dialogue and is not merely a technical process. This will require sufficient attention to the analysis of political-economy of development processes in Viet Nam and Finland's engagement and dialogue with its key Vietnamese partners at Government level and in civil society and private sector. It will also be important to consider how other international development partners have engaged in such policy and political dialogue and to what extent international development partners, including the Finnish Government, have been coherent in dialogue.

Participatory and iterative process: As this evaluation covers a long period and many different instruments and partners, it is important to secure sufficient participation of all different key-stakeholder groups in the evaluation process. This needs to be done throughout the entire evaluation process to ensure that proceeding insights can be tested and validated at different stages. It should be envisioned that such testing and validation with different stakeholders can produce the need to revisit earlier research findings and/or exploring other emerging, new or changing research hypotheses.

Ensure ownership and participation of all relevant stakeholders throughout all phases of the evaluation process: Representatives of relevant key stakeholders will be engaged in the evaluation process, not only as providers of information but also as users and stakeholders in the evaluation results. In this evaluation this will require a balanced participation of both key Finnish and Vietnamese stakeholders in key activities of this evaluation. Other stakeholders should always be informed about how they participate in the process and how their information is used and they should ultimately be reached in the dissemination of the final results.

Building on knowledge that is already available: The concept note mentions a significant number of existing reviews and evaluations conducted in the direct context of Finnish-Vietnamese partnership. It is likely that other development partners have produced similar reports, from which more knowledge can be distilled. This will require sufficient time and effort in mining of existing relevant documents through an extensive desk-review.

Application of mixed methods: To ensure that complexity of the transitioning process can be grasped and to understand the effects of transitioning on the partnership relation, a mixed-methods approach will be required. **Longitudinal analysis** will be needed to understand the developments over time, covering a period of 12 years and different strategic frameworks of MFA on international



development and economic cooperation. A **comparative analysis** is needed to contextualise the transition process in Viet Nam within the broader context of changing partnership relations of Finland. The comparative perspective is also needed to generate lessons from transitioning processes of other development partners in their partnership with Viet Nam. And finally, a third, internal, comparative analysis is needed to understand how specific modalities and instruments of Finnish international cooperation have contributed to transitioning. This will also feed into an **analysis of coherence and synergy** of these different instruments. Mixed methods also refer to the need to both look at **quantitative aspects** of partnership in terms of development budgets and trade volumes and **qualitative aspects** of how partners have appreciated dialogue and cooperation and how and to what extent specific policy priorities have been considered in the partnership relation, including the Finnish **cross-cutting objectives** of gender equality, human rights and environment.

Partnership assessment: The essence of the transitioning process as explained in the concept note is to move towards a different kind of partnership between Finland and Viet Nam. This aspect should not remain abstract, as partnerships materialise in dialogue and cooperation and eventually in MoU's and concrete agreements between specific actors. It is important to include this human perspective in this evaluation and analyse how different partners in the partnership relation over time are appreciating the quality of the partnership. A specific methodology and tool for partnership assessment could be developed during the inception phase of this evaluation.

Identify risks and mechanisms for mitigation: As in any evaluation process, it is important at an early stage to conduct a risk analysis and assessment in the realisation of the evaluation process and to identify limitations to the evaluation process and manage expectations around the evaluation. At this stage it is too early to specify these risks, although one risk is already obvious and this is the COVID-19 pandemic. During the inception phase possibilities for international travel to Viet Nam and for conducting meetings and workshops in the country need to be investigated and proper actions need to be identified, such as introducing protocols and formats for data collection. Anticipating that in the first semester of 2020 there still will be COVID-19 related challenges, it is important to recruit a balanced team of international and Viet Nam based experts, including sufficient senior-level Vietnamese expertise.

6. Evaluation methods and tools for data collection and analysis

6.1 Key methods and tools for data collection

From the evaluation approach the following specific methods and tools for data collection are to be applied and further elaborated during the inception phase:

- Theory of Change workshops at the start and end of the research phase will serve to update and enrich the ToC developed by the evaluation during the inception phase of the evaluation. The ToC will be a living document throughout the evaluation process and at the end it will be updated to integrate new insights obtained throughout the research phase. It is suggested to organise the ToC workshop process in close coordination with the members of Team Finland and the Viet Nam-team at the MFA;



- Desk study and review of documents and digital information sources:
 - Desk-review of key programming, reporting and review/evaluation documents of the specific Finnish development cooperation in Viet Nam;
 - Review of Embassy's annual plans and reports, TF plans and reports, Embassy's strategies and other reports;
 - Meta review of existing strategic evaluations of the Finnish development cooperation with Viet Nam and a comparative review of other reviews/evaluations of: a) other Finnish transitioning countries; b) other development partners applying transitioning strategies in Viet Nam);
 - Review of trade and economic development statistics in a number of comparative countries in the region and in other transition countries in the Finnish partner portfolio. to assess effects of transitioning processes on bilateral trade relations;
 - Review of contextual and political economy analyses of Viet Nam in the period 2008-2020.
- Key Informant Interviews: These interviews are the most important source of information in this evaluation process. Due to the strategic and policy-level nature of the evaluation these interviews will be conducted as open interviews and as semi-structured interviews. Interviews will be conducted with a range of different stakeholder groups, and sampling possibly will be needed (see below). The following key stakeholder groups are identified: Team Finland members, Finnish and Vietnamese partners in the Finnish development cooperation; Vietnamese Government and relevant Ministries; key public, private and civil institutions in Viet Nam; other development partners of Viet Nam Key persons involved in transition processes in other Finnish partner countries;
- Focus Group Meetings/Workshops: These workshops (that can be conducted both in-person and on-line) serve to bring different stakeholder groups together and jointly discuss aspects and questions in the evaluation process. The ToC workshops (see above) can also be conducted as focus group workshops, bringing together different stakeholders;
 - On-line surveys: Depending on the evaluation reach and on the need to provide a confidential space for key informants to express their opinions on the transition process, one or more on-line surveys will be included in the process. Surveys can focus on quantitative and qualitative aspects and on a combination of the two. Qualitative (text string) aspects will be voluntary in surveys reaching out to large survey audiences or will be used in targeted surveys to specific stakeholder groups. A survey preparation, testing and dissemination plan will be developed during the inception phase.

6.2 Key methods and tools for analysis:

The following methods and tools are suggested for data analysis:

- Sense-making and validation (see also below) is not only a means of stakeholder engagement, it is also an important tool for the analysis of data, as it will enable stakeholder groups to correct and enrich data interpretation by the evaluation team and sense-making and validation can also detect gaps in the data-collection phase and thus be used to reiterate phases in the data collection process, if and where needed;



- Coherence analysis of the different Finnish support instruments: a matrix format can be developed for this analysis⁹;
- Comparative analysis of transition processes in different countries and of different development partners: a matrix format can be developed for this analysis;
- Cross-check and triangulate data of at least two different data-sources on each of the specific evaluation questions/indicators in the evaluation matrix. Single source data will not be considered in responding to the evaluation matrix. The triangulation and cross-checking process can be documented in a matrix format;
- Analysis of the influence and effects of cross-cutting issues (HRBA, gender equality, environment) in the application and implementation of different aid modalities and instruments;
- Peer review of all sub-products and products within the evaluation team between at least two team-members and with constant oversight of the evaluation team-leader. In addition to peer reviewing in the team, I assume that there will also be an external mechanism for quality assurance organised by MFA and the contracting company;
- Aggregation and synthesis of findings: within the evaluation we will discuss those findings that can be generalised and that can show systematic patterns. These findings will be used for the development of conclusions, lessons learned and recommendations and will feature in the main evaluation report. Other more specific findings will feature in the annexes to the evaluation report or possibly in a separate second Volume.

6.3 Sampling of data sources

The extent to which data sources will need to be sampled to a large extent will depend on the available time and budget for the realisation of this evaluation. Possibilities for sampling that could be considered are listed below:

- Instruments applied in the Finnish partnership with Viet Nam;
- Other Transition countries in the Finnish development cooperation;
- Other (Nordic) countries/international development partners for comparative analysis;
- Key Finnish partners supported with the (sampled) instruments mentioned above;
- Key Vietnamese partners supported with the (sampled) instruments mentioned above.

The evaluation team will develop a comprehensive data sampling plan and methodology during the inception phase of this evaluation.

An evaluation matrix is expected to be developed during the inception phase and annexed to the inception report.

9 Recently Evaluations of Economic Development, Job Creation and Livelihoods and BEAM have used a same methodology and the prospective evaluators are recommended to utilize relevant results from these exercises.



6.4 Covid-19 proof evaluation methodology and activities

Due to the travel restrictions caused by Covid-19, country visits of international experts in the evaluation team are not likely in the first Semester of 2021. Appropriate methodological solutions will have to be developed during the inception phase, in order to compensate for the likely absence of field visits, to ensure that sufficient coverage is attained across all necessary aspects of the evaluation. This will include the use of information from other sources outside the immediate stakeholders (e.g. statistics and comparison material). The team is encouraged to use statistical and quantitative evidence whenever possible. Attention to triangulation and overall, holistic analysis should be given. During the inception and research phase the Covid-19 situation will be regularly reviewed and a contingency budget is available to change and adapt activities during the research phase if and when needed and possible.

7. The evaluation process and time schedule

The evaluation will take place during 2020/2021. It began in September 2020 by nominating the reference group and launching the process for identifying Team Leader candidates. The evaluation follows the general phasing of the Evaluation Management Services (EMS) framework used by the Development Evaluation Unit (EVA-11). The timetables are tentative, except for the final report.

Phase A: Planning phase: Preparation of the draft Terms of Reference for discussion with the evaluation Reference Group (RG):

- Deadline for the draft ToR: 11.11.

Phase B: Start- up phase: October/November 2020

- Start-up meeting (online), **13 November 2020**
- Finalisation of the ToR and submission for approval, recruitment of the evaluation team members;

Phase C: Inception phase: mid-November 2020 – mid- January 2021

- Kick-off meeting, **2 December 2020**
- Administrative meeting, **2 December 2020**
- Submission of Draft Inception Report, by **21 December 2020**
- Inception meeting, **13 January 2021**
- Administrative meeting, **13 January 2021**
- Final Inception Report, **by 18 January 2021;**



Phase D: Implementation phase: mid-January – mid-April 2021

- Desk review and conduct of consultations in Finland, mid-January – mid-February
- Best practices other development and economic partners of (e.g. Denmark, Netherlands, final selection to be decided during the inception phase), mid-January – mid-February (HQs)
- Implementation of data-gathering in Viet Nam mid-February – mid-March 2021 (the traditional New Year's Day holiday in Viet Nam (Tet) will be from 12 to 17 February 2021)
- Data analysis, and internal findings, conclusions and recommendations (FCR) workshop by end-March 2021
- Report writing

Phase E: Reporting/Dissemination Phase: mid-April – mid-June, 2021

- Findings, conclusion and recommendations (FCR) workshop, **mid-April 2021**
- Draft Final Report submission **by 3 of May 2021**;
- Meeting on draft final report **by 12 of May 2021**
- Final Report by **24 of May 2021**;
- Public Presentations (possible catered to specific audiences), **by 18 of June 2021**.

8. Deliverables and reporting

The language of all reports and any other deliverables is English, while abstracts and summaries of final evaluation report will be in Finnish and Swedish.

Deliverables are as follows:

Phase A (planning phase): Team Leader submit the draft ToR in liaison with the Evaluation Manager and the EMS Service Coordinator. After approval, a half-page summary of the ToR and evaluation process will be prepared for dissemination to wider audiences and publications.

Phase B (start-up phase): Presentation of the approach and methodology by the Team Leader.

Phase C (inception phase): The inception phase is expected to include a light desk study of strategic documentation which will be continued more in-depth as part of the implementation phase. The evaluation team will prepare the (Draft and final) inception report including the evaluation plan and initial desk study. The inception report includes the following sections: context



analysis; initial findings and conclusions of the desk study (strategic level only), development of further research hypotheses; (re)construction of the Theory of Change (ToC); finalization of the methodology and summarized in an evaluation matrix including evaluation questions, indicators, methods for data collection and analysis (the evaluation matrix is expected to reflect the use of a gender-sensitive review framework and addressing relevant cross-cutting objectives); final work plan and division of work between team members; tentative table of contents of final report; data gaps; tentative implementation plan for stakeholder consultations with clear division of work (participation, interview questions/guides/notes, preliminary list of stakeholders and organizations to be contacted); communication and dissemination plan; capacity development plan for the emerging evaluator; analysis of risks and limitations and their mitigation; and budget. The structure of the evaluation report and annexes or additional volumes shall be agreed upon in the Inception meeting.

Phase D (implementation): At the start and end of the implementation phase briefing and debriefing, sensemaking and/or validation meetings will be conducted with the key evaluation stakeholders and for these meetings short presentations will be prepared and shared with all participants.

Phase E (reporting/communication phase): Final report (draft final and final versions) and methodological note by the quality assurance expert.

The draft final report must include abstract and summary in English (including the table on main findings, conclusions and recommendations). It must be of high and publishable quality. It must be ensured that the translations use commonly used terms in development cooperation. The consultant is responsible for the editing, proof-reading and quality control of the content and language.

Production of the first draft of the 4-pager for communication purposes will be the responsibility of the TL/Evaluation Team of the evaluation. The first draft will be provided simultaneously with the first draft of the final report.

The final report must include abstract and summary (including the table on main findings, conclusions and recommendations) in Finnish, Swedish and English. The final report will be delivered in Word-format (Microsoft Word 2010) with all the tables and pictures also separately in their original formats.

The revised reports have to be accompanied by a table of received comments and responses to them.

In addition, the MFA requires access to the evaluation team's tools, data sets or interim evidence documents, e.g. completed matrices, although it is not expected that these should be of publishable quality. The MFA treats these documents as confidential if needed.

Each deliverable is subjected to specific approval. The evaluation team is able to move to the next phase only after receiving a written statement of acceptance by the MFA.

In addition to written deliverables, the Team Leader and the evaluation team are expected to participate in workshops and give oral presentations, often supported by PowerPoint slides (esp. during phases D and E). Should the Covid-19 situation allow, the publication event will be held



in Helsinki, with evaluation team members present. In addition, the team leader and other team members will give short presentation of the findings in a public Webinar. This presentation can be delivered from distance. In the event of continued travel restrictions, these two publication events may be combined.

The consultant is expected to provide agreed visual materials, such as minimum of 3 alternatives for cover picture, for EVA-11's acceptance.

9. Management of the evaluation

The evaluation is commissioned by the EVA-11. The Evaluation Manager of EVA-11 will be responsible for the overall management of the evaluation process. The Evaluation Manager will work closely with other units/departments of the MFA and other stakeholders in Finland and abroad.

This evaluation is managed through the EMS and it will be conducted by an independent evaluation team recruited by the EMS service provider (Particip GmbH – Niras Finland Oy).

There will be one Management Team responsible for the overall coordination of the evaluation. This consists of the EVA-11 evaluation Manager, the evaluation Team Leader and the EMS Service Coordinator and Deputy Service Coordinator (EMSC&D).

A reference group for the evaluation will be established and chaired by the Evaluation Manager. The reference group is constituted to facilitate the participation of relevant stakeholders in the design and scoping of the evaluation, informing others about the progress of the evaluation, raising awareness of the different information needs, quality assurance throughout the process and in using and disseminating the evaluation results. The mandate of the reference group is to provide quality assurance, advisory support and inputs to the evaluation, e.g. through participating in the planning of the evaluation and commenting deliverables of the consultant. The use of a reference group is key in guaranteeing the transparency, accountability and credibility as well as use of evaluation and in validating the results.

The evaluation team will be managed from distance by the Team Leader. This requires careful planning to ensure that a common, consistent approach is used, in order to achieve comparability of the data gathered and the approach used in analysis. The Team Leader will develop a set of clear protocols for the team to use, and will convene regular online team meetings to discuss the approach. During the process particular attention should be paid to strong inter-team coordination and information sharing within the team.

The evaluation team is responsible for identifying relevant stakeholders to be interviewed and organizing the interviews. The MFA and embassies will not organize these interviews or meetings on behalf of the evaluation team, but will assist in identification of people and organizations to be included in the evaluation.



10. Quality assurance

Internal quality assurance

The consortium implementing this evaluation will put in place a three-layer system of quality assurance¹⁰ for all products/reports: at the level of the Team Leader of the individual evaluation, through the EMSC&D and through in-house senior QA advisors.

Consultant is in charge of the impeccable quality of English, Swedish and Finnish texts of the reports and related proofreading. The Finnish speaking senior evaluator will be responsible for Finnish translations of good quality.

All deliverables shall be of publishable quality. The evaluation team should make their best efforts not to exceed the total length of 80 pages for the main evaluation report and to prepare an executive summary that is publishable as a stand-alone document and that includes visualisations to ensure the summary is reader-friendly also for less closely involved stakeholders in the Viet Nam transition process. A separate volume on annexes may be produced. This will be agreed during the inception phase, which of the final deliverables are to be published. The inception report should also outline the structure of the main report and the planned contents of the annex(es).

The report should be kept clear, concise and consistent. The report must follow the writing instructions and template provided by the MFA and it should contain, *inter alia*, the evaluation findings, conclusions and recommendations. The logic between those should be clear and based on evidence.

The final draft report(s) will be sent for a round of comments by EVA-11. The purpose of the comments is only to correct any misunderstandings or factual errors.

External quality assurance

It should be noted that internationally recognized expert has been contracted by EVA-11 as a Critical Friend (external peer reviewer) for the whole evaluation process. The person interacts directly with EVA-11 and provides expert opinions on the planning and implementation of the evaluations. EVA-11 may or may not integrate any such external advice as part of their overall feedback and management responses of the evaluation.

11. Expertise required

The evaluation team should consist of international and national experts, and an emerging evaluator. It is foreseen that the evaluation team consists of three senior experts, one medior expert and an emerging evaluator. One senior expert will be nominated as the Team Leader. The expertise requirements for the Evaluation Team Leader/ Team are:

- Strong expertise and experience focused on private sector development; economics and green economy; science, technology and innovation; natural resources; inter-institutional support; economic, social and environmental sustainability; and/or climate change;

¹⁰ For more details, see Annex 4.



- Expertise in the area of Political Economy; Political and economic diplomacy; Policy and Political Dialogue; Multi-Stakeholder dialogue and partnerships;
- In-depth knowledge of Viet Nam is required and previous exposure to Vietnamese-development partners policy dialogue and political-economic cooperation is desired;
- Familiarity with Finnish development policy and cooperation and good knowledge of the portfolio of Finnish development cooperation and partnership instruments;
- Expertise on applying and evaluating gender and human rights-based approaches in development policy and cooperation and enhancement of the rights of women and girls as well as persons with disabilities;
- Strong experience in centralized, policy level evaluations in development policy and cooperation;
- Readiness to use a variety of evaluation methods (e.g. survey, in-depth interviews, participatory methods etc.) as well as readiness and availability to disseminate the evaluation results and recommendations in the way that it supports managing and learning of the MFA's staff and management;
- Should be flexible, available as well as able to commit and allocate sufficient amount of time to the entire evaluation process, including when faced with unexpected changes.

The team as a whole should be gender-balanced and culturally diverse, including Vietnamese, Finnish and international experts.

One of the international experts should be based in Finland and speak Finnish; and two experts should be based in Viet Nam of which at least one of them speaks Vietnamese. Three of the four experts should have senior level expertise and with international exposure and experience. The fourth (Vietnamese) team member can be a medior-level expert with national or regional experience.

Research and logistic assistance should be added to the team in Viet Nam and in Finland. This research and logistic assistance are required for planning and organisation of activities and workshops, data-mining and translation services. For this purpose, a lumpsum will be specified during the inception phase to ensure that proper assistance can be recruited where and when needed.

12. Budget

The final budget will be included in the Inception Report. It should not exceed 300 000€.



13. Mandate

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organisations. However, it is not authorized to make any commitments on behalf of the Government of Finland or the MFA. The evaluation team does not represent the MFA in any capacity.

All intellectual property rights to the result of the Service referred to in the Contract will be exclusive property of the MFA, including the right to make modifications and hand over material to a third party. The MFA may publish the end-result under the Creative Commons license in order to promote openness and public use of evaluation results.

14. Authorisation

Helsinki, 20.11.2020

Anu Saxén
Director
Development Evaluation Unit
Ministry for Foreign Affairs of Finland



Annex 2. Evaluation Matrix

The key evaluation questions from the ToR, during the inception phase of this evaluation, were further refined and organised under four OECD DAC evaluation criteria and two additional criteria: integration of Finnish cross-cutting objectives and the integration of lessons learned from other transition processes relevant to the transition process in Viet Nam. This has resulted in reorganising the original five evaluation questions into a set of 6 questions to enable alignment with OECD-DAC evaluation criteria and to facilitate possible future meta-evaluation exercises.

For each key evaluation question, a small set of evaluation sub-questions was developed. And subsequently, for each sub-question, a number of judgement criteria and indicators for assessment were formulated in the second column of the table below. The third column contains the sources of verification for the key evaluation and sub-questions. Each sub-question has at least two different sources of verification to enable triangulation and cross-checking of data. The final fourth column contains the data-collection methods that will be applied to answer the evaluation questions. The evaluation matrix is presented in the table below:



Table 1 Evaluation matrix Viet Nam transition process evaluation

EVALUATION QUESTIONS & SUB-QUESTIONS	INDICATORS & JUDGEMENT CRITERIA	SOURCES OF VERIFICATION	METHODS AND TOOLS
Relevance (E.Q. 1): To what extent and how has the transition process supported the development, political and economic interests and objectives of Finland and Viet Nam?			
1.1. To what extent and how have objectives of the transition process been established, updated, revised and agreed upon (shared ownership) between Finnish and Vietnamese stakeholders?	<ul style="list-style-type: none"> - Evidence and quality of implicit & explicit objectives of transitioning (and changes over time) - Awareness, (dis)agreement and ownership of these objectives by partners and stakeholders - Stakeholders' contributions to the design & development of the transition process and selection of support instruments & modalities - Use and appreciation of dialogue and coordination mechanisms to secure shared ownership by partners 	<ul style="list-style-type: none"> - Contextual documentation - MFA/Finnish Embassy docs - Independent evaluations - Vietnamese documentation - Project/Modality documentation - MFA - PSI management - Finnish Embassy in Vietnam - Vietnamese Govt - Other Finnish & Vietnamese Government Institutions - Team Finland members - Implementing partners 	<ul style="list-style-type: none"> - Desk-Review - Stakeholder mapping & analysis - Peer review studies - ToC Workshops - Survey - KII's
1.2. What is the current appreciation of different Finnish and Vietnamese stakeholders of transition effects on their developmental, political and economic interests and objectives?	<ul style="list-style-type: none"> - Perception of what constitutes progress & effects of transitioning by stakeholders - Factors/actors that influenced speed & course of the transition - Stakeholders' appreciation of effects transition on their) developmental; b) political; and c) economic objectives - Evidence and kind of (non-)resolved conflicts/problems faced by key stakeholders in the transition process? 		
Effectiveness (E.Q.2): To what extent and how have development and economic cooperation strategies and the choice of ODA and non-ODA instruments, modalities and delivery channels affected the transition process and contributed to the building of a new kind of partnership of Finland and Viet Nam?			



EVALUATION QUESTIONS & SUB-QUESTIONS	INDICATORS & JUDGEMENT CRITERIA	SOURCES OF VERIFICATION	METHODS AND TOOLS
1.1. To what extent and how have Finland-Vietnamese cooperation and partnership relations changed over time and can key milestones be reported?	<ul style="list-style-type: none"> - Key milestones and changes in cooperation and partnership as perceived by stakeholders - Perception of bottlenecks and constraints in transition by different stakeholders - Evidence of risk management efforts in managing transitioning and its effects 	<ul style="list-style-type: none"> - MFA/Finnish Embassy docs - Independent evaluations - Vietnamese documentation - Project/Modality documentation - Project/Modality documentation - Trade statistics - ODA statistics 	<ul style="list-style-type: none"> - Desk-Review - Portfolio coherence analysis - ODA flows analysis - Stakeholder mapping & analysis - Capacity and Structural arrangements analysis (MFA and Embassy)
1.2. To what extent and how have non-ODA support and trade relations replaced ODA support?	<ul style="list-style-type: none"> - Development of ODA-flows (development cooperation and PSI) to Viet Nam vis-à-vis: - Development of trade and investments by Finnish and Vietnamese trade partners 	<ul style="list-style-type: none"> - MFA - PSI management - Finnish Embassy in Viet Nam - Vietnamese Govt 	<ul style="list-style-type: none"> - Cross-cutting priorities assessment - Peer review studies - ToC Workshops - Survey
1.3. To what extent and how has transitioning followed intentional choice, design and planning and what have been key other (external and non-planned) factors and actors that have influenced the direction and speed of the transition process?	<ul style="list-style-type: none"> - The extent to which the transition process followed intentional choice and design (in strategies, modalities, programmes) - The extent to which effective adaptive management was applied - Evidence of unexpected and unplanned factors and actors that have influenced the transition process - Evidence of revisions and adaptations made in transition due to changing contexts and external influencing factors and actors 	<ul style="list-style-type: none"> - Other Finnish & Vietnamese Government Institutions - Team Finland members - Implementing partners - Finnish & Vietnamese CSOs - Finnish & Vietnamese Private Sector organisations - Finnish & Vietnamese Academia - Finnish & Vietnamese Companies 	<ul style="list-style-type: none"> - KII's
1.4. To what extent and how have private sector, civil society and academia stakeholders in Finland and Viet Nam participated in transition and use new partnership cooperation and aid modalities?	<ul style="list-style-type: none"> - Evidence and intensity of use of new cooperation modalities by the private sector and civil society and academia in a) Finland and b) Viet Nam - Evidence of integration of inputs of civil and private actors in the development of modalities and instruments - Use and appreciation of new dialogue, cooperation and partnership modalities by civil and private actors 	<ul style="list-style-type: none"> - Vietnamese Diaspora in Finland 	
Coherence (E.Q.3): To what extent and how have development cooperation and private sector instruments, modalities and delivery mechanisms and actors achieved coherence, synergy and complementarity to contribute to transitioning and the building of a new kind of partnership of Finland and Viet Nam			



EVALUATION QUESTIONS & SUB-QUESTIONS	INDICATORS & JUDGEMENT CRITERIA	SOURCES OF VERIFICATION	METHODS AND TOOLS
<p>1.1. To what extent and how has combined application of ODA/non-ODA support and development and private sector aid modalities and instruments resulted in coherence and synergy in transitioning towards a new kind of partnership?</p>	<ul style="list-style-type: none"> - Specific contributions of ODA and non-ODA support, instruments, modalities and delivery channels to transitioning and developing a new kind of partnership - Use and appreciation of instruments and modalities by different stakeholders in Viet Nam and Finland - Best and worse practices and instruments in the transition process in Viet Nam 	<ul style="list-style-type: none"> - MFA/Finnish Embassy docs - Independent evaluations - Vietnamese documentation - Project/Modality documentation - MFA - PSI management - Finnish Embassy in Viet Nam - Vietnamese Govt 	<ul style="list-style-type: none"> - Desk-Review - Portfolio coherence analysis - ODA flows analysis - Trade flows analysis - Stakeholder mapping & analysis - Capacity and Structural arrangements analysis (MFA and Embassy)
<p>1.2. To what extent and how have institutional dialogue and coordination arrangements within the Finnish MFA and other Govt. institutes and private & civil sector in Finland and Viet Nam contributed to the coherency of international political, economic and development dialogue & cooperation with Viet Nam?</p>	<ul style="list-style-type: none"> - Availability and specific contributions of human and organisational resources at MFA and embassy to effectively manage the transition process and develop a new kind of partnership - Evidence of effective linkages with other Finnish and Vietnamese Govt. entities, private sector and civil society in the transition process and partnership development - Evidence of coordination and harmonisation of different development partners in cooperation and partnerships - Engagement of the Vietnamese Government in coordination of development partners in cooperation and partnerships 	<ul style="list-style-type: none"> - Other Finnish & Vietnamese Government Institutions - Team Finland members - Implementing partners - Finnish & Vietnamese CSOs - Finnish & Vietnamese Private Sector organisations - Finnish & Vietnamese Academia - Finnish & Vietnamese Companies - (EU, UN, Bilateral) IDP's 	<ul style="list-style-type: none"> - Peer review studies - ToC Workshops - Survey - KII's
<p>Sustainability (E.Q.4): To what extent is the new kind of partnership is sustainable or are further actions needed to strengthen the partnership?</p>			



EVALUATION QUESTIONS & SUB-QUESTIONS	INDICATORS & JUDGEMENT CRITERIA	SOURCES OF VERIFICATION	METHODS AND TOOLS
1.1. Which new institutional arrangements for cooperation and partnership and dialogue and are the new stakeholders participating in these?	<ul style="list-style-type: none"> - Evidence of new institutional arrangements and instruments established during the transition process (and diversity of these instruments, actors and relation-modalities) - Evidence of participation and use of these arrangements and instruments by new stakeholders 	<ul style="list-style-type: none"> - MFA/Finnish Embassy docs - Independent evaluations - Vietnamese documentation - MFA - PSI management - Finnish Embassy in Vietnam - Vietnamese Govt - Other Finnish & Vietnamese Government Institutions - Team Finland members - Implementing partners - Finnish & Vietnamese CSO's - Finnish & Vietnamese Private Sector organisations - Finnish & Vietnamese Academia - Finnish & Vietnamese Companies - Vietnamese Diaspora in Finland 	<ul style="list-style-type: none"> - Desk-Review - ODA flows analysis - Trade flows analysis - Stakeholder mapping & analysis - Capacity and Structural arrangements analysis (MFA and Embassy) - Peer review studies - Survey - KII's
1.2. How likely is it that the new kind of Finnish-Vietnamese partnership will prove sustainable and what are perspectives for stronger sustainability?	<ul style="list-style-type: none"> - Perceived quality of political and policy dialogue between Finland and Viet Nam over time - Evidence of relations between civil and private actors that continued without ODA - The extent to which trade & investment partners show long-term interest in cooperation and partnerships 		
1.3. What priority actions and needs have been identified by different stakeholders to further promote the transition and consolidation of the new partnership	<ul style="list-style-type: none"> - Priority actions and needs identified by: <ul style="list-style-type: none"> o Finnish and Vietnamese Governments o Implementing partners in instruments & modalities o Beneficiaries in civil society and private sectors 		
Cross-cutting objectives (E.Q. 5): To what extent and how have Finnish cross cutting policy priorities (social inclusion and poverty reduction, gender equality and environmental sustainability) been supported throughout the transition process?			



EVALUATION QUESTIONS & SUB-QUESTIONS	INDICATORS & JUDGEMENT CRITERIA	SOURCES OF VERIFICATION	METHODS AND TOOLS
<p>1.1. To what extent and how have Finnish Govt. cross-cutting priorities been understood and integrated into:</p> <p>a) Finnish aid instruments and support modalities;</p> <p>b) Economic partnership and trade agreements and corporate practices?</p>	<ul style="list-style-type: none"> - Evidence of cross-cutting priorities at level of a) policy/(country) strategy; b) instrument/modality; and c) reports, reviews and evaluations - Existence of specific indicators or tools for cross-cutting objectives in the application of different aid modalities and instruments - Appreciation and degree of ownership of cross-cutting priorities in policies, strategies, instruments and modalities by the different partners involved - Evidence of inclusion of priorities in agreements and in CSR policies and practices of companies 	<ul style="list-style-type: none"> - MFA/Finnish Embassy docs - Independent evaluations - Vietnamese documentation - Project/Modality documentation - MFA - PSI management - Finnish Embassy in Viet Nam - Vietnamese Govt - Other Finnish & Vietnamese Government Institutions - Team Finland members - Implementing partners - Finnish & Vietnamese CSO's - Finnish & Vietnamese Private Sector organisations - Finnish & Vietnamese Academia - Finnish & Vietnamese Companies 	<ul style="list-style-type: none"> - Desk-Review - Portfolio coherence analysis - Stakeholder mapping & analysis - Cross-cutting priorities assessment - Peer review studies - Survey - KII's
<p>1.2. To what extent and how have cross-cutting priorities influenced the transition process towards a new partnership? And vice versa, how has the transition process influenced these Finnish priorities</p>	<ul style="list-style-type: none"> - Evidence of cross-cutting priorities in the development and implementation of instruments and modalities - Attention to cross-cutting priorities in policies, strategies and instruments by different stakeholders - Evidence of specific Vietnamese inputs in the development and revision of Finnish cross-cutting priorities 		
<p>1.3. What specific ODA and Non-ODA instruments have generated good practices in promoting cross-cutting priorities?</p>	<ul style="list-style-type: none"> - Performance-rating of instruments in adhering to and integrating cross-cutting priorities - Specific good and bad practices at instrument and modality level 		
<p>Lessons learned and best practices (E.Q. 6): What can MFA learn from its peer organizations engaged in Viet Nam and from its own experience in other partner countries on how transitioning and the development of a new kind of partnership can be further refined?</p>			
<p>1.1. What lessons and best practices can be learned from transitioning in Viet Nam for similar processes in other Finnish partner countries entering transition processes</p>	<ul style="list-style-type: none"> - Specific lessons and best practices in transition processes and partnership development relevant to: <ul style="list-style-type: none"> o Viet Nam o Other Finnish core partner countries o More widely applicable lessons and practices 	<ul style="list-style-type: none"> - Contextual documentation - MFA/Finnish Embassies docs - Independent evaluations - Project/Modality documentation - MFA - Finnish Embassies - Vietnamese Govt - Team Finland members - Implementing partners - Key informants in Zambia, Denmark, Netherlands 	<ul style="list-style-type: none"> - Desk-Review - Peer review studies - KII's
<p>1.2. What lessons and best practices can be learned from Zambia; and b) Denmark and the Netherlands for future steps in the transition process in Viet Nam and other countries entering transition processes?</p>	<ul style="list-style-type: none"> - Specific lessons and best practices in transition processes and partnership development in: <ul style="list-style-type: none"> o Other Finnish core partner countries o Denmark and the Netherlands - Relevant to the Viet Nam transition process - More widely applicable lessons and practices 		



Annex 3. Key informants interviewed

Throughout the evaluation process, in total 125 key informants were interviewed in 110 interviews.

KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND		
Name	Position/Function	Department
Elina Kalkku	Under-Secretary of State, Development Policy	
Pekka Voutilainen	Ambassador for Trade and Development	
Maria Kurikkala	Team Leader, Africa Policy	Department for Africa and Middle East
Kristiina Kuvaja-Xanthopoulos	Former Deputy Director General (current: Finnish Ambassador to Bulgaria)	Department for Africa and the Middle East
Antti Piispanen	PSI Team Leader	Department for Development Policy
Silja Leinonen	Senior Advisor, Development Policy, Innovation and Digital Development	Department for Development Policy
Venla Voutilainen	Senior Advisor, Development Policy	Department for Development Policy
Vesa Kaarakka	Senior Advisor, Development Policy	Department for Development Policy
Jyrki Pulkkinen	Former Senior Adviser, Innovation (current: Finnish Ambassador to Nigeria)	Department for Development Policy
Antti Rautavaara	Former Senior Adviser (Current: Director International Water Affairs at Ministry of Agriculture and Forestry)	Department for Development Policy
Ilkka-Pekka Similä	Director-General	Department for External Economic Relations
Mika Vehnämäki	Commercial Counsellor	Department for External Economic Relations
Minna Hares	Senior Advisor, Development Policy	Department for the Americas and Asia
Marita Meranto	Former Desk Officer	Department for the Americas and Asia
Pekka Kaihilahti	Deputy Director-General	Department for the Americas and Asia
Pirjo Suomela-Chowdhury	Ambassador	Embassy of Finland, Lusaka
Sami Leino	Former Director (current: Finnish Ambassador to Malaysia)	Department for the Americas and Asia
Maria Kurikkala	Team Leader, Africa Policy	Department for Africa and Middle East
Sanna Pulkkinen	Senior Officer	Development Evaluation
Riku Mäkelä	Counsellor, Innovation and Trade (Team Finland)	Finnish Embassy in Singapore



KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND

KEY INFORMANTS (CURRENT AND PAST) AT FINNISH EMBASSY IN VIET NAM

Kari Kahiluoto	Ambassador	
Kieu Phuong	Former Trade Officer	(Current: freelance consultant)
Le Thi Thu Huong	Special Advisor	
Liisa Folkersma	Former Deputy Head of Mission	(Current: Desk Officer, Nepal, Bangladesh, Bhutan, Unit for South Asia, Department for the Americas and Asia)
Marko Saarinen	Former Head Development Cooperation	(Current Senior Specialist, Development Policy, Finnish Embassy to South Africa)
Matti Tervo	Senior Advisor	
Max von Bonsdorff	Former Head of Cooperation	(Current: Chief partnership officer at IFAD)

Name	Position/Function	Organisation
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KEY INFORMANTS IN FINNISH CIVIL SOCIETY

Marjo Heinonen	Executive Director	Abilis Foundation
Annika Launiala	Director, Advocacy	Finnish Development NGOs (FINGO)
Minna Hakkarainen	Chairwoman	Finnish-Vietnamese Friendship Association (FVFA)
Anh Thu Tran Minh	CEO	Viet Nam Entrepreneurship Society in Finland (VietES)
Annie Pham	Head of Business Development	Viet Nam Entrepreneurship Society in Finland (VietES)

KEY INFORMANTS IN FINNISH PRIVATE SECTOR

Anna Erkkilä	Senior Consultant, AGS Home Office Expert	Niras Finland
Jani Kaulo	CEO	Asia-Finland Law Consulting Oy
Lasse Moilanen	CEO	BioSO4 Oy
Jenni Isola	Senior Advisor, International Affairs	Chamber of Commerce, Finland
Petri Vuorio	Director, Entrepreneurship and Business Environment Department	Confederation of Finnish Industries (EK)
Mikko Saalasti	Former Head of Biogas solutions (currently Head of Renewable Energy)	Doranova
Matti Leppäniemi	Chairman of the Board	Econet Group
Topi Helle	Managing Director	Finnish Water Forum (FWF)
Juha Remes	Business and Cybersecurity Coach	Flashtec Consultants Oy
Pasi Halmari	Programme Manager, Transnational Education	Haaga-Helia
Antti Saartenoja	Planning Director	Regional Council of South Ostrobothnia
Pipa Turvanen	Former Programme Manager at Turku Business Region (currently Senior Specialist, Ministry of Economic Affairs and Employment (MEAE), Finland)	Turku Business Region
Panu Partanen	Vice President	Vaisala
Ilkka Heikkilä	Business Development Director	Valmet Automotive Oy



KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND

Jani Härkki	CEO	Vesiotec Oy
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KEY INFORMANTS IN FINNISH DEVELOPMENT AND PSI INSTITUTIONS

Christopher Palmberg	Head of Developing Markets Platform	Business Finland
Minh Lam	Former Head, BEAM	Business Finland
Eija Tynkkynen	Country Director	Business Finland, Beijing
Jussi Tourunen	Associate Director/Head of Energy and Infrastructure Portfolio	Finnfund
Minna Kuusisto	Economist	Finnfund
Birgit Nevala	Programme Director	Finnpartnership
Liisa Tolvanen	Senior Advisor	Finnvera
Martina Jagerhorn	Program Manager	Nordic Development Fund (NDF)
Mika Sulkinoja	Leading Specialist, Carbon Neutral Circular Economy	The Finnish Innovation Fund Sitra

KEY INFORMANTS IN FINNISH PUBLIC INSTITUTIONS

Harri Pietarila	Head of Unit	Finnish Meteorological Institute (FMI)
Jouni Kangasniemi	Programme Director	Finnish National Agency for Education (EDUFI)

KEY INFORMANTS IN FINNISH REGIONAL AND BILATERAL DEVELOPMENT PROGRAMMES

Asko Ojaniemi	Senior Energy Consultant	EEP Mekong
Tapio Leppänen	Chief Technical Advisor	FORMIS I & II
Lauri Laakso	Chief Technical Advisor (CTA)	Innovation Partnership Program (IPP)

KEY INFORMANTS IN FINNISH ACADEMIA

Heikki Pusa	Director of Global Education Services	Jyväskylä University of Applied Sciences
Irmeli Maunonen-Eskelinen	Project Manager for Viet Nam programmes	Jyväskylä University of Applied Sciences
Leena Kaikkonen	Principal lecturer	Jyväskylä University of Applied Sciences
Teija Kirkkala	Executive Director	Pyhäjärvi Institute
Dipjoy Chakma	Project Planner	University of Helsinki

KEY INFORMANTS IN VIETNAMESE CIVIL SOCIETY

Hoang Phuong Thao	Country Representative	Action Aid International in Viet Nam (AAV)
Pham Kieu Oanh	CEO and Founder	Centre for Social Initiatives Promotion (CSIP)
Nguyen Thi Kieu Vien	CEO	Towards Transparency

KEY INFORMANTS IN DIPLOMATIC REPRESENTATIONS AND INTERNATIONAL ORGANISATIONS IN VIET NAM (OTHER THAN FINLAND AND PEER REVIEW COUNTRIES)

Weert Boerner	Deputy Head of Mission	Embassy of Germany, Hanoi
Dang Thi Hai Tam	Ambassador Extraordinary and Plenipotentiary	Embassy of Viet Nam in Finland
Nguyen Thanh Hai	Chief of Viet Nam Trade Office	Embassy of Viet Nam Warsaw



KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND

Duchateau Koen	First Counsellor, Head of Development Cooperation	European Union Delegation to Viet Nam
Pham Thu Thuy	Senior Scientist and Country Representative	Center for International Forestry Research (CIFOR)
Tero Raassina	Regional Lead, Mekong Countries	Global Green Growth Institute (GGGI)

KEY INFORMANTS IN VIETNAMESE PUBLIC INSTITUTIONS

Luu Tien Dat	Officer, Department of International Cooperation	Viet Nam Administration of Forestry (VNFOREST), Ministry of Agriculture and Rural Development (MARD), Viet Nam
Tran Quang Bao	Deputy Director	Viet Nam Administration of Forestry (VNFOREST), Ministry of Agriculture and Rural Development (MARD), Viet Nam

KEY INFORMANTS IN VIETNAMESE GOVERNMENT

Dang Quang Huy	Finland Desk Officer, Department of International Cooperation	Ministry of Agriculture and Rural Development (MARD), Viet Nam
Mai Thi Lien Huong	General Director, Administration of Technical Infrastructure	Ministry of Construction (MOC), Viet Nam
Nguyen Thi Hong Khanh	Deputy Head of Water Supply Division, Administration of Technical Infrastructure	Ministry of Construction (MOC), Viet Nam
Pham Thi Hong My	Acting General Director, International Cooperation Department	Ministry of Construction (MOC), Viet Nam
Truong Thanh Huong	Division of External Relations, Administration of Technical Infrastructure	Ministry of Construction (MOC), Viet Nam
Kati Shibutani	Senior Specialist	Ministry of Economic Affairs and Employment (MEAE), Finland
Mari Hakkarainen	Ministerial Advisor	Ministry of Economic Affairs and Employment (MEAE), Finland
Bui Lan Huong	Vice Head, Department of International Relations	Ministry of Education and Training (MOET), Viet Nam
Nguyen Thi Thu Hien	Specialist, Debt Management and External Finance	Ministry of Finance (MOF), Viet Nam
Pham Hoai Anh	Head of Division, Debt Management and External Finance	Ministry of Finance (MOF), Viet Nam
Ta Ngoc	EU Desk Officer	Ministry of Foreign Affairs (MoFA), Viet Nam
Ngo Chung Khanh	Deputy General Director, Multilateral Trade Policies Department	Ministry of Industry and Trade (MoIT), Viet Nam
Nguyen Vu Thang	Multilateral Trade Policies Department	Ministry of Industry and Trade (MoIT), Viet Nam
Tran Thi Bich Loan	Deputy Head, Department of Gender Equality	Ministry of Labour, Invalids and Social Affairs (MOLISA), Viet Nam
Cao Manh Cuong	Deputy General Director, Foreign Economic Relations	Ministry of Planning and Investment (MPI), Viet Nam



KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND

Pham Duc Nghiem	Deputy General Director, Department of Market and Sci-Tech Enterprise Development	Ministry of Science and Technology (MOST), Viet Nam
Tran Thi Thu Huong	General Director, Department of International Cooperation	Ministry of Science and Technology (MOST), Viet Nam

KEY INFORMANTS IN VIETNAMESE PRIVATE SECTOR

Nguyen Quang Vinh	General Secretary and Vice Chairman	Viet Nam Chamber of Commerce and Industry (VCCI)
Nguyen Thanh Trung	Deputy Head, Office of the Business Sustainable Development	Viet Nam Chamber of Commerce and Industry (VCCI)
Nguyen Le Nhat Thanh	Deputy Head, Bureau for Employers' Activities (BEA)	Viet Nam Chamber of Commerce and Industry (VCCI), HCMC Branch
Nguyen The Hung	Deputy General Director	Viet Nam Chamber of Commerce and Industry (VCCI), HCMC Branch
Tran Quang Thuan	Deputy General Director	AA Cooperation
Tran Le Huy	General Secretary cum Vice Chairman, Member of Executive Committee	Forest Products Association of Binh Dinh (FPA Binh Dinh)
Bui Huu Them	Deputy General Secretary	Handicraft and Wood Industry Association of HCMC (HAWA)
Dao Thi Binh	Expert in Science Language Academic Consultant	New Age Education System (TTD)
Dao Thi Thu Thao	Deputy CEO, Head of Primary Research & Development	New Age Education System (TTD)
Pham Thi Lam	Chairwoman of General Board	New Age Education System (TTD)
Nguyen Xuan Thuy	Director	Son Thuy Joint Stock Company
Tran Thi Anh Nga	Chairwoman of the Board	Thuy Son Group
Tran Thi Tram Anh	Marketing Manager	United Technologies Corporation (UNITECH)
Nguyen Ba Ngai	General Secretary	Viet Nam Forest Owner Association (VIFORA)
Vu Hai Bang	Chairman of the Board	Woodsland Joint Stock Company

KEY INFORMANTS IN VIETNAMESE ACADEMIA

Dang Hoang Linh	Dean, Faculty of International Economics	Diplomatic Academy of Viet Nam
Nguyen Viet Anh	Director	Institute of Environmental Science & Engineering (IESE), Hanoi University of Civil Engineering
Le Thanh Nguyen	Director	Saigon Hi-TechPark Incubation Center (SHTP-IC)
Huynh Kim Tuoc	CEO	Start-up and Innovation Hub (SIHUB), Ho Chi Minh City Department of Science and Technology
Ngo Minh Hung	Head of International Cooperation and Scientific Research	Van Lang University (VLU)



KEY INFORMANTS AT THE MINISTRY OF FOREIGN AFFAIRS FINLAND

Nguyen Thi Thu Huyen	Deputy Head of School	Viet Nam-Finland International School (VFIS), Ton Duc Thang University (TDTU)
Seija Elina Nyholm	Head of School	Viet Nam-Finland International School (VFIS), Ton Duc Thang University (TDTU)

KEY INFORMANTS IN PEER COUNTRY STUDIES

Louise Holmsgaard	Deputy Head of Mission	Embassy of Denmark, Hanoi
Thomas Bo Pedersen	Managing Director	Mascot International Viet Nam Limited and Mascot International Laos Limited
Jakob Haugaard	Head of Secretariat for Strategic Sector Cooperation, Department for Green Diplomacy and Climate	MFA Denmark
Joern Dosch	Team Leader, Evaluation of Viet Nam-Denmark Transformation of a Partnership	MFA Denmark
Giorgio Ferrari	Team Leader, Final Evaluation of the Transition Facility - RVO - Dutch Government	MDF Training and Consultancy
Job Runhaar	Policy Coordinator, Sustainable Economic Development	MFA Netherlands
Thierry van Helden	Coordinator of Public Private Partnerships, Sustainable Economic Development	MFA Netherlands
Carel Richter	Consul-General	Netherlands Consulate-General, Ho Chi Minh City
Elsbeth Akkerman	Ambassador	Netherlands Embassy, Hanoi
Nienke Trooster	Former Ambassador (currently Dutch Ambassador to Portugal)	Netherlands Embassy, Hanoi



Annex 4. Documents consulted

The evaluation team consulted a broad range of MFA and Team Finland documents that can be grouped under the following categories:

- MFA's internal Embassy Action Plans, Reports, and Analyses
- MFA's internal mission reports to long-term development cooperation partner countries
- MFA's internal reports and memoranda on bilateral consultations and minutes of other meeting with Vietnam
- MFA's internal technical discussion papers related to the topics of the evaluation
- MFA's internal reports on Aid for Trade -related events held in Vietnam
- MFA's internal reports on the visits of high-level Vietnamese authorities to Finland
- Team Finland plans, reports, and minutes of meetings
- Statistical figures on MFA's support to Vietnam

In addition, the following documents and publications were consulted to inform the evaluation:

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Annex 5. Research approach and methodology

Research approach

This evaluation includes the following generic approach pillars:

- **Theory-Based Evaluation:** The transition strategy of the MFA is based on a Theory of Change (ToC) that presumes that with a changing mix of partnership approaches, methods and instruments, the nature and quality of the international partnership will change and develop towards a broader social-economic partnership relation. It is important to test this ToC for the specific situation of Viet Nam and to identify critical assumptions in specific pathways of change in this ToC.
- **Forward-looking and utilisation focused:** This evaluation has a strong focus on extracting knowledge and lessons learned from the transition process in Viet Nam. By looking back over a period of more than ten years, insights are generated that need to be practical and useful for future design and planning of transition processes and building of new kinds of partnerships. Therefore, it is also considered relevant to include experiences of peer countries to further enhance the process of learning lessons obtained in a variety of contexts that have proven their worth in practical implementation.
- **Inclusion of a political economy analysis:** Transitioning in partnership relations is primarily a process of policy and political dialogue and is not merely a technical process. This requires sufficient attention to the analysis of the political economy of development processes in Viet Nam and Finland's engagement and dialogue with its key Vietnamese partners at the Government level and in civil society and the private sector. It is important to consider how other international development partners have engaged in such policy and political dialogue and to what extent international development partners, including the Finnish Government, have been coherent in dialogue.
- **Participatory and iterative process:** As this evaluation covers a long period and many different instruments and partners, it is important to secure sufficient participation of all different key-stakeholder groups in the evaluation process, both in Viet Nam and in Finland. Participation should be inclusive to allow for listening to a broad range of voices from different stakeholders, including women and minority groups.
- **Ensure ownership and participation of all relevant stakeholders** throughout all phases of the evaluation process. Representatives of relevant key stakeholders are engaged in the evaluation process, not only as providers of information but also as users and stakeholders in the evaluation results. In this evaluation, this requires balanced participation of both key Finnish and Vietnamese stakeholders in the key activities of this evaluation.



- **Building on the knowledge that is already available:** This evaluation report has mined upon a wealth of reviews and evaluations conducted in the context of Finnish-Vietnamese cooperation and partnership development. Additionally, other development partners have produced similar reports, from which more knowledge can be distilled.
- **Application of mixed methods:** To ensure that the complexity of the transitioning process can be grasped and to understand the effects of transitioning on the partnership relation, a mixed-methods approach is adopted. A **longitudinal analysis** is needed to understand the developments over time, covering a period of 13 years and different strategic frameworks of MFA on international development and economic cooperation. A **comparative analysis** is needed to contextualise the transition process in Viet Nam within the broader context of changing partnership relations of Finland. The comparative perspective is also needed to generate lessons from transitioning processes of other development partners in their partnership with Viet Nam. And finally, a third, internal, comparative analysis is needed to understand how specific modalities and instruments of Finnish international cooperation have contributed to transitioning and how **internal and external coherence** can be achieved and strengthened. The application of mixed methods also combines looking at **quantitative aspects** of the transition process and development of a new kind of partnership in terms of developments in ODA flows and trade volumes. **Qualitative aspects** are included by looking at how partners have appreciated dialogue and cooperation and how partners and stakeholders have engaged in relationships and partnerships, and how **cross-cutting development objectives** of gender equality, social inclusion and poverty reduction and environmental sustainability. Principles and tools from **contribution analysis** are applied, though to a limited extent, only where notable effects, changes and milestones are identified by stakeholders in the transition process. Therefore, contribution analysis is not applied as a fully-fledged methodology because this evaluation is not impact-oriented but process-oriented, as was explained in Chapter 1 of this evaluation report.

General methodology for data collection

This section and the section below only provide a short overview of the methodologies and tools, including:

- Theory of Change workshops at the start (February 18, 2021) and end (April 15, 2021) of the implementation phase have served to update and enrich the ToC developed by the evaluation during the inception phase of the evaluation. The ToC is a living document throughout the evaluation process, and in the end, it has updated to integrate new insights obtained throughout the implementation phase. The ToC workshops are open for participants from the Evaluation Reference Group, EVA 11, the Viet Nam team at the MFA, Team Finland members, the Finnish Embassy in Viet Nam and selected key stakeholders in Viet Nam. For more detail, see Annex 6.
- Desk study and review of documents and digital information sources:
 - Desk-review of key programming, reporting and review/evaluation documents of the specific Finnish development cooperation in Viet Nam;
 - Review of Embassy's annual plans and reports, TF plans and reports, Embassy's strategies and other reports;
 - Review of existing strategic evaluations of the Finnish development cooperation with Viet Nam and a comparative review of other reviews/evaluations of a) other



- Finnish transitioning countries; b) other development partners applying transitioning strategies in Viet Nam). An overview of relevant sources is provided in Annex 4;
- Review of trade and economic development statistics in a number of comparative countries in the South East Asia region (Thailand, Cambodia and Myanmar) and in other current and possibly future transition countries (Zambia, Kenya, Nepal) in the Finnish partner portfolio. The aim is to assess the effects of transitioning processes on bilateral trade relations. Results are presented in Annex 10;
 - Analysis of ODA flows from Finland to Viet Nam and the allocation of ODA and non-ODA among different support instruments and modalities. This analysis is included in Annex 11;
 - A political economy analysis of Viet Nam's international policy dialogue and cooperation, including with Finland in the past decade, is provided in Annex 9;
 - A comparative study on the transition process in Zambia to provide more insight into similarities and differences is included in Annex 16;
 - A comparative study on transition processes in Viet Nam initiated by Denmark and the Netherlands, to provide more insight in similarities and differences between transition processes of different countries. See Annex 17.
- Key Informant Interviews (KIIs): These interviews are the most important source of information in this evaluation process. Due to the strategic and policy-level nature of the evaluation, these interviews have been conducted as semi-structured interviews. Interviews have been conducted with a range of different stakeholder groups, following the country-specific Covid-19 protocols. Within the timeframe of this evaluation, a total of 125 stakeholders for 110 interview sessions were carried out. Annex 3 provides a long list of specific organisations and key informants from which these interviews have been selected.
 - Focus Group Meetings and online workshops: These online workshops serve to bring different stakeholder groups together and jointly discuss aspects and questions in the evaluation process. Indeed, the ToC workshops and the reflect and validation workshop at the end of the implementation phase have characteristics of a focus-group workshop, where the evaluation team has brought together different stakeholders to discuss inputs and ideas. Besides, some stakeholder interviews in Viet Nam have been simultaneously turned into mini focus-group discussions (i.e., 4 participants) in which other representatives of the relevant institution also joined in the meetings.
 - On-line surveys: Two online surveys have been included in the research process for two stakeholder groups, and both surveys have been distributed in English and Vietnamese to allow inputs from both Finnish and Vietnamese perspectives. The surveys have been conducted online between February 11 and March 25, 2021, among those stakeholder groups, where sampling of specific key informants for interviews can only reach out to a small number of representatives in these stakeholder groups. The first survey has focused on partners who are directly involved in the planning and implementation of specific development projects and support modalities and implementation of Private Sector Instruments in both Finland and Viet Nam. The second survey has targeted the beneficiaries of these support modalities and instruments at the level of specific CSOs and private sector companies in both Finland and Viet Nam. The surveys have combined quantitative (Likert-scale) and qualitative questions. The total number of responses received during this survey is 56 (28 female, 27 male, and 01 not applicable). The findings from the online surveys are presented in Annex 14.



Specific methods and tools for data processing and analysis

The following specific tools have been adopted in the data processing and analysis.

- Stakeholder mapping and assessment of institutional capacities and structural arrangements between MFA and other institutions in transition. This tool is relevant to EQ 2, 3 and 4. The tool for stakeholder capacities and relations contains three different levels of analysis; a) analysis of the quality and intensity of relations between different stakeholders; b) analysis of the specific competencies and capacities that partners bring to the partnership; and c) a specific analysis of structural arrangements and capacities of the MFA and the Finnish Embassy in Viet Nam has been conducted. The results of the analysis are presented in the stakeholder map and in specific matrixes. For more detail, see Annex 7.
- Coherence analysis of the portfolio of Finnish development cooperation and Private Sector Instruments. Coherence has been assessed against contribution towards transitioning towards a new kind of partnership. A rating scale and specific pointers are developed to facilitate the coherence analysis. The results of this analysis are presented in a matrix format. The framework of Sustainable Development Goals is adopted to guide this analysis. For detail, see Annex 12;
- The analysis of trade developments and ODA/Public Funding flows is relevant to EQ 1 and 5. The trade analysis includes a more specific focus on sectors that have been prioritised in Finnish cooperation with Viet Nam and particularly in the PSI portfolio.
- The political economy analysis considers the development of Viet Nam's dialogue with different International Development Partners (IDPs') and with Finland on political, economic, social and human rights matters. The evaluation ensures a proper balance between a) Finnish, b) Vietnamese, and c) Embassy perspectives. This analysis is particularly relevant to EQ 1, 3 and 5.
- An assessment tool has been designed to analyse the extent to which cross-cutting objectives (gender, poverty reduction and inclusion, environment sustainability) have been addressed in the development and implementation of a) policies and strategies; b) specific support instruments and modalities; and c) in monitoring and reporting. The assessment tool contains a rating scale and specific pointers to analyse the influence of these cross-cutting priorities at the three levels specified above. A challenge is that cross-cutting priorities have been changed in different country strategic frameworks. The evaluation looks into the changes occurring in the mainstreaming of cross-cutting objectives (CCO) set by Finland's Development Cooperation over the period of 2008 - 2020. At the same time, a review of Viet Nam development priorities is equally important to complete the picture. Therefore, the evaluation will not focus solely on the current cross-cutting objectives but involves a two-way approach consisting of a) a looking-back summary of the previous programme activities on the cross-cutting priorities of gender equality, social inclusion and poverty reduction, as well as climate sustainability over the period of 2008 – 2020; b) a forward-looking analysis reflects on the current Finnish cross-cutting objectives of gender equality, non-discrimination (with a focus on people with disabilities), climate resilience and low emission development. This analysis looks into how and to what extent the current CCOs have been integrated and implemented. Particularly, the relevant findings and suggested recommendations are inclined towards the current CCOs within the scope of this MFA evaluation. The analysis gives inputs for EQ 5. Further detail is provided in Annex 13.



- Contribution analysis has been applied for questions in the evaluation matrix that refer to key changes and milestones identified in the transition process and to key effects noted by different stakeholders related to specific evaluation questions. The focus of this evaluation is on process aspects of transitioning and partnership building, address criteria of relevance, coherence, effectiveness and sustainability. Impact is not included as an evaluation criterion in this evaluation, and therefore, the use of contribution analysis is contained to specific elements of the overall analysis of data.
- This evaluation has room to conduct an analysis of transition processes in one other Finnish partner country. An additional reason to not conduct multiple peer reviews is the fact that other transition processes have occurred already a while ago (Egypt and Namibia) in different time-frames. Therefore, the focus of this analysis is on Zambia. The comparative analysis is further supported by the fact that Zambia has recently served as a case study in an evaluation of economic development. In this evaluation, all PSI instrument that is also applied in Viet Nam has already been analysed in detail. A word of caution is needed for the realisation of the peer review studies. Comparison of processes and effects in different country contexts should always respect the idiosyncrasy of specific countries, and this may not allow for an automatic validity and applicability of lessons learned from one context to another. This peer review country analysis feeds into responding to EQ 6.
- Analysis of transition processes in peer countries that had a development relation with Viet Nam in the past and that have changed their relations. As available time and budget only allow for two countries to be subjected to this analysis, Denmark and the Netherlands were selected as the most relevant countries to consider for the transition process in Viet Nam. Both countries have been subject to a previous peer review in the context of the Finnish Aid for Trade evaluation in 2016.¹¹ This analysis aims to respond to EQ 6. The analysis of processes in peer countries focuses on the existence and application of strategic approaches and design of these transition processes (ToC's) and of key milestones in these processes. Furthermore, critical success factors and bottlenecks have been identified. And a final key element of this analysis is to look at complementarity, coherence and synergy in support portfolios to enable effective transitioning towards economic partnership relations, as both peer countries have focused on economic partnerships. The peer review has been conducted as a combination of analysis of available documents and open interviews with key informants involved in these transition processes. The analysis is standardised to allow those specific aspects of transitioning, and partnership development in both peer countries have been addressed and can be compared.

Furthermore, the following methods and actions are integrated into the data analysis and synthesis process:

- Cross-checking and triangulation of data from at least two different data sources on each of the specific evaluation questions/indicators in the evaluation matrix. Single source data is not considered in responding to the evaluation matrix. The triangulation and cross-checking process is documented in a matrix format;

¹¹ See: https://um.fi/documents/384998/385866/evaluation_aid_for_trade/b70e26b4-ac36-9dea-330e-7fff19c-c57e3?t=1528280776881



- Peer review of all sub-products and products within the evaluation team between at least two team members and with constant oversight of the evaluation team leader.
- Sense-making and validation is not only a means of stakeholder engagement, but it is also an important tool for the analysis of data, as it has enabled stakeholder groups to correct and enrich data interpretation by the evaluation team, and sense-making and validation can also detect gaps in the data-collection phase and thus be used to reiterate phases in the data collection process, if and where needed.
- Aggregation and synthesis of findings: within the evaluation team, the members have discussed those findings that can be generalised and that can show systematic patterns. These findings are used for the development of conclusions, lessons learned and recommendations and feature in Section 5 of this evaluation report. Other more specific findings feature in the annexes to the evaluation report in a separate second Volume for the audience interested in specific details.

Sampling of data sources

The extent to which data sources need to be sampled depends on the available time and budget for the realisation of this evaluation. While proceeding in the inception phase, more clarity on research tasks and instruments was obtained, and at the same, a more detailed task division was developed between different team members. This has led to a more precise setting of the evaluation budget for specific research activities.

The following elements in the evaluation have been flagged for sampling. With each of these elements, the final sampling decisions are specified, and where applicable specific sampling criteria are presented:

- Instruments applied in the Finnish partnership with Viet Nam: No sampling has been applied, as all instruments need to be considered in the analysis of coherence and complementarity. However, this evaluation does not look at effectiveness, efficiency, impact and sustainability aspects other than specified in evaluation reports of these specific instruments. This evaluation attempts to dig deeper into finding relevance and coherence related aspects of these instruments, also when no (recent) evaluation reports are available on these instruments;
- Other Transition countries in the Finnish development cooperation: it was decided to only consider Zambia as a country for comparative analysis. The key reason for this decision was the fact that the transition process in Zambia is best aligned with the transition process in Viet Nam and therefore lends itself best for comparative purposes. The evaluation team looks at available evaluation reports of other transition processes in the past, among others, in Egypt and Namibia, though analysis may not go beyond what is contained in these reports, in order not to exceed available time and staffing resources in the evaluation team.
- Other European countries/international development partners for comparative analysis: During inception meetings, MFA representatives and ERG members drew attention to the importance of comparative peer review of processes of other development partners. The indications for peer countries in the ToR, Denmark and the Netherlands, are based on the fact that both Denmark and the Netherlands have had notable experience in



transitioning their relations with Viet Nam , and both have further progressed than Finland. Furthermore, the development policies and strategies in these two countries are quite similar to Finland, allowing for a relevant peer review.

- Key Finnish and Vietnamese partners supported with key development and Private Sector Instruments (PSI) mentioned above: the approach chosen in this evaluation to engage Finnish and Vietnamese partners (both CSOs and companies) at two levels. Surveys have been distributed to all CSOs and companies listed in the database of these instruments. Thus, no sampling at this level has been applied. In monitoring survey responses, the evaluation team has actively stimulated respondents until a response of at least 25% for each specific instrument is achieved. For Key Informant Interviews, stratified sampling has been applied for selected final KII informants, ensuring that a minimum of four large CSOs/ companies is included in the sample, three medium-level CSOs/companies and three small CSOs/companies.
- It should be noted that based on the financial information made available from the MFA's online case-management system of development assistance appropriations ("*varsinainen kehitysyhteistyö*") for 2008-2019, which was used as the basis of the initial ODA flows analysis presented in this report, the MFA Finland in those years made 433 separate ODA disbursements related to its cooperation with Viet Nam. Even with interventions with more than one disbursement consolidated, the number would be large, and this reflects, notably, the multitude of the Fund for Local Cooperation (FLC), Finnpartnership (FP) and Civil Society Organization's interventions. As a result, not all interventions can be considered separately, and in the case of instruments such as the FLC and FP, their relevance, coherence and effects on the transition process have been considered as programmes, not by individual intervention.



Annex 6. Theory of Change of Transitioning and Partnership Development

This Annex presents the reconstructed Theory of Change (ToC) of the transition process in Finnish-Vietnamese cooperation over the past 12 years and the ongoing development towards a new kind of partnership between the two countries (from here-onwards referred to in short as the ‘transition process’). This ToC (version 4.0) integrates inputs, comments and revisions on earlier generations of the Theory of Change (ToC) provided by key informants in this evaluation during interviews, in survey responses and two ToC workshops conducted during the implementation phase of this evaluation.

This revised ToC (version 4.0) that contains insight and lessons learned is meant to serve as a source of inspiration to further orient the development of a new kind of partnership between Finland and Viet Nam and is particularly relevant for planning and guiding transition processes and partnership development in other partner countries in Finnish international cooperation.

To serve this purpose, in the latest version of the ToC, the evaluation team’s approach has been to develop a generic ToC that applies to situations where the transition process is at its starting point. In countries that have already advanced in the transition process, other level entry points in the ToC will apply. This ToC, of course, is a simplification of the complex reality of transitioning in cooperation relations and partnership development, and it does not contain all specific details and actors in the rich relations between Finland and partner countries during the past decades. By focusing on key and generic aspects, it is assumed that the utility of the ToC in other country contexts increases as the ToC contains at least the key strategic elements of transition processes. However, in specific contexts, it is likely to be needed to finetune and contextualise the ToC to specific country situations and sectoral and thematic areas.

The starting point for the development of this ToC has been the current Finnish Development Policy “One world, common future- towards sustainable development” (MFA, 2016a). This policy states a number of important principles that are relevant as a rationale for the transition process towards a new partnership with Finnish partner countries;

- Finland, too, will align its policies with the 2030 Agenda. Finland adapts its development policy to support the capacity of developing countries to achieve Sustainable Development Goals and targets (MFA, 2016a; p. 9);
- Development cooperation funds can be used to address major bottlenecks in developing countries, making it possible to secure the countries’ development in the long term. It is also hoped that development cooperation funding will mobilise more private funding (ibid; p. 11);



- Due to Finland's present economic situation, its financial contribution will be focused on players that most effectively promote Finnish development policy priorities. For the most important institutions, policy dialogue plans will be drawn up, and their results will be monitored annually. Finland considers it important to reinforce the implementation of jointly-agreed rules (ibid; p. 30);
- Some of Finland's partner countries have achieved progress; however, they have become or are about to become middle-income countries. This will allow the gradual scaling-down of aid and gearing the focus towards, for example, providing an important type of expertise. It will also be possible to step up cooperation in the fields of trade, investment, research and innovation, and increase interaction in other fields (ibid; p. 34);
- Possibilities for Finnish companies to participate in development cooperation will be enhanced by expanding coverage and volume of private sector development financing instruments (ibid; p.41).

Specific reference is made in the development policy to 'Team Finland' as an important institutional arrangement and network of partners to strengthen private sector engagement in international cooperation. The policy presents a vision for the development of a new partnership approach, encompassing a broader and more diverse range of actors.

All Finnish development cooperation actors are encouraged to engage in regular exchange of information and interaction. Businesses, NGOs, local authorities and higher education institutions are invited to cooperate more closely and will be supported in these efforts. The aim is to make better use of the actors' complementary strengths to support sustainable development. Many of the support forms described above are open to different types of Finnish actors. Information-sharing about best practices will be improved. New approaches will be devised to make better use of the actors' expertise, innovations and local networks. The feasibility of devising suitable forms of funding will be explored. (ibid; p. 46)

This ToC also incorporates some specific from the transition process in Viet Nam and Specific references made to the transition from traditional forms of development cooperation to the development of a new kind of partnership in this country, as documented in the Viet Nam country strategy of 2016-2020 (MFA, 2016b):

"Our vision is that, by 2020, ongoing, bilateral, grant-based development cooperation projects funded by Finland have been successfully closed with sustainable results, bilateral trade has grown substantially, and Finland is known in Viet Nam as a reliable partner providing economically and environmentally sustainable solutions that contribute to Viet Nam's development goal of becoming an innovative, knowledge-based economy" (MFA, 2016b; p.8).

The ToC of the transition process presented in this annex includes a number of newly obtained insights and suggestions of stakeholders involved in the transition process in Viet Nam during the evaluation research phase. Specific aspects that were included in the ToC are listed below:

- In the previous versions of papers preceding this annex, the ToC gradually developed into a broad framework considering many different specific developments and stakeholders. In the latest version, the ToC was brought back from a "theory of everything" to a more concrete and confined theory of the process of partnership



development between Finland and a specific partner country (like Viet Nam). And with this more confined perspective, the ToC becomes more utilisation focused and not merely a theoretical construct;

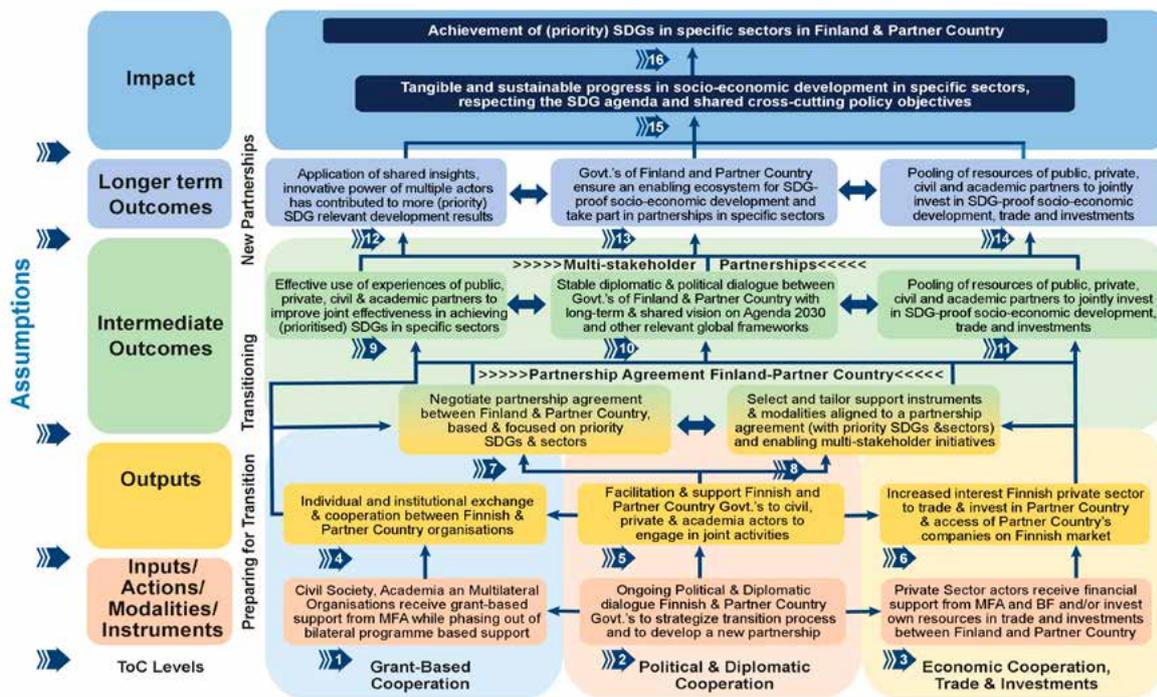
- A clearer core perspective is provided on the transition process at the Finnish and the partner country Government (and MFA) level. This is done with the thought that to ensure the utility of the ToC it is needed to present how the Governments can take actions to steer and guide the transition process in the desired direction. By doing so, it not suggested that other (civil, private and academic) actors don't have their own motives and strategies (ToC's) that might diverge from the ToC presented in this annex. However, if the Governments of Finland and partner countries want to build a new kind of partnership, this ToC is a helpful instrument to support them in bringing together the different partners and create synergies and complementary contributions to the overall social-economic and sustainable development objectives, as expressed in key policy documents of the Finnish and partner Governments and overarching global agendas on SDGs and climate change;
- The SDGs were already part of the previous versions of the ToC, though they are now more thoroughly integrated into the entire ToC diagram. And additionally, it is also made more explicit that there is a need for Finland and Partner Countries in identifying a manageable partnership based on mutual key strengths and needs, a clear focus on specific SDGs, specific cross-cutting policy priorities and specific key economic sectors is needed, to sustain a partnership on the longer-term and with less (ODA) resources than in the past;
- At the core of the diagram, a new key concept and two related new outputs are presented. This refers to the need for a partnership agreement between the two countries to continue to guide the partnership with inputs and high-level commitment from both partners to the agreement. Two key steps are needed to arrive at this partnership agreement and to ensure that the partnership is manageable and measurable: a) develop the contents of such a partnership agreement between Finland and the partner country, based & focused on priority SDGs & sectors in specific countries; and b) select, redesign and tailor specific support instruments and modalities with a stronger focus on shared policy objectives, key economic sectors and relevant SDGs. Different degrees of comprehensiveness of a partnership agreement is possible, ranging from a minimal approach of a rather informal partnership to sectoral partnerships to a comprehensive partnership agreement;
- In the central pathway of the ToC diagram, the role of the Governments of Finland and partner countries is explained to illustrate their double responsibility in a) developing and improving the ecosystem for partnerships and sustainable social-economic development; and b) facilitate and support in bringing together different key partners involved in multi-stakeholder initiatives. With this, it isn't implied that no other partnership initiatives of other stakeholders are possible and useful, though these can also occur outside the immediate scope of the partnership agreement;
- The diagram presents a sharper demarcation of the scope of the new partnership: focusing on specific SDGs, on specific cross-cutting objectives and sector. This evaluation has detected particular opportunities in climate change and innovative technology solutions in specific sectors (such as water, energy, forestry etc., in the case of Viet Nam), though there are also other possible sectors. Further exploration and discussion of the complementary sector and thematic expertise is required and needs to be done in an international perspective;



- In the ToC, four specific categories of stake-holding organisations are presented as ideal ‘ingredients’ for inclusive partnerships with the potential to contribute to SDGs and sustainable development. These stakeholder groups are the public, private, civil and academic sectors, and in an ideal situation, all four groups should participate;
- The ToC diagram is focusing on the partnership between Finland and a specific partner country. However, it needs to be recognised that this partnership is shaped in the wider context of global and regional international relations. This also includes partnerships at a higher level, such as free trade and economic partnership agreements, specific thematic regional and global partnerships at the level of EU, regional communities and UN. To not create an overly complex ToC diagram, these partnership levels are not included, though they are considered as context, and as such, these partnerships will be considered in assumptions at different levels in the ToC diagram (see also the final section of this paper, for a description of assumptions).

The final revised and enriched version 4.0 of the ToC is presented in the Figure 1 below.

Figure 1 ToC 4.0: Transition towards new partnerships between Finland and Partner Countries



Source: Prepared by the evaluation team, based on research and interviews during the evaluation inception and ‘fieldwork’ phases and based on the previous versions (1.0, 2.0 and 3.0) of the ToC.

The ToC diagram above presents a transition process that is initially composed of three different tracks, depicted in the blue, pink and yellow shaded areas on the bottom of the diagram. These areas reflect the past and current composition of the cooperation relation between Finland and most Partner Countries. The first track (in the blue shaded area) represents the “traditional” and mainly grant-based development cooperation with its specific aid modalities and instruments that have particularly dominated the first half of the previous decade. The second track (in pink) represents the political and diplomatic relations between Finland and the Partner Countries that, in



most cases, go back for a long time (in the case of Viet Nam since the 25th of January 1973) and are still strong and ongoing. Within this track, different Ministries, as well as the respective diplomatic representations, have an important role in strengthening ties and facilitating relations between different actors. The third track (in yellow) represents economic and trade relations between the two countries that are also historical, though in the past decade have received more attention by both Governments in supporting and facilitating mutual trade and investment relations. Under the international Aid for Trade agenda and with private sector development instruments, the Finnish Government, in recent years, has clearly put increased emphasis on economic relations with most of its partner countries, and it has stressed the role of private sector actors in the partnership relation.

The ToC diagram above suggests that the blue and yellow tracks in earlier years of the transition process might exist or have existed mostly as parallel tracks, with Governments, Ministries (with MFA at the core) and the Finnish Embassy in the Partner Country facilitating and supporting both tracks with separate portfolios of instruments and support modalities. In the latest Finnish Development Policy, these tracks have gradually become more intertwined, and at the same time, the balance of financial support from the Finnish Government has often shifted from ODA grants to mainly Government and Civil Society actors to ODA and Non-ODA (loans, equity, guarantees) support and direct investments by the private sector. In this movement, ODA increasingly becomes a leveraging stick for other resources originating from the private sector. With these developments, the focus of the attention in the cooperation between Finland and Countries in transition processes (mostly countries developing towards the MIC status) is gradually moving more to the right-hand side of the ToC diagram (the pathway of economic cooperation, trade and investments).

When we look at the longer-term vision and policy intentions of the Finnish Government, the ambition is to develop a new kind of partnership that is not confined merely to commerce and trade. Also, in the light of the framework of the Sustainable Development Goals (the Agenda 2030), the approach focusing on “developing a new kind of partnership” in the longer term seems to point to increased cooperation between different actors in a broader partnership development approach. This partnership approach is depicted in the green shaded area in the middle of the diagram at the output and intermediate outcome level. This ideal of a more comprehensive partnership is also expressed in the SDG (SDG 17): multi-stakeholder partnerships are helpful to establish a comprehensive strategy and approach to address the current big development challenges as expressed in the Agenda 2030.

Two actions at this level (in the two-coloured orange and green boxes) are needed to arrive at this partnership approach: firstly, both governments of Finland and the Partner Country in an inclusive process of consultation should identify areas of focus (top-priority economic sectors of mutual interest) and key objectives (SDGs) to be addressed in the new partnership and to ensure that multiple stakeholders can contribute to these SDGs. And secondly, it will be needed to identify and select (and where required finetune) the available Finnish development cooperation and Private Sector (PSI) support modalities and instruments. These modalities and instruments subsequently can be focused on priority SDGs and key economic sectors and relevant partnerships in these sectors.

Multi-stakeholder partnerships, although several examples already exist, are still not common in the Finnish-Partner Country cooperation experience, although at the programme and project level, specific examples exist. The key message of this ToC diagram is that more strategic and systematic attention is needed to partnership development to ensure that development will not remain limited to specific economic or sectoral interests, favouring specific stakeholder groups and not always contributing to a more sustainable environment. Instead, partnerships are key to achieve more



inclusive and sustainable development as expressed in the Agenda 2030, with its SDGs and the Paris Agreement on Climate Change (and Finnish cross-cutting policy objectives aligned to these).

In the green (intermediate outcomes) area of the ToC diagram, it is illustrated that actions in three domains are needed to ensure that the partnership can contribute to sustainable development and achievement of SDGs: a) sharing and exchange of experiences of public, private, civil & academic partners to improve joint effectiveness in achieving (shared and priority) SDGs in specific sectors; b) Governments (and their embassies) of Finland and the Partner Country ensure an enabling and supportive ecosystem for SDG-proof socio-economic development and take an active part in partnerships in specific sectors; and c) Pooling of resources of public, private, civil and academic partners to jointly invest in SDG-proof socio-economic development, trade and investments. In the ToC, this is a necessary step to achieve longer-term development outcomes and ultimately achieve impact in achieving SDGs and in nurturing a long-term new form of a partnership arrangement between the two countries, as illustrated in the blue area in the top half of the diagram.

This course towards partnership development in tackling development challenges and achievement of SDGs has not yet clearly been identified in the Finnish vision on transitioning its development relation with partner countries (like Viet Nam) and in the specific instruments and support modalities used. The focus of the Finnish policy and strategy instruments in the transition process has been rather instrumental and directed mostly to the private sector as a key actor, though without a further description of its future role and also without specifying how the private sector and other actors, in the public sector, civil society and education sectors, mirrored in both countries, can act together in more comprehensive and more inclusive partnership relation.

The longer-term outcomes presented in the blue boxes in the diagram indicate three areas where more comprehensive multi-stakeholder partnership relations can produce tangible results. The first area of outcomes focuses on sharing and pooling of knowledge and expertise of different partners to increase innovative power to tackle development goals and priority SDGs in both the Partner Country and Finland. A second area is focusing on the Government's role to ensure an enabling a supportive ecosystem for SDG-proof socio-economic development and their active participation in partnerships in specific sectors. The third area refers to stable two-way trade and investment relations and increased trade volumes between Finland and the Partner Country, with a recognisable contribution to (shared) SDGs. The domains of partnership at this level are not confined anymore to specific sectors and stakeholder groups, as was the case in the previous phase of 'compartmentalized' development cooperation. The process of strengthening partnership relations between the different domains and stakeholder groups are depicted in the ToC diagram with increasingly strong two-directional horizontal arrows towards the upper part of the diagram.

An important element of any ToC are assumptions in the different Pathways of Change. The ToC diagram presented above includes blue arrows on the left-hand side of the diagram and in numbered arrows in the specific pathways. These arrows point to assumptions in the ToC that need to materialise to ensure that steps in each pathway can be made from the bottom to the top in order to ensure that, in the end, change will occur.

During the first ToC workshop and the realisation of the research phase in this evaluation, a number of (still rather generic) assumptions were developed for the different levels in the pathways of the ToC. The numbered arrows in the diagram refer to these assumptions in the section below. In the development of specific transition and partnership development processes, these assumptions will be needed to be further tailored and tested. The assumptions mentioned below are examples that



focus on the specific context of the Finnish-Vietnamese transition process and therefore merely serve as examples for the development of assumptions in other contexts.

Assumptions in the TOC diagram.

A. Initial assumptions (action and output level)

Generic assumptions (for all pathways)

- Finnish and Vietnamese actors in public, private and civil society are convinced of the added value of socio-economic, diplomatic and cultural ties and trade relations between the countries
- Finnish and Vietnamese actors invest in and pool resources to establish relationships and work on partnership building between the two countries

Pathway 1: Grant-based cooperation

1:

- Decision-making and planning on ODA and Non-ODA support modalities in the transition process and beyond are clear, and there is a clear time-frame
- The remaining ODA and other emerging alternative funding sources remain accessible to civil society organisations, the public sector and academia

4:

- Shared interests and priorities of Finnish and Vietnamese actors in development strategies are translated in concrete actions
- Facilities and actions to stimulate exchange and partnership development within and between the two countries exist in development interventions

Pathway 2: Political and Diplomatic Cooperation

2:

- Finland and Viet Nam choose to continue to invest in bilateral relations and direct diplomatic ties (including having embassies in each other's countries)
- The history of cooperation between Finland and Viet Nam remains a source of inspiration for continued relations between the two countries

5:

- Government institutions and Embassies in Viet Nam and Finland have sufficient and the right expertise to address priorities (cross-cutting priorities, SDGs and sectoral) in mutual partnership relationships
- There is openness, transparency and trust between the Finnish and Vietnamese Governments
- There is a mutual understanding of key concepts and policy priorities ('speaking the same language')



Pathway 3: Economic cooperation, Trade and Investments

3:

- Finland and Viet Nam have a consistent and growing supply and demand for goods, services and knowledge that the countries can offer to each other

6:

- Finland and Viet Nam have identified specific sectors, goods and services in which they have specific value-added and complementary advantages to sustain commercial relations
- The ecosystem of international trade communities and free trade agreements (particularly EVFTA) is supportive to Finland and Viet Nam to strengthen their relations in key areas

A. Assumptions to move from outputs to Short-term outcomes

7:

- Actors within MFA are committed to invest time and effort in dialogue and consultation with relevant stakeholders and partners to develop inputs to a new comprehensive partnership agreement
- Interest of Vietnamese stakeholders in MPI and relevant line ministries to actively participate in the dialogue on the comprehensive partnership agreement
- The willingness of MPI to involve relevant stakeholder groups in Viet Nam society in this dialogue

8:

- Both governments are able to continue in investing human and capital resources in the partnership and the specific support instruments and modalities
- There are possibilities within existing institutions and modalities to incorporate new insights and partnership support instruments rather than overhaul the entire system
- The changes in modalities and instruments present complementarity and no contradictions with other actors (bilateral and multilateral) and other level agreements (e.g. EVFTA)
- There is a possibility to mirror at least some of the instruments in Finland and Viet Nam to reflect a stronger mutual partnership.

C. Assumptions to move from short-term to intermediate outcomes

Generic assumptions (for all pathways)

- Different actors understand the benefits of the partnership to achieve common goals and are committed to invest and pool resources in partnerships
- The Finnish and Vietnamese, in a comprehensive partnership agreement, have identified a number of key sectors, SDGs and/or cross-cutting policy objectives to enable focused and manageable partnerships in specific areas and sectors



- The Finnish and Vietnamese governments are willing and able to invest resources in instruments and facilities to support partnerships to contribute to prioritised SDGs and objectives.

Pathway 1: Sharing of knowledge and competencies in multiple stakeholder partnerships

9:

- Partners are able to identify and discuss their competencies and specific contributions in partnerships to achieve SDGs
- Partners have found (alternative) sources to continue their mutual engagement

Pathway 2: Enabling environment and ecosystem

10:

- Governments of Finland and Viet Nam have resources, take ownership and show commitment to facilitate and construct an enabling ecosystem for sustainable development, cross-cutting policy priorities and achievement of SDGs
- Government entities and Embassies in Finland and Viet Nam are engaged as partners in multi-stakeholder partnerships in both countries
- Embassies and Govt. entities have acquired and developed specific competencies in partnership facilitation

Pathway 3: Pooling of resources

11:

- Companies adhere to SDG and CSR principles and objectives to orient their commercial, trade and investment activities
- All partners participating in supported initiatives are accountable for using their own and entrusted resources to contribute to partnerships
- Finnish and Vietnamese bilateral and multilateral (including EVFTA) Free Trade agreements include cross-cutting policy priorities and SDGs and include guidelines and mechanisms to facilitate private sector actor's (and other partners') contribution in partnerships to achieve SDGs.

A. Assumptions to move from intermediate to Longer-term Outcomes

12:

- Partnerships include specific attention and measures to stimulate knowledge creation and innovation to become more effective in achieving specific policy priorities and specific contributions to SDGs



- Open borders and possibilities for social, cultural and economic exchange between the two countries in a post-Covid-19 environment

13:

- Govt's of Finland and Viet Nam are willing to develop longer-term arrangements to pool (human and financial) resources for ensuring the enabling ecosystem for the achievement of SDGs and partnership support in clearly targeted sectors to improve effectiveness and impact

14:

- Commercial and trade activities are sufficiently profitable to generate resources to secure societal and SDG impact on the longer term

A. Assumptions to move from outcomes to impact level

15:

- Complementarity and recognition of key competencies of both countries in the partnership relations in the long term not only by Finland and Viet Nam but also by other relevant development partners
- Continued complementarity and alignment with higher-level partnership agreements, such as the EV-FTA, TTIP ASEAN and UN community
- Continued commitment and capacity of governments, private and civil partners to pool (human and financial) resources in joint efforts and partnerships.

16:

- Continued integration of Viet Nam in the global economy and continued growth towards upper middle-income status
- Finland's integration in international economies is not declining due to national or international political, economic or humanitarian crises (and pandemics)

References:

MFA, 2016a. Government Report on Development Policy: One World, Common Future – Toward Sustainable Development. MFA.

MFA, 2016b. Cooperation between Finland and Viet Nam 2016–2020. MFA.



Annex 7. Mapping of key partners and stakeholders in transitioning of Finnish-Vietnamese relations

Assessment of relations and capacities dedicated to transitioning and the development of a new kind of partnership between Finland and Viet Nam

Key findings and summary

The stakeholder mapping and analysis of quality and intensity of relations indicate mutually appreciative, strong, multi-dimensional and active and long-term relations between Finnish and Vietnamese stakeholders.

Stakeholder groups considered in this evaluation are numerous. The evaluation team grouped them into three groups based on the degree of control and influence that they have on planning and implementation of the transition process. The first sphere of ‘control’ contains those stakeholders that have been involved in planning and strategizing Viet Nam country strategies and support modalities and instruments. The second sphere of ‘influence’ contains stakeholders that have been involved in the implementation of the support modalities and actions and the third sphere of ‘interest’ stakeholders that are affected by the transition process but do not directly influence the process.

The analysis of quality and intensity of relations shows that relations between the sphere of control stakeholders are typically multi-dimensional, and virtually all of them include elements of some type of coordination. The state-level actors, MFA Finland, the Finnish Embassy in Hanoi, the Government of Viet Nam and some of the other Finnish governmental agencies engage in political and diplomatic dialogue, and there are also financial relations between these actors and many other spheres of control stakeholders. While financial ties between the MFA Finland and the Finnish Embassy as the representatives of the Finnish Government and the Government of Viet Nam were reducing over the period observed in this analysis (2016-2020), still at the end of it and beyond, they were there, most notably through the instruments Concessional Credits (CC) and in the future likely the Public Sector Investment Facility (PIF). Within the sphere of control, the perceived quality of the relations is generally positive. Through sometimes, the appreciation is less positive, mostly when the intensity and duration of the engagement are not high and long-term. There are no cases of antagonistic perceptions of relationships.

Relations between stakeholders in the spheres of control and influence are typically more multi-dimensional, intense and longer, though significantly more limited when compared to the internal relations within the sphere of control. At this level, the perceived quality of the relationships is roughly the same as within the sphere of control. Relations between stakeholders in the sphere of control and the affected sphere are clearly less intensive, and the perceived quality of the relationship is lower.



The analysis of specific competencies and capacities of key partners in the Finnish-Vietnamese relations indicates a high degree of convergence between assessed capacity and observed capacity needs. Among Finnish partners, Team Finland shows some limitations in its capacity to support cross-cutting objectives and multi-partnership facilitation, and on the Viet Nam side, there have been limitations in engaging on human rights that can be both political and capacity related.

The analysis of the specific competencies and capacities that key partners/interlocutors bring to the partnership covers the Finnish Embassy in Hanoi, Department for the Americas and Asia (ASA) of the MFA Finland, Department for Development Policy (KEO) of the MFA Finland, Government of Viet Nam and the Team Finland. The analysis focuses on the years 2016-2020 and covers all key modalities and instruments collaboration and different dimensions of the policy and strategic dialogue.

Eighty-five capacity variants analysed, only six (6) cases indicate a medium discrepancy between the assessed capacity and the need for it, and nine (9) small discrepancy between the assessed capacity and the need for it. Out of these, a significant number (three + five) is observed in the case of capacities of Team Finland, where capacity with regards to cross-cutting priorities was found limited and where, if and when there be more interest and need in the future to both move toward partnering between different stakeholders' and generating commercial relations from various different activities, capacity for CSO partnering and application of instruments such as the FLC and HEI ICI is limited.

The demand-driven PSIs, Finnpartnership and Finnfund, tend to operate rather independently and perhaps not always offering partners, like the Embassy or other Team Finland actors, possibilities to build and use their respective capacities to work with and through them.

The Government of Viet Nam is a nominator endorsing a vast number of actors, capacities and competencies, and the only discrepancies observed – in the dialogue on the cross-cutting objectives and the PIF – relate to some issues noted in the political & diplomatic relations' analysis, and in the negotiating the PIF Memorandum of Understanding (MoU), notably the delays in negotiating for its clauses on human rights.

Within the MFA, financial resources, technical expertise and country expertise are not always in the same department or unit, though capacities of key partners are generally high and complementary. While the MFA clearly speaks with one political voice, some within the organisation wish the voice to be louder on human rights.

Within the MFA, the key interlocutors of Finland's and Viet Nam's relations are the Embassy in Hanoi, the Department for the Americas and Asia (ASA) and the Department for Development Policy (KEO). They all show high capacities, competencies and degree of complementarity in the policy and strategic dialogue and the modalities and instruments-based collaboration. Office of the Under-Secretary of State of Development Policy (AVS-KEO) is in the capacity analysis considered as a part of/together with the Department for Development Policy and has a key role to play. Within the Department for the Americas and Asia (ASA), previously, the Viet Nam team and not the Viet Nam desk was in the Unit for Eastern Asia and Oceania (ASA-10). As for the Department for Development Policy (KEO), the Unit for Sectoral Policy (KEO-20) has had a key role to play in the large bilateral grant-based programmes through their sectoral advisers, and the Unit for Development Finance and Private Sector Cooperation (KEO-50) continues to play a major role as the unit in charge of the Private Sector Instruments.



In terms of the political and diplomatic relations, clearly, the leadership is with the Embassy and the Department for the Americas and Asia. While the office of the Under-Secretary of State of Development Policy (AVS-KEO) also plays a role, no major issues have been observed in the conduct of this evaluation between these interlocutors, and there is one MFA voice in the political and diplomatic relations with Viet Nam. Nevertheless, some MFA interviewees have raised a concern with regards to the human rights dialogue and proposed that the MFA, particularly through the Embassy, does not always take a strong enough position and sufficiently participate in the like-minded groups voicing human rights concerns.

In development cooperation, the financial resources for the bilateral grant-based programmes were with the Department for the Americas and Asia (ASA), but the technical expertise required to support both the approval for financing and the implementation is at the Department for Development Policy's Unit for Sectoral Policy (KEO-20), and this has not always been ideal for in-house coherence and vis-à-vis building linkages, synergies and collaboration with other partners. Similarly, while the in-depth country expertise and the political and diplomatic relations remain with the Department for the Americas and Asia (ASA), the PSI's are with the Department for Development Policy (KEO)/Unit for Development Finance and Private Sector Cooperation (KEO-50), including instrument such as the PIF, which requires extensive political and diplomatic participation too.

The Stakeholder analysis

The stakeholder mapping and assessment of institutional capacities and structural arrangements between MFA and other institutions in transition contain three different levels of analysis; a) analysis of the quality and intensity of relations between different stakeholders; b) analysis of the specific competencies and capacities that partners bring to the partnership; and c) a more specific analysis of structural arrangements and capacities of the MFA and the Finnish Embassy in Viet Nam.

Part A

The results of the first part of the analysis (a) are presented in the stakeholder map, and specific details are provided in a matrix format. In the stakeholder mapping and relations analysis, the evaluators have looked at the following aspects of relationships:

- Type of relation: coordination, financial, or political & diplomatic;
- The intensity of relation: rare, occasional, or frequent (as a function of the frequency of meeting, being in touch or any engagement),
- Perceived quality of relation: positive, neutral, or antagonistic;
- Duration of relations: long-term & continuous, medium-term, or short-term (as a function of typical institutional level relation/engagement).

It should be noted that no separate mapping and analysis for each of the three country strategy periods was developed, owing to the rather limited changes observed in the type, intensity, perceived quality and duration of the relations over time, rendering a longitudinal analysis of the same futile.



Part B

The second part (b) of the analysis lists the key organisations/actors that have been involved in the policy and strategic dialogue, projects and support modalities during the transition process. The analysis focuses on the period of the 2016-2020 country strategy and covers the Finnish Embassy in Hanoi, the MFA's Department for the Americas and Asia (ASA), the MFA's Department for Development Policy (KEO) and together with it the office of the Under-Secretary of State of Development Policy (AVS-KEO); the Government of Viet Nam and the Team Finland.

Part C

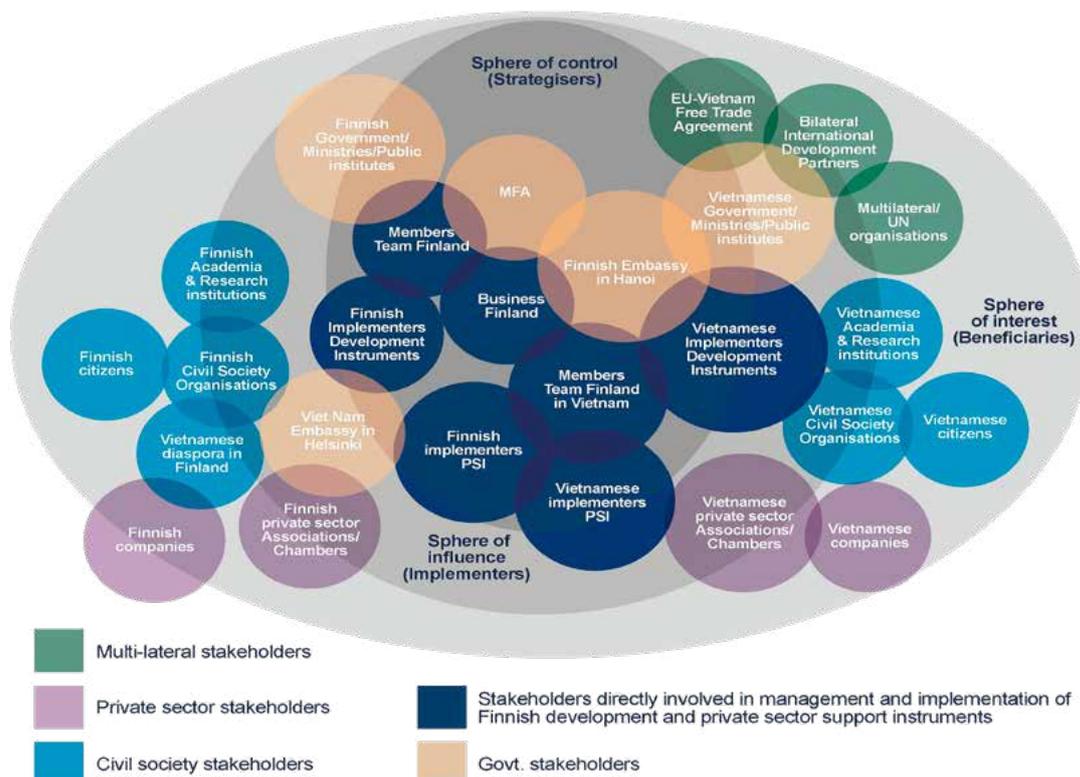
The final step in the analysis (c) looks more closely at structural and organisational arrangements at the level of the MFA/Finnish Embassy to facilitate and coordinate transitioning and partnership development. An analysis is made of specific involvement of the key MFA departments and units to the Viet Nam transition and the ways these departments relate in the process. The analysis also includes the Finnish Embassy.

Part A: Analysis of the quality and intensity of relations between different stakeholders

Stakeholder mapping

Based on interviews, desk-review and lists of stakeholders, the evaluation team developed a stakeholder map of key stakeholder groups involved in the transition process and the development of a new kind of partnership between Finland and Viet Nam. These stakeholder groups are depicted in the Figure 2 below.

Figure 2 Key stakeholders in the Viet Nam transition process



Source: evaluation team.



The figure above presents an overview of key stakeholder groups in the transition process in Viet Nam. These stakeholder groups are organised in three concentric circles, indicating the degree of control and influence that they have on the planning and implementation of the process. The smallest circle of control contains those stakeholders that have been involved in planning and strategizing of Viet Nam country strategies and support modalities and instruments.

The second circle presents the sphere of influence that mainly contains stakeholders that have been involved in the implementation of the support modalities and actions, reaching out to beneficiary stakeholders in the outside circle of the sphere of interest. These stakeholders are affected by the transition process but do not directly influence the process.

Different stakeholder groups are represented in different coloured circles. In the light brown circles, the reader can see the core strategizing partners in the transition process, composed of Finnish Government level stakeholders. Other Finnish government institutions and the Vietnamese Government are presented on the borders of the circle of control, indicating that their level of engagement and influence on the transition process has been less than stakeholders within the MFA and Embassy in Viet Nam.

The dark blue circles represent the key implementing partners of the Finnish development cooperation and Private Sector Instruments. These partners are mirrored in both Finland at the left-hand side of the diagram and the Vietnamese partners on the right-hand side. Their influence has been considerable; thus, most of these stakeholders are at least partially situated in the middle circle of control.

Particularly Team Finland in Finland and Viet Nam are indicated within the circle of control as these partners. Although they are not decision-making partners, they have a considerable degree of influence. One of the members of Team Finland (Business Finland) is also represented separately in the picture, as this is a key institution during the transition process in establishing and strengthening partnerships.

In the purple circles, private sector stakeholders that benefit from support instruments and modalities are presented, while the bright blue circles represent civil society organisations. These stakeholder groups are mirrored on both the Finnish and Vietnamese sides.

And finally, on the Vietnamese side, an additional stakeholder category is represented in the green circles. These stakeholders are bilateral and multilateral partners engaged in dialogue and cooperation with Viet Nam and in a Trade Agreement.

Analysis of the quality and intensity of relations between the sphere of control stakeholders

Table 2 below presents the analysis of the quality and intensity of relations between the sphere of control stakeholders, i.e. those that have been involved in planning and strategizing of Viet Nam country strategies and support modalities and instruments. This analysis, like all the others presented, is based on the findings of vast desk review and interviews conducted as a part of the evaluation.



Each cell of the table depicts the type, intensity, perceived quality and duration of the relationship between two of the sphere of control stakeholders. The type of the relation may include elements of coordination, financial exchange, and/or political & diplomatic engagement. The intensity of the relation may typically be such that there is a meaningful contact between the stakeholders rarely, occasionally, or frequently, or, since these stakeholders are in most cases either large organizations with different departments and units or consist of a group of various organisations, the intensity may vary between rare, occasional and frequent. The perceived quality of the relationship between two of the sphere of control stakeholders can be positive, neutral, antagonistic or a mixture of any two of these qualifications. Duration of the relations vary from long-term & continuous, through medium-term, to short-term, and observed as a function of typical institutional level relation/engagement, and varieties could be detected too.



Table 2 Analysis of the quality and intensity of relations between the sphere of control stakeholders in 2016-2020

Key: Type of relation: coordination (coord), financial (finan), political & diplomatic (pol&dipl)
 Intensity of relation: rare (rare), occasional (occas), frequent (freq)
 Perceived quality of relation: positive (pos), neutral (neutr), antagonistic (antag)
 Duration of relations: long-term & continuous (long), medium-term (med), short-term (short)

STAKEHOLDER CATEGORY									
Sphere of control/ stakeholders that have been involved in planning and strategizing of Viet Nam country strategies and support modalities and instruments									
	Finnish MFA	Finnish Embassy in Hanoi	Finnish Govt. Institutions	Vietnamese Govt. Institutions	Team Finland ¹²	Business Finland ¹³	Finnish Dev. Project implementers	Vietnamese Dev. Project implementers	PSI implementers (FF, FP) ¹⁴
Finnish MFA	-	-	coord freq pos long	pol&dipl coord finan ¹⁵ freq pos long	coord finan freq pos long	coord finan freq pos long	coord finan freq / occas pos med	coord finan freq / occas pos med	coord finan freq pos long
Finnish Embassy in Hanoi	-	-	coord occas / rare pos long / med / short	pol&dipl coord finan ¹⁶ freq pos long	coord freq pos long	coord freq pos long	coord freq pos med	coord finan freq pos med	coord freq / occas pos long
Finnish Govt. Institutions	coord freq pos long	coord occas / rare pos long / med / short	-	pol&dipl coord occas / rare pos long / med / short	coord finan freq / occas / rare pos long	coord finan freq / occas / rare pos long	coord rare neutr med / short	coord rare neutr med / short	coord rare pos / neutr med / short

¹² excluding members that are included under other categories and specific geographic members not relevant to Viet Nam

¹³ Formerly Tekes and Finpro

¹⁴ Here, Finnfund and Finnpartnership are considered as PSI implementers because they have their own representation (FP as a project, FF as an entity); CC and PIF are considered implemented by the MFA and BEAM/DevPlat by Business Finland

¹⁵ Financial relation between MFA Finland and the Vietnamese Government Institutions has become less important since the end of bilateral grant programmes but notably through the PIF collaboration it still exists.

¹⁶ As between MFA Finland and the Vietnamese Government Institutions, where the Embassy in the financial relation is considered the same with the MFA.



STAKEHOLDER CATEGORY										
Vietnamese Govt. Institutions	pol&dipl coord finan ¹⁷ freq pos long	pol&dipl coord finan ¹⁸ freq pos long	pol&dipl coord occas / rare pos long / med / short	-	coord occas / rare pos long / med / short	coord occas / rare pos long / med / short	coord finan freq / occas pos med	coord finan freq / occas pos med	coord occas	pos med
Team Finland¹⁹	coord finan freq pos long	coord freq pos long	coord finan freq / occas / rare pos long	coord occas / rare pos long / med / short	-	coord finan freq pos long	coord occas / rare neutr med / short	coord rare neutr med / short	coord freq / occas pos long / med / short	
Business Finland	coord finan freq pos long	coord freq pos long	coord finan freq / occas / rare pos long	coord occas / rare pos long / med / short	coord finan freq pos long	-	coord occas / rare pos med / short	coord rare neutr med / short	coord freq / occas pos long	
Finnish Dev. Project implementers	coord finan freq / occas pos med	coord freq pos med	coord rare neutr med / short	coord finan freq / occas pos med	coord occas / rare neutr med / short	coord occas / rare pos med / short	-	coord occas / rare pos med / short	coord occas / rare pos med / short	
Vietnamese Dev. Project implementers	coord finan occas pos med	coord finan freq pos med	coord rare neutr med / short	coord finan freq / occas pos med	coord rare neutr med / short	coord rare neutr med / short	coord occas / rare pos med /	-	coord rare pos short	
PSI implementers (FF, FP)²⁰	coord finan freq pos long	coord freq / occas pos long	coord rare pos / neutr med / short	coord occas pos med	coord freq / occas pos long / med / short	coord freq / occas pos long	coord occas / rare pos med / short	coord rare pos short	-	

Source: evaluation team

17 Financial relation between the MFA Finland and the Vietnamese Government Institutions has become less important since the end of the bilateral grant programmes but notably through the PIF collaboration it still exists.

18 As between MFA Finland and the Vietnamese Government Institutions, where the Embassy in the financial relation is considered the same with the MFA.

19 excluding members included under other categories and specific geographic members not relevant to Viet Nam

20 Here, Finnfund and Finnpartnership are considered as PSI implementers because they have their own representation (FP as a project, FF as an entity); CC and PIF are considered implemented by the MFA and BEAM/DevPlat by Business Finland



As shown in Table 2 analysis, relations between the sphere of control stakeholders are typically multi-dimensional, and virtually all of them include elements of some type of coordination. The state-level actors MFA Finland, the Finnish Embassy in Hanoi, the Government of Viet Nam and some of the other Finnish governmental agencies engage in political and diplomatic dialogue, and there are also financial relations between these actors and many other spheres of control stakeholders. While the financial ties between the MFA Finland and the Finnish Embassy as the representatives of the Finnish Government and the Government of Viet Nam were reducing over the period observed in this analysis (2016-2020), still at the end of it and beyond, they were there, most notably through the instruments Concessional Credits (CC) and Public Sector Investment Facility (PIF).

In most cases, the perceived quality of the relationship is positive, sometimes neutral or positive/neutral; these latter cases notably when the intensity and duration of the engagement are not high/long-term. There are no cases of the relationship perceived antagonistic. Relations between MFA Finland, the Finnish Embassy in Hanoi, the Government of Viet Nam and some of the other Finnish governmental agencies are continuous and long-term basis; in other spheres of control relations, there is more variance.

Analysis of the quality and intensity of relations between the sphere of control stakeholders and stakeholders in the spheres of influence and interest

Table 3 below presents the analysis of the quality and intensity of relations between the sphere of control stakeholders and those in the sphere of influence, and the beneficiary stakeholders in the sphere of interest. The sphere of control mainly contains stakeholders that have been involved in the implementation of the support modalities and actions, and the beneficiary stakeholders in the sphere of interest are stakeholders affected by the transition process but do not directly influence the process.

Similar to table 1, each cell of table 2 depicts the type, intensity, perceived quality and duration of the relationship between two of the sphere of control stakeholders.

Table 3 Analysis of the quality and intensity of relations between the sphere of control stakeholders and those in the sphere of influence and the beneficiary stakeholders in the sphere of interest.

Key: Type of relation: coordination (**coord**), financial (**finan**), political&diplomatic (**pol&dipl**);
Intensity of relation: rare (**rare**), occasional (**occas**), frequent (**freq**);
Perceived quality of relation: positive (**pos**), neutral (**neutr**), antagonistic (**antag**);
Duration of relations: long-term& continuous (**long**), medium-term (**med**), short-term (**short**)
(Bracketed type of relation): Secondary or limited type of relation between the actors.



STAKEHOLDER CATEGORY

Sphere of control	Sphere of influence /stakeholders that have been involved in the implementation of the support modalities and actions						Sphere of interest /stakeholders are affected by the transition process but do not directly influence the process							
	Fin-nish CSO's	Viet-namese CSO's	Finnish Private Sector Associations/ Chambers	Viet-namese Private Sector Associations/ Chambers	Finnish Academia & Research Inst.	Viet-namese Academia & Research Institutions	Finnish Com-pa-nies	Vietnamese Companies	EU-Viet Nam trade agreement actors (EUD)	UN-Multi-lateral part-ners	Bilateral Develop-ment part-ners	Viet-namese Diaspora in Fin-land	Finnish Citi-zens	Vietnam-ese Citi-zens
Finnish MFA	coord finan freq pos long / med/ short	(finan) occas / rare pos med / short	coord occas pos med / short	(pol&dipl) (coord) occas pos med / short	coord occas pos med / short	(pol&dipl) (coord) rare pos med / short	coord finan freq / occas pos med / short	(pol&dipl) (coord) rare pos short	pol&dip coord freq/ occas pos long	(pol&dipl) coord occas pos long	pol&dip coord freq/ occas pos long	rare pos / neutr short	occas / rare pos/ neutr med / short	rare pos/ neutr short
Finnish Embassy in Hanoi	(coord) occas / rare pos med / short	(finan) occas / rare pos med / short	(coord) occas / rare pos med / short	(pol&dipl) (coord) freq / occas pos med / short	occas / rare pos med / short	(pol&dipl) (coord) freq / occas pos med / short	coord freq pos long / med/ short	pol&dip coord freq/ occas pos med / short	pol&dip coord freq/ occas pos long	(pol&dipl) coord freq/ occas pos long	pol&dip coord freq/ occas pos long	rare pos / neutr short	occas / rare pos/ neutr med / short	freq/ pos/ neutr med / short
Finnish Govt. Institutions	rare pos/ neutr short	rare pos/ neutr short	(coord) occas / rare pos / neutr short	rare pos/ neutr short	(coord) occas / rare pos / neutr short	(coord) occas / rare pos / neutr short	(coord) occas / rare pos / neutr short	rare pos/ neutr short	rare pos/ neutr short	rare pos/ neutr short	rare pos/ neutr short	rare pos/ neutr short	rare pos/ neutr short	rare pos/ neutr short
Vietnamese Govt. Institutions	occas / rare pos / neutr med/ short	Eval-uation doesn't address	rare pos/ neutr short	Evaluation doesn't address	rare pos/ neutr short	Eval-uation doesn't address	occas pos / neutr short / med	Evaluation doesn't address	Eval-uation doesn't address	Evaluation doesn't address	Evaluation doesn't address	Evaluation doesn't address	rare pos/ neutr short	Eval-uation doesn't address
Team Finland ²¹	occas / rare pos / neutr med/ short	occas / rare pos / neutr med/ short	coord finan freq pos long / med/ short	coord (pol&dipl) freq pos long / med/ short	(coord) occas / rare pos/ neutr med / short	(coord) occas / rare pos/ neutr med / short	coord finan freq pos long / med/ short	coord freq pos long / med/ short	pol&dip coord freq/ occas pos long	pol&dip coord freq/ occas/ rare pos/ neutr long	pol&dip coord occas/ rare pos/ neutr long	(coord) occas/ rare pos/ neu- tr med/ short	occas/ rare pos/ neutr med/ short	occas/ rare pos/ neutr med/ short

²¹ excluding members that are included under other categories and specific geographic members not relevant to Viet Nam



Sphere of control	Sphere of influence /stakeholders that have been involved in the implementation of the support modalities and actions						Sphere of interest /stakeholders are affected by the transition process but do not directly influence the process								
Business Finland	rare pos / neutr med/ short	rare pos / neutr med/ short	coord finan freq pos long / med/ short	coord (pol&dipl) freq pos long / med/ short	(coord) occas / rare pos / neutr med / short	coord occas / rare pos / neutr med / short	coord finan freq pos long / med/ short	coord freq pos long / med/ short	pol&dip coord freq/ occas pos long	pol&dip coord freq/ occas / rare pos / neutr long	pol&dip coord occas/ rare pos / neutr long	(coord) occas/ rare pos / neu- tr med/ short	occas/ rare pos / neutr med/ short	occas/ rare pos / neutr med/ short	
Finnish Dev. Project imple-menters	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	occas / rare pos / neutr med/ short	occas / rare pos / neutr med/ short	coord (finan) freq/ occas/ rare pos long / med/ short	coord (finan) freq/ occas / rare pos long / med/ short	occas / rare pos / neutr med/ short	occas / rare pos / neutr med/ short	occas / rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	
Vietnamese Dev. Project imple-menters	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	coord occas/ rare pos med/ short	coord occas / rare pos med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	
PSI implemen-ters (FF, FP) ²²	occas / rare pos / neutr long/ med/ short	rare pos / neutr med/ short	coord freq/ occas/ rare pos long / med/ short	coord freq/ occas/ rare pos long / med/ short	occas / rare pos / neutr long/ med/ short	rare pos / neutr med/ short	coord finan freq pos long / med/ short	coord finan freq pos long / med/ short	pol&dipl (coord) occas/ rare pos/ neutr long/ med/ short	pol&dipl (coord) occas/ rare pos / neutr long / med/ short	pol&dipl (coord) rare pos / neutr long / med/ short	occas/ rare pos / neutr med/ short	rare pos / neutr med/ short	rare pos / neutr med/ short	

Source: evaluation team.

22 Here, Finnfund and Finnpartnership are considered as PSI implementers because they have a their own representation (FP as a project, FF as an entity); CC and PIF are considered implemented by the MFA and BEAM/DevPlat by Business Finland



As shown in Table 3 analysis, relations between the spheres of (1) control and (2) influence stakeholders are typically more multi-dimensional, intense and longer than those between the sphere of control stakeholders and (3) the beneficiaries. Yet, the types of relations are typically fewer, intensity less and length more limited in them compared to the relations within the sphere of control stakeholders presented in table 2. As for the perceived quality of the relation, in most cases, it is again positive, sometimes neutral or positive/neutral, the relation is in no cases perceived antagonistic.

Between the sphere of control stakeholders and stakeholders in the spheres of influence and interest, there is some secondary or limited type of relations between the actors, and there are also cases where the type of relationship has not been determined because the relation in its totality is not significant.

Part B Analysis of the specific competencies and capacities that partners bring to the partnership

Table 4 below presents the analysis of the specific competencies and capacities that the key partners responsible for the development of the new relations between Finland and Viet Nam in the transition bring to the partnership.

This analysis covers the Finnish Embassy in Hanoi, Department for the Americas and Asia (ASA) of the MFA Finland, Department for Development Policy (KEO) of the MFA Finland, Government of Viet Nam and the Team Finland as the key partners involved during the 2016-2020 country strategy which have been involved in multiple modalities and instruments and different dimensions of the policy and strategic dialogue.

In a matrix format, an analysis of competencies of the specific stakeholders is made vis-à-vis specific instruments and modalities and at the level of different dimensions in policy and strategic dialogue, and a comparison between the observed levels of the specific competence against the perceived required level of the same is provided.



With respect to policy and strategic dialogue, the capacity of the key partners is assessed for:

- Capacity for political level dialogue;
- Capacity for economic level dialogue and trade and investment facilitation;
- Capacity for dialogue on cross-cutting policy priorities;
- Capacity for social-cultural-education dialogue; and
- Capacity for consular/diplomacy dialogue.

With respect to instruments and modalities, the capacity of the key partners is assessed for:

- Bilateral cooperation (incl. also the regional program covered by the evaluation: EEP Mekong);
- Multi-bi cooperation;
- The institutional cooperation instrument (ICI) and higher education cooperation (HEI ICI);
- Concessional Credit (CC);
- Finnpartnership (FP);
- Public Sector Investment Facility (PIF);
- Business with Impact (BEAM) and Developing Markets Platform (Devplat);
- Finnfund (FF);
- Finnvera;
- Business Finland (BF);
- Cooperation through civil society (CSOs); and
- The Fund for Local Cooperation (FLC).



Table 4 Analysis of the specific competencies and capacities that partners bring to the partnership (2016-2020)

Key: In grey, assessment of the key partner's capacity using three levels of grading: High, Medium, or Limited. On white, assessment on the need of the specific capacity by the key partner in the partnership, also using three levels of grading: Highly needed, Needed, or Limited need. Cell green colour=small discrepancy between the assessed capacity and the need for it. Cell orange colour= medium discrepancy between the assessed capacity and the need for it.

Key partner	Capacity for...																
	Political level dialogue	Economic level dialogue and trade and investment facilitation	Dialogue on cross-cutting policy priorities	socialcultural-education dialogue	consular/diplomacy dialogue	bilateral dev. coop. (incl. regional/ EEP)	multibi coop.	ICI, HEI ICI based coop.	Conces-sional Credit (CC) based coop.	Finn-part-nership (FP) based coop.	Public Sector Investment Facility (PIF) based coop.	Business with Impact (BEAM) and DevPlat based coop.	Finnfund (FF) based coop.	Finnvera based coop.	Business Finland based coop.	CSO based coop.	FLC based coop.
Finnish Embassy in Hanoi	High; Highly needed	High; Highly needed	High / medium Highly needed	High / medium Highly needed	High; Highly needed	High; Highly needed	High / medium Needed	High / medium Needed	High; Highly needed	Medium Highly needed	High; Highly needed	Medium Needed	Medium Highly needed	Medium Needed	Medium Needed	Medium Needed	High; Highly needed
MFA/ ASA	High; Highly needed	High; Highly needed	High / medium Highly needed	High / medium Highly needed	High; Highly needed	Medium Needed	Medium Needed	High / medium Highly needed	Medium Needed	Medium Needed	Medium Needed	Medium Needed	Medium Needed	Medium Needed	Medium Needed	Medium Needed	Limited Limited need
MFA/ KEO (incl. AVS dev. pol.)	High; Highly needed	High; Highly needed	High; Highly needed	High / medium Highly needed/ needed	Medium, Needed/ limited need	High; Highly needed	High; Highly needed	Medium Needed	High; Highly needed	High; Highly needed	High; Highly needed	High / medium Highly needed/ needed	High / medium Highly needed/ needed	Medium /limited Limited need	Medium Needed	High; Highly needed	Limited Limited need
Gov. of Vietnam	High; Highly needed	High; Highly needed	Medium Highly needed	High; Highly needed	High; Highly needed	High; Highly needed	High; Highly needed	High; Highly needed	High; Highly needed	High / medium Highly needed/ needed	High / medium Highly needed	High / medium Highly needed/ needed	High / medium Highly needed/ needed	High / medium Needed	Medium Needed	Medium Needed	Limited Limited need
Team Finland	Medium / limited Need-ed	High; Highly needed	Limited/ medium Highly need-ed	High / medium Highly needed	Medium, Needed/ limited need	Medium Needed	Limited Limited need	Limited; Needed /limited need	High; Highly needed	High/ medium Highly need-ed	High; Highly needed	High; Highly needed	High/ medium Highly needed	High; High-ly needed	High; Highly needed	Limited Needed	Limited Needed

Source: evaluation team.



In Table 4 analysis, assessment of the key partner's capacity in a given policy/strategic dialogue aspect or a modality/instruments –based collaboration is made as a function of staff strength and observed quality of participation as based in the evaluation desk review and interviews. No in-depth competence and capacity assessment has been conducted.

As Table 4 analysis shows, in the case of all key partners, there is typically a high degree of convergence between the assessed capacity and the observed need for the same capacity. Eighty-five capacity variants analysed, only six (6) cases indicate a medium discrepancy between the assessed capacity and the need for it, and nine (9) small discrepancy between the assessed capacity and the need for it. Out of these, a significant number (three + five) is observed in the case of capacities of the Team Finland, where capacity with regards to the cross-cutting priorities was found limited and where, if and when there be more interest and need in the future to both moves toward multi-partnering between different stakeholders' and generating commercial relations from various different activities, the capacity for CSO partnering and with regards to instruments such as the FLC and HEI ICI is limited. At the same time, different types of private sector instruments, both Finnpartnership and Finnfund, tend to operate rather independently, not perhaps always offering partners, like the Embassy or other TF-actors, possibilities to build and use their respective capacities to work with and through them.

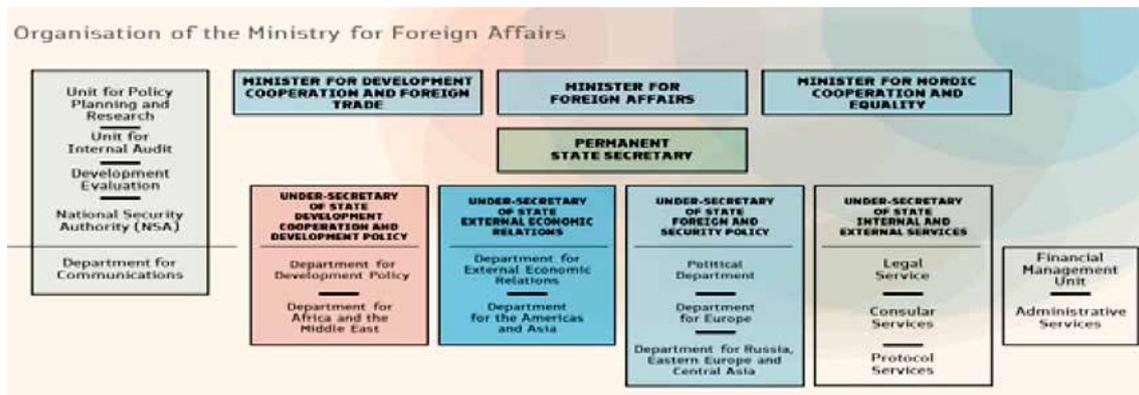
As shown in the analysis, the key actors within the MFA, i.e. Finland's Embassy in Hanoi, the Department for the Americas and Asia (ASA), and the Department for Development Policy (KEO) show a high degree of complementarity and between the three 'sections' of the MFA, cover the required capacities for the policy and strategic dialogue and the modalities and instruments –based collaboration rather well. Office of the Under-Secretary of State of Development Policy (AVS-KEO) is in this analysis considered as a part of/together with the Department for Development Policy. The Government of Viet Nam is, even if limited to entities that have been the key interlocutors within it in the Finland-Viet Nam relation in 2016-2020, i.e. Ministry of Planning and Investment (MPI), Ministry of Foreign Affairs, MARD (Agriculture and Rural Dev.), MONRE (Natural Resources & Environment), MOC (Construction) and MOST (Science and Technology), a nominator endorsing a vast number of actors, capacities and competences, and the only discrepancies observed – in the dialogue on the cross-cutting objectives and the PIF – relate to some issues noted in the political & diplomatic relations' analysis, and in the negotiating the PIF MOU, notably the delays in negotiating for its clauses on human rights.

Part C structural and organisational arrangements at the level of the MFA/Finnish Embassy to facilitate and coordinate transitioning

The final step in the analysis looks more closely at structural and organisational arrangements at the level of the MFA/Finnish Embassy to facilitate and coordinate transitioning and partnership development. The analysis takes note of the MFA Finland's overall organigram presented in Figure 3 below. It is also noted that the key capacities and competencies of the major three key interlocutors within the MFA driving the transition and developing the new relations with Viet Nam , i.e. Finland's Embassy in Hanoi, the Department for the Americas and Asia (ASA), and the Department for Development Policy (KEO), are analysed in table 4 above and found overall high in all relevant aspects and also mutually complementary.



Figure 3 Organisation of the Ministry for Foreign Affairs



Source: MFA Finland

Based on the desk review and interviews of this evaluation, as indicated in Part B's analysis of the specific competencies and capacities that the key partners bring to the partnership, within the MFA, the key interlocutors of Finland's and Viet Nam's relations are the Embassy in Hanoi, ASA and KEO. The Under-Secretary of State of Development Policy (AVS-KEO) has a key role to play, and within ASA, previously the Viet Nam team and not the Viet Nam desk was/is in the Unit for Eastern Asia and Oceania (ASA-10). As for KEO, the Unit for Sectoral Policy (KEO-20) has had a key role to play in the large bilateral grant-based programmes through their sectoral advisers, and the Unit for Development Finance and Private Sector Cooperation (KEO-50) continues to play a major role as the unit in charge of the Private Sector Instruments.

A decreasing role, within KEO the Unit for Civil Society (KEO-30), has been part of the equation through their support to the Finnish CSOs that have partnered with the Vietnamese counterparts. Also, a minor role, the Department for External Economic Relations (TUO) at least partially 'houses' some of the MFA senior management on trade and development, and may at times attract also some inquiries from Finnish companies interested in Viet Nam. It should be noted that while most in a minor way in reality, at least potentially nearly all the MFA departments and actors presented in Figure 3 may play some role in the relationship.

In terms of the political and diplomatic relations, clearly, the leadership is with the Embassy and the Department for the Americas and Asia. While the office of the AVS-KEO also plays a role, no major issues have been observed in the conduct of this evaluation between these interlocutors, and there is one MFA voice in the political and diplomatic relations with Viet Nam. Nevertheless, some MFA interviewees have raised a concern with regards to the human rights –dialogue and proposed that the MFA, particularly through the Embassy, does not always take a strong enough position and sufficiently participate in the like-minded groups voicing human rights concerns.

In development cooperation, the financial resources for the bilateral grant-based programmes were with ASA, but the technical expertise required to support both the approval for financing and the implementation is at KEO's Unit for Sectoral Policy (KEO-20), and this has not always been ideal for in-house coherence and vis-à-vis building linkages, synergies and collaboration with other partners. Similarly, while the in-depth country expertise and the political and diplomatic relations remain with ASA, the PSI's are with KEO/Unit for Development Finance and Private Sector Cooperation (KEO-50), including instrument such as the PIF, which requires extensive political and diplomatic participation too.



Annex 8. Political and diplomatic dialogue between Finland and Viet Nam

Overview of the Finnish-Vietnamese political and diplomatic relations

Finland established diplomatic relations with Viet Nam in 1973 and has been Viet Nam's development cooperation partner for four decades. Development policy is an integral part of the Finnish foreign and security policy, and it is closely linked with all aspects of foreign relations, i.e., political, trade, political and commercial and economic relations. The Government Report on Finnish Foreign and Security Policy defines the goals and priorities of Finnish foreign and security policy. The latest edition is from 2020, and the key objectives, underlying values and means of implementation have not changed drastically from the previous editions (2016, 2012, 2009, 2004) governing the period of the evaluation; human rights emphasis, though, is stronger in the 2020 report than before (Finnish Government, 2020; Prime Minister's Office, Finland, 2016).

The goal of Finland's foreign and security policy is to strengthen Finland's international position, to secure its independence and territorial integrity, to strengthen Finland's security and prosperity and to ensure that the society functions efficiently. The key elements of the set of values that Finland applies in this policy include the promotion of human rights, the rule of law, democracy, peace, freedom, equitable treatment and equality in all its international activities. It is based on human rights, which means that the human rights impact of all actions taken in foreign and security policy are assessed.

Finland and Viet Nam have conducted bilateral consultations concentrating on development policy and cooperation issues biannually and separate bilateral consultations on political and economic issues. In the consultations, the countries follow up on the implementation of the programmes and agree on future cooperation. During the evaluation period, bilateral consultations were held in 2009, 2012, 2013, 2014, 2016 and 2018. The last consultation included both political and development cooperation.

In the MFA's reporting, the political relationship between Finland and Viet Nam has throughout the period been described as very good, and visits and meetings between the two countries, including at the high political level, have been relatively frequent. The very good status of the relations was corroborated by the MFA interviewees to the evaluation, and no serious issues were brought up by the Vietnamese government representatives either. Although, some Vietnamese informants indicated that communication and consultation around strategies and transition process have been rather limited. The focus in all MFA planning and reporting has been on the transition, notably through strengthening commercial ties and increasing trade and in line with this. Also, both bilateral consultations and high-level meetings and visits have mainly focused on economic relations and commercial diplomacy.



Findings of the Finland-Viet Nam political and diplomatic dialogue

The findings in this section are based on interviews and review of MFA's internal reports and memoranda on bilateral consultations and minutes of other meetings with Viet Nam, as well as embassy action plans, reports, and other analyses.

Relevance (E.Q. 1): To what extent and how has the transition process supported the development, *political* and economic interests and objectives of Finland and Vietnam?

Finding 1: While the Development Policy Programme (DPP) of 2007 advised making an assessment on the transition from long-term inter-governmental cooperation to other forms of cooperation in Viet Nam because of the country's strong economic growth. This has been maintained to be the reason for the transition, additional and more political reasons behind the decision have also come up in the MFA interviews.

Additional reasons include that ODA funds to the disposal of the Department for Africa and the Middle East stagnated from 2015, because of generally declining budgets for development cooperation. Bringing back the number of Finnish partner countries, including the decision to transition in Viet Nam alleviates the pressure of decreasing ODA budgets for Africa and the Middle East. Positive reasons regarding Viet Nam, in addition to the robust economic growth, included that Viet Nam was seen as peaceful and stable and expected to economically benefit from being close to the Asian Tigers. Finland also took note that Viet Nam's wealth showed in its growing military budget and justifying ODA from the Finnish taxpayers to Viet Nam became more difficult. In more negative reflections, Viet Nam was considered a one-party state with a collective style of leadership. . While Viet Nam was an important, big development partner to Finland, in the light of overall ODA flows to Viet Nam, Finland was not big or important for them.

Finding 2: While the 2007 DPP's formulation was to make an assessment on transition, the MFA had by then decided to transit, but this was not yet brought up in the Finnish-Vietnamese bilateral consultations then. Until the consultations governed by the 2016-2020 Country Strategy, consultations rather talked about the objective to diversify relations and increase trade, not directly about that the aid would end/diminish.

In the consultations in the early part of the period covered by the evaluation, no dialogue on the needs, objectives and priorities of Viet Nam in the transition seem to have occurred. This is corroborated by the interviewees too. The future potential to broaden the bilateral cooperation through the transition was discussed in bilateral consultations. While both countries' political, economic and other developmental objectives have been discussed in the consultations regularly, discussions did not specifically focus on Viet Nam's views vis-à-vis the transition *per se*, or any wider consultations around the issue. The comprehensive partnership agreement, which was pursued around 2015-2017 and then discarded, could have been expected to include Viet Nam's priorities too. Pursuing the comprehensive partnership agreement stopped, according to Finland, because Viet Nam was no longer interested in a partnership agreement. Finland may also have had some reservations, possibly, at least indirectly, concerning Viet Nam's track record on human rights.

Effectiveness (E.Q.2): To what extent and how have development and economic cooperation strategies and the choice of ODA and non-ODA instruments, modalities



and delivery channels affected the transition process and contributed to the building of a new kind of partnership of Finland and Vietnam?

Finding 3: Innovation and education, interlinked and clear priorities for Viet Nam in the bilateral consultations over the years, present mutually benefitting opportunities for both commercial and public sector driven collaboration between the two countries.

In the bilateral consultations, Viet Nam recurrently applauded the contribution of the Innovation Partnership Programme (IPP) to the innovation and start-up ecosystem towards sustainable economic development. The two countries, after the end of the IPP, agreed that in the future flexible ways of collaboration and supporting ecosystem development and linkages between stakeholders would be sought. Finland considered ICI as an instrument to further support the innovation ecosystem cooperation between the two government institutions. Signing of the updated MoU between the Ministry of Science and Technology of Viet Nam and the Ministry of Economic Affairs and Employment of Finland again in 2018 was duly noted.

In the education sector, the cooperation between the two countries is vivid and wide-based. Viet Nam has expressed a wish to promote joint research projects in many areas including in basic and applied sciences and academic exchange between higher education institutions as well as the industries. Several MoUs have been signed between Finnish and Vietnamese universities and companies. Establishing the Vietnamese-Finnish school at the Ton Duc Thang University in Ho Chi Minh City (HCMC) (opened in August 2019) was brought up many times in the consultations and seems to serve as a hallmark of some sort to the bilateral relations in education.

Yet, interviews conducted for the Evaluation propose that after the end of the IPP, collaboration in innovation has been limited. Also, while initiatives in education have emerged, both in innovation and education, identifying the business case has at times proven challenging; Viet Nam may more have been in favour of grant-based collaboration in both sectors and Finland commercial.

Finding 4: For both Viet Nam and Finland, clean technology particular in energy and overall combatting of the adverse effects of climate change, equally present opportunities for collaboration.

Viet Nam has briefed Finland on the impacts of climate change on Viet Nam as well as on the country's national climate change and green growth strategies. On mitigation, Viet Nam has stated the main task to be a reduction of greenhouse gases and promotion of green and renewable energy options. Investments from Viet Nam's national sources are directed mainly to adaptation and potential support from the private sector is sought. Finland has both promoted Finnish energy and other cleantech solutions and noted that its development cooperation gives particular attention to the rights and equal participation opportunities of people who are vulnerable, socially excluded and discriminated against. As a result, Finland has expressed appreciation that the Viet Nam Green Growth Strategy made use of a participatory approach, also on the local level. Finland has also encouraged the inclusion of the needs of people with disabilities in this strategy.

Finding 5: Views have been expressed of transition being a process of letting go - where one partner lets go of financial support, the other of the leverage. The MFA



interviewees widely acknowledge that Finland’s political leverage, in any context, is limited. Hence, Finland would need to both start leveraging their EU membership better and to build wide coalitions of different partners to effectively drive collaboration and political goals, including on human rights, with countries like Viet Nam.

Many of the MFA interviewees state that implementation of policies and strategies to a considerable extent is contextualised to specific situations and dependent of which actors are involved and the level of their efforts in dialogue and implementation.

Implementation of Finland’s recently published Africa Strategy aims at bringing a wider set of different actors to take part and undertake dialogues, with the expectation that new and strengthened partnerships and ties with the African countries be formed as a result. This has to some extent been done in the context of the MFA-led ‘Viet Nam Group’ but could yet better be made use of.

The drafting of the Africa Strategy has included MFA-led consultations at the highest civil servants’ level at all Ministries, an inter-ministerial coordination group and the participation of the private sector, civil society and academia, in mixed-stakeholder groups. These coordination and consultation mechanisms are now being brought over to the implementation. Also, at the start of the implementation of the Africa Strategy, in spring 2021, all line Ministries are drafting their Action Plans for the implementation. Eventually, the MFA plans that Finland would, as much as possible, make use of the implementation resources available from the EU. This would be under the EU’s Africa Strategy, and in particular, as branded ‘Team Europe’ and thus also in collaboration with other Member countries. Should this whole Government, multi-stakeholder, Team Europe-focused approach to strengthen Finland’s ties in the political, economic and trade, and also aid domains (aid’s less of a focus in Finland’s Africa Strategy but in particular the resourcing through EU brings in the picture the aid dimension too) with Africa be the MFA’s new way to operate, perhaps the model could be made use of in countries like Viet Nam, too. It is also proposed, in the context of the Africa Strategy, that perhaps wide-based relationships by multiple stakeholders and inclusive of mutually benefiting commercial interest provide as much – or more – political leverage as aid.

In the future, influence work as part of the EU will be even more important, including in the context of the FTA and human-rights-related issues. Yet, based on the Embassy’s reporting over the years, the Vietnamese authorities seem to place certain prestige on national government counterparts and certainly impetus on good bilateral relations. Finland has offloaded part of the dialogue, notably on human rights, increasingly from the Finnish Embassy to the EU Delegation, but still appreciates the value of the direct relationship through the Embassy. While this is the case for political and diplomatic relations, it’s even more so for the economic and commercial ties. As stated by Finland at a general level, the promotion of Finnish exports and internationalisation remains a national task, and competence has not transferred to the EU. The EU delegations would not in practice be able to produce services relating to export and the internationalisation of enterprises efficiently and equitably for all the Member States. The needs of enterprises in the Member States concerning access to information, trade barriers or authoritative and promotion services vary, and there is competition for market shares.

Coherence (E.Q.3): To what extent and how have development cooperation and private sector instruments, modalities and delivery mechanisms, and actors achieved coherence, synergy and complementarity to contribute to transitioning and the building of a new kind of partnership of Finland and Vietnam?

Finding 6: (1) Continuation of positive developments in the sectors Finland’s bilateral programmes have contributed; (2) mutual interest to increase trade, investment



and overall economic collaboration; and (3) directing the remaining instruments and modalities to support these objectives, have been recurrent and major themes of the bilateral consultations. Yet, as evidence from other tracks of inquiry (other than this focusing on the political and diplomatic) shows, while at that high-level effort towards achieving coherence, synergy and complementarity have been made, it has not always resulted in tangible, concrete manifestations of the same.

The transition is planned by the MFA, but its implementation is in its control in a very limited way. This is because actors decide by themselves whether or not to engage in relations and for private sector this is driven by market opportunities. This is recognised in the demand-driven PSIs in Finnish cooperation.

The dialogue on a possible strategic partnership between the countries took place, but the talks were halted for reasons that vary from Finland assuming Viet Nam was no longer interested to those of changing thinking at the Finnish Embassy, partly linked to indications of Viet Nam's human rights record taking an adverse turn. Yet, according to some, the sectoral ministries of the Viet Nam government were interested, but the MFA of Viet Nam, as the formal counterpart of the talks, was not driving the process because it was not in their particular interest. If the strategic partnership had been -sector-based; Finland would have likely gone for education, innovation and ICT and cleantech. While having such a partnership in place would not have made the MFA Finland able to control, for instance, the private sector, it would likely have focused effort, resources and both Finnish domestic and Finland-Viet Nam collaboration.

Again, Finland's new Africa Strategy, which participated, from the Strategy's development, the high-level authorities and multiple stakeholders in mixed groups, and is planning to continue with such approach at the implementation could offer elements of a model to commit a wider partnership to support Finland's relations with any country, including Viet Nam.

Finding 7: Defining at the state-level potential sectors to focus for increasing trade, economic and commercial collaboration between the two countries has for the MFA's part moved from variations of listings of sectors towards a greater acknowledgement of that the indication for any sectoral focus must come from the private sector. At the same time, most trade and commercial collaboration – both short-lived and longer-term – from Finland's perspective has occurred in the sectors that have been part of the bilateral consultations throughout the period covered.

For Finland, in the early part of the period under observation, clean technology (cleantech), energy, climate change, and education were considered key sectors. When discussion on a possible strategic partnership agreement started, potential sectors included cleantech (water; energy), education, innovation, forestry, e-society, cybersecurity and food safety. The long-term development cooperation, e.g. water and forest and, more recently, the innovation sectors, was to create a good basis for future cooperation. Viet Nam at the time stated that development cooperation was still needed, including both grants and concessional credits. Transportation, city development, rural development, environment, education, health care science and technology were priority areas of development for Viet Nam.

As the discussions on the possible strategic partnership agreement continued, the then-abandoned agreement proposed areas of energy and other cleantech solutions, science, technology and innovation; education, water, and forestry for trade and investment cooperation. Later, potential sectors identified increased by a few and included infrastructure, education, health, cleantech,



environmental management, telecom, and smart cities, and reflected thus better also the sectors identified as priorities by Viet Nam.

After the lapse of the discussions on a possible partnership agreement, Finland has in particular brought up the energy sector and expressed willingness and desire to promote bilateral cooperation in bioenergy and waste to energy in Viet Nam. Viet Nam has supported the initiative and for instance, informed Finland of the new Decree on solid waste management that promotes interregional planning.

Over the years, there has been some variance or evolution of Finland's priorities. In particular cleantech and energy as well as innovation and education seem to have remained important from the beginning until the end. The MFA reporting less covers the Vietnamese priorities and mostly mentions them in discussing the potential strategic partnership agreement. Team Finland's plan is expected to guide in the future the selection of sectors based on the commercial interest from Finland. The interest of the Finnish companies needs to be considered and what is the potential for commercial relations. Most trade and commercial collaboration from Finland's perspective has occurred in the sectors that have remained the same throughout the time period covered, i.e. cleantech, energy, innovation and education.

Overall, both countries have noted that the volume of trade has been on the increase but remained at a modest level and below the potential, that exists between the two economies. While trade promotion and support actions have been discussed, planned and to some extent implemented, most hope for the trade increase has throughout the period been placed in the EU-Viet Nam FTA.

Sustainability (E.Q.4): To what extent is the new kind of partnership sustainable or are further actions needed to strengthen the partnership?

Finding 8: Institutional collaboration required to sustain the bilateral relations has to have a framework and resources. While the ICI and HEI ICI could be part of the solution, the instruments' setting should be reconsidered in such a way that the ICI/HEI ICI's would serve the wider relations between Finland and the partner/transition country, and the country desks, in turn, should become more like networking agents (whereas now their time is too much spent on administration) building and sustaining synergy and new forms of collaboration.

The interest for Viet Nam's collaboration in the Finnish public sector is limited. The current Ambassador has succeeded in developing/maintaining rather wide diplomatic and political relationships in Viet Nam; relations also cover the Communist Party. The Embassy has tried to initiate collaborations with the relevant Vietnamese authorities where the Finnish counterparts would be entities such as Sitra, Ministry of Environment, MEAE, Ministry of Health etc., but they do not seem sufficiently interested to invest in the collaboration. The Ministry for Internal Affairs of Finland has an MOU with the Viet Nam Ministry of Police but there are no activities, partly due to suspicions on corruption and money laundering. Yet, there are examples of very successful peer collaboration supported by the ICI, notably by the Finnish Meteorological Institute (FMI). Furthermore, as acknowledged by some at the MFA, Finland needs collaboration for Finland's own good, too. Particularly in innovation, Viet Nam's dynamism can easily result in major achievements.

Finding 9: Both Finland and Viet Nam avid supporters of multilateralism and new avenues for the two countries relationship explored, collaboration in the context of



the multilateral organizations has also been discussed. Most of its focus has been on seeking support for candidacies.

Candidature of both countries to the Security Council and the Human Rights Council, past and current, has been discussed. Finland brought in the discussions also its candidate in the election for the position of Secretary-General of the World Meteorological Organization 2016-2019.

At the beginning of the period evaluated, Viet Nam briefed Finland on its priorities as a non-permanent member in the UN Security Council (SC) 2008-2009, and in 2016 Viet Nam stated that their term at the Human Rights Council had ended. At the time, there were some human rights items, Viet Nam said, to deal with, and these included the rights of the disabled, migrant workers, labour rights at sea and in the fishing industry, and human trafficking. Viet Nam also stated that they would focus on ECOSOC and that in human rights, they wished to look at the broad overall picture.

In addition to elements of the two countries collaboration in the multilateral system, The Finnish Embassy's recent strategizing also notes that Finland should try to collaborate with the UN in Viet Nam and highlights UNDP, UNESCO and UNIDO on this account.

Cross-cutting objectives (E.Q. 5): To what extent and how have Finnish cross-cutting policy priorities (social inclusion and poverty reduction, gender equality and environmental sustainability) been supported throughout the transition process?

Finding 10: While human rights and the cross-cutting policy priorities have been addressed in discussions between two countries, there is a widely accepted view that in the Team Finland activities, they have not been present as strongly. Foundations of the Finnish Foreign and Security Policy, the MFA should/is under pressure to operationalize human rights, and in the Viet Nam transition, the requirement negotiated to be part of the conditions to grant PIF concessional credits to Viet Nam is a decent step to this direction.

There are views within the MFA that suggest that, overall and not specific to Viet Nam, the fact that HRBA and CCOs are in the hardcore of the Foreign and Security Policy gets at times forgotten. Human Rights dialogue in Viet Nam has gradually become more challenging, and the Embassy suggests relying even more on the EU in the influencing work on human rights. Yet, Finland is operationalising human rights, notably through the PIF clauses related to them and in the provision of the Fund for Local Cooperation support. Discarding pursuing the comprehensive partnership agreement, while said by Finland having stopped at the lapse of Viet Nam's interest, may have been pursued by less vigour by Finland also, partially because of issues related, at least indirectly, to Viet Nam's track record on human rights.

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Annex 9. Political economy analysis of Viet Nam and its international relations

Political and economic developments in Viet Nam over the past decades

Viet Nam has undergone rapid socio-economic development over the last three decades. The Government of Vietnam (GoV) launched far-reaching political and economic reforms (Doi Moi) in 1986 with three main elements, (i) shifting from a planned centralized economy based on public ownership to a multi-sector economy based on the market; (ii) building a state based on the rule of law; and (iii) strengthening external cooperation with other countries. The reforms have spurred rapid economic growth and transformed the country from one of the poorest in the world to a lower Middle-Income Country (MIC) in 2010 with one of the fastest-growing economies in the world. The average Gross Domestic Product (GDP) growth rate is about 6.5% in the last 30 years. As a result, real GDP increased from US\$28.5 billion to \$US 200.8 billion in 2019 (at constant price 2010), and real GDP per capita increased about five times since 1990 (World Bank 2020). Viet Nam has been generally successful in the implementation of high and inclusive economic growth, especially in the first 15 years of reform when 1% economic growth was equivalent to a 2% in poverty reduction (World Bank, 2003). In just three decades, the poverty headcount skydived from 58% in 1993 to 2% in 2019. Most Vietnamese benefited from rapid economic growth and improved living standards: Income and consumption of households increased dramatically; Housing, water and sanitation, as well as access to electricity, improved. As a result, life expectancy increased from 70.5 in 1990 to 75.3 in 2018 (World Bank 2020). Malnutrition of children and child mortality as reduced substantially. Viet Nam has achieved universal primary education and is moving towards universal lower secondary education. Accessibility to health services has increased impressively as the result of a rapid increase in health insurance coverage from 26% in 2002 to 89.6% in 2019 (SRV Government, 2020).

In line with its economic growth, Viet Nam achieved impressive progress towards the Millennium Development Goals (MDGs). The country ranks in the top quarter of MDGs performance across emerging market economies for the majority of indicators, especially in eradicating extreme poverty and hunger; achieving universal primary education and promoting gender equality, as well as reducing the maternal and child mortality ratios, and in universal access to reproductive health services, improving maternal health. The Human Development Index of Viet Nam increased from 0.48 in 1990 to 0.704 in 1999, putting the country in the high human development category and positioning it at 117 out of 189 countries and territories. Between 1990 – 2019, the country's Human Development Index (HDI) value increased by almost 46 per cent, which is among the highest HDI growth rates in the world. It has also been performing well in terms of gender equality. With the Gender Development Index value of 0.997 in 2019, Viet Nam ranks 65th out of 162 countries (UNDP, 2020).



Viet Nam realised its rapid social-economic development by three key policy actions: First, it embraced trade liberalization with gusto. Viet Nam has signed 59 free trade agreements in the past 25 years. In 1995, Viet Nam joined the ASEAN free trade area. In 2000, it signed a free trade agreement with the US, and in 2007 it joined the World Trade Organisation. Since then, further ASEAN agreements followed with China, India, Japan and Korea, CTPPP and most recently, in 2020, the Europe-Viet Nam Free Trade Agreement (EVFTA) with the EU. Second, it has complemented external liberalization with domestic reforms through deregulation and lowering the cost of doing business. The government's drive towards an open economy also included domestic reforms. In 1986 the country created its first Law on Foreign Investment, enabling foreign companies to enter Viet Nam. Since then, the law has been revised several times, mainly to adopt a more pro-investor approach while aiming to reduce administrative bureaucracy and better facilitate foreign investment into Viet Nam.

In the World Economic Forum's Global Competitiveness Report, Viet Nam climbed from 77th place in 2006 to 55th in 2017. Third, Viet Nam has invested heavily in human and physical capital. Facing a rapidly growing population - it stands at 97 million in 2020 (GSO), half of whom are under 35, Viet Nam made large public investments in education, health and other social development aspects. With strong support from 53 international development partners, both technical and financial, Viet Nam has implemented 16 different national target programs during 2000- 2015, including poverty reduction program, education for all, universal of public health and electricity, water and sanitation, agriculture and rural development, remote area and ethnic minority development. Viet Nam received about US\$ 80 Billion in Official Development Assistance (ODA) in the last 25 years and is one of the largest ODA receivers in the world (McFillivray et al., 2015). This huge and long-term financial support (about 17% of the total government budget) has helped the GoV to invest in human capital as well as in infrastructure. Every ten years, Government, with the technical support from its development partners, has developed the Ten-year Socio-Economic Development Strategy (SEDS) and the Five-year Socio-Economic Development Plans (SEDP). These strategies and plans set out clear social-economic development goals with specific indicators and targets to be monitored every year, and it engaged actors at all levels (commune, district, province and central levels) to achieve the MDGs and to climb the HDI-ladder.

Viet Nam's ambitions to achieve SDGs, aiming for Upper Middle-Income status by 2045

Viet Nam is actively participating in the implementation of the global sustainable development agendas. The Sustainable Development Goals (SDGs) were nationalized in the National Action Plan on implementation of the 2030 Agenda on SDGs in May 2017. The 2030 Agenda and the Sustainable Development Goals (SDGs) are in line with the long-term development strategy of Viet Nam. The Government has committed to mobilizing resources and the participation of government ministries and agencies at all levels, organizations, communities (SRV Government, 2018). The 17 global SDGs have been nationalized into 115 Viet Nam SDG (VSDG) targets in "National Action Plan for Implementation of the 2030 Agenda for Sustainable Development.

The National Action Plan (NAP) emphasizes the importance of partnerships and assigns tasks and responsibilities to stakeholders at central and local levels in SDG implementations mentioned that "Mobilizing *resources from society to support the implementation of the sustainable*



development goals. During the formulation of Annual Socio-Economic Development Plans by various levels of government, in addition to State budget allocations, particular attention will be given to mobilizing other resources from society, especially from business communities and the private sector, to support the achievement of the sustainable development goals.” (page 10, NAP). In addition, Viet Nam has paid particular attention to vulnerable groups such as the poor, people with disabilities, women, children and ethnic minorities through several policies aimed at promoting social equality to ensure that “no one is left behind”. The Government has requested ministries and government agencies at all levels to integrate SDG goals into the process of the formulation of the annual social-economic development plan (SEDP) of the country, strategies, policies, master plans. In 2020, Government has mainstreamed the SDGs into the social-economic development strategy (SEDS) for 2021-2030, the SEDP for 2021-2025 and sectoral, local development master plans for 2021-2030.

In June 2019, Government has developed the implementation roadmap for the Viet Nam Sustainable Development Goals (VSDG) by 2030 (HSF, 2019) with three milestones (2020, 2025 and 2030). It specifies the target to obtain in each milestone for each goal and the government agency which is responsible for taking the lead in implementation and cooperation agencies. The government also developed and approved the statistical indicator system with 158 indicators for measuring SDG, mechanisms for data collection to support monitoring and evaluation of the implementation. By 15 December of each year, ministries, branches, ministerial-level agencies, people’s committees of provinces and centrally-managed cities should prepare their Annual Reports on the implementation of the sustainable development goals and the Action Plan and send them to the Ministry of Planning and Investment for consolidation and submission to the Government and National Assembly. By 2020, an evaluation was conducted for the 2017-2020 period of the National Action Plan on the Implementation of the 2030 Agenda on Sustainable Development Goals.

The Government has developed an ambitious social-economic development plan for 2021- 2030 with a vision for 2045. The major target is to develop Viet Nam into an industrialized nation and to achieve High-Income status by 2045 when Viet Nam celebrates the 100th anniversary of national independence. Key targets mentioned in the SEDP 2021-2025 include:

- The average 5-year GDP growth rate is from 6.5 to 7%
- GDP per capita is about US\$ 4700 to \$US 5000 at 2025
- The annual growth rate of productivity is about 6.5%
- The share of labour in the agriculture sector is about 25%
- The percentage of trained labour (skilled labour) is about 70%
- Annual poverty reduction is from 1 to 1.5%
- Health insurance coverage is about 95%
- The percentage of household access to safe water and hygienic sanitation is about 97%
- Forestry coverage is about 42%
-

Challenges faced by Viet Nam in achieving its high ambitions

Viet Nam is widely cited as a vulnerable region for climate change risks and impacts. With its high population density in lowland river deltas as well as its long coastline and geographic position in relation to cyclonic activity, Viet Nam is one of the five coastal developing countries most seriously affected by climate change in the world. Viet Nam ranked 5th out of 233 countries and regions in



terms of extreme weather risks (physical climate impacts) and 8th in terms of sea-level rise risks (Asian Development Bank, 2013).

The drivers of environmental degradation and climate change in Viet Nam are closely associated with the country's economic growth. Rapid and intensive industrial growth and urbanization have fuelled an annual increase in energy consumption and corresponding greenhouse gas (GHG) emissions. The quality of land, water and air has been increasingly compromised through rises in concentration, toxicity and variety of pollutants. Agricultural intensification and encroachment, exacerbated by suboptimal irrigation techniques and unsustainable natural resources management, have led to high levels of soil loss, pesticide and fertilizer runoff and surface water contamination. The combined forces of industrialization, urbanization and agricultural encroachment have reduced forest cover, while a decline in terrestrial and aquatic biodiversity has undermined national climate resilience. Climate change impacts and a highly carbon-intensive economy will jeopardize the sustainability of development progress and may even reverse progress already made.

The Government wishes to further upgrade its position in global value chains and better link the FDI sector to the domestic economy. Until now, exports and FDI in labour-intensive sectors such as textile manufacturing and ICT were driving forces behind the high growth performance. Going forward, the continuation of the current growth model will be increasingly difficult. Despite being integrated into global value chains, the local value-added of these trade activities is limited. Viet Nam serves as the final point of assembly, with a large part of supplies and equipment being imported, assembled in Viet Nam and exported again. While FDI is concentrated in few export-oriented sectors, the linkages to the domestic economy are weak. Viet Nam's challenge is to benefit more from global value chains by moving into higher value-added functions. Yet this transition is challenged by bottlenecks in the domestic economy, such as inadequate skills and infrastructure gaps

With the majority of the private companies being micro and small enterprises, the share of the informal sector in Viet Nam is substantial. An estimated 70% of workers are employed in the informal sector, which is often associated with precarious labour standards. The size of the informal sector has implications for the social protection system. Viet Nam is ageing at one of the most rapid rates in the world: the share of the population older than 65 years will rise from 6.7% in 2015 to 14.4% by 2035 (UNFPA, 2019). The current social protection system, with limited coverage, will have to be massively expanded to deal with these demographic pressures. The skills level of the labour force is not yet sufficiently compatible with labour market demands, which affects overall productivity levels.

Poverty reduction is more difficult in the "hard-core" poverty areas. The two regions needing the most attention in terms of poverty reduction are the Northern Mountains and the Central Highlands and the Northern Midland and mountainous areas. The majority of the population in these regions are ethnic minorities. Complex geographic areas, infertile soils, and limited educational attainment have made poverty reduction in these regions a formidable task. In general, the ethnic minorities located in these areas do not have sufficient production potentials and material for development. While agriculture is the main source of livelihood, a large proportion of the population experiences shortages of land for cultivation. Moreover, a lack of social capital, limited educational attainment and language barriers have prevented this group from accessing various socioeconomic opportunities.



Agriculture productivity is low. To date, agricultural development in Viet Nam has been largely based on exploiting the land's natural capacity and using high quantities of inputs and low technologies. These forms of farms have resulted in high losses after harvests, inconsistent quality, unsafe products, and lack of capacity in producing high value-added products. These problems pose a considerable threat to the sustainable development of the agricultural sector and therefore weaken rural development in Viet Nam.

Viet Nam still faces multiple dimensions of inequality. Since the 2000s, inequality in Viet Nam measured by the Gini coefficient has risen, though at a slower rate than in other fast-growing economies such as China, Indonesia and Thailand. By 2012, Viet Nam's expenditure-based Gini stood at 0.356 while China's was 0.47. However, inequality in Viet Nam entails a much more complex set of phenomena and is not captured fully by trends in the Gini data. Those in the middle of the income distribution experienced the fastest relative income growth from 2010 -2018, while the top 20% of the income range have garnered the greatest gains in absolute incomes. Yet, the vulnerability of incomes for those in the middle-income groups, especially the lower-middle-income groups, where workers are often engaged in the informal sector, is higher. Indeed, informal employment is also a driver of non-income inequality, as it determines social insurance and health insurance. While access to health and education is generally realised, there are still considerable challenges in the quality of health and education service across the country. Inequality is likely to remain a challenge for the coming decades (MDRI, 2020).

Challenges in attracting finance for social development

Viet Nam will continue to need a substantial amount of capital for social and infrastructure investments to match its economic growth. As the amount of ODA declines, government spending now is mainly financed by taxes, fees and renting out the public land (actually selling land to the private sector). According to the financial statement of the government of Viet Nam in 2020, about 80% of government revenue comes from taxes. VAT (25%), Cooperate income tax (10%), Excise tax (10%), Personal income tax (8.5%), Import and Export tax (5%), and Environment tax (4.5%) are major sources of government income. In addition to that, renting land (actually selling land to the private sector) contributed about 6.3% and profit from state enterprises contributed about 7.6% of total government income. While taxes from VAT, Cooperate Income, Environment, and Personal Income could increase in the future, other sources will be reduced substantially due to FTAs, privatisation of state firms and limitation of natural resources (oil, mineral and land). In addition, annual government spending is increasing with a budget deficit of 5%. It is a result of increasing unexpected spending on salary and admin cost of government staff and system. As a result, Government has to borrow through issuing bonds and limit the resource for investment, especially on infrastructure and social services. One possibility is to look to the private sector, especially foreign investment, through various types of public-private partnership (PPP). The 2019 Law on Public Investment paved the way for public-private partnerships in infrastructure development and social services. However, the lack of clear risk-sharing mechanisms is another factor to hamper the take-off of PPPs.

There are complexities presented by the post-MDG agenda in the form of the UN Sustainable Development Goals. The challenge from a development cooperation perspective will not be only the loss of financial assistance, but also the loss is qualitative in nature. There will be fewer development partners, who through their very presence, contribute to the vitality of dialogue on pressing development challenges in Viet Nam. Arguably where this loss will be most felt in respect to



governance, broadly defined. Without improvements in governance at the sub-national level, it is difficult to envisage how disparities between provinces and, more worryingly, ethnic groups can be significantly reduced.

Greater openness and deeper integration into the world economy have resulted in a decline in trade revenues. Average applied tariff rates decreased from 19.2% in 1999 and 15.3% in 2001 to 2.7% in 2017. As a result, the taxes from import and export (including Exercise and Environment tax for imported goods) decreased dramatically (about 32.5%) from VND 260 thousand billion in 2015 to VND 178 thousand billion in 2020. Therefore, the share of import and export tax in total government revenue reduced from 28% to 11.8% (SRV Government, 2021). The downward trend in the tax-to-GDP ratio may counteract government efforts to provide quality social services for inclusive growth and further poverty reduction. While social spending on education amounted to 19% of total government spending in 2012, it was reduced relatively to 14.8% in 2020. In light of demographic pressures and structural imbalances between the FDI sector and the domestic private sector, there will likely be a continued need to address social vulnerabilities.

Viet Nam has shown a deep commitment towards international trade and integration. As a result, Viet Nam's economy changed from one of the most isolated into one of the most open economies in the world. Viet Nam ranks fifth in the world, with a trade-to-GDP ratio of 210% in 2019. China is Viet Nam's biggest trade partner and is a net-exporter to Viet Nam (see also Annex 10). Viet Nam mainly imported a large part of inputs for industry production (ITC and textile) from China and exported agriculture products. The increasing tension between Viet Nam and China in recent years on the dispute of East Sea (China Sea) might create additional challenges for Viet Nam in international trade to continue to boost its economic development. In this light, the EVFTA with the EU is an important step in Viet Nam's efforts to diversify its trade partners.

Viet Nam's engagement in international development relations

Government has achieved progress in international economic integration through full implementation of its bilateral and multilateral cooperation commitments, development and implementation of strategies to join free trade areas with important economic and trade partners, and signing and effective implementation of new-generation FTAs with proper roadmaps to ensure national benefits. Viet Nam has established diplomatic relations with 187 nations, including 26 strategic and comprehensive partners; has established economic and trade relations with most nations and territories; and has become a member of many regional and global organizations. Viet Nam has become a hub to link the regional economy to its FTA network with 59 partners, including five members of the UN Security Council and 15 members of G20, creating interwoven benefits and broad as well as deep cooperation with key partners. As of the end of 2016, Viet Nam had signed, implemented and was negotiating 16 FTAs. Among these 16 FTAs, 10 FTAs are being implemented (including six FTAs Viet Nam is implementing as a member of ASEAN, and four FTAs with Chile, Japan, South Korea and EEC); two FTAs have finished negotiation (CPTPP and EVFTA); four FTAs are under negotiation (RCEP, ASEAN-Hong Kong FTA, FTA with Israel, and FTA with EFTA). On 8 March 2018, Viet Nam was among 11 countries that officially signed the CPTPP and, most recently, the Regional Comprehensive Economic Partnership Agreement (RCEP) (ASEAN+6) (2020). The Viet Nam-European Free Trade Agreement (EFTA) has recently been finalised in 2020. As a result of the above economic policies, Viet Nam's foreign policy for the period 2011-2020 includes priorities to expand economic relations, widen and diversify markets and take advantage of capital, managerial



experience and advanced technology. Trade reforms have progressed to gradually remove import tariff barriers, progressive deregulation of trade regimes and relaxation of restrictions on entry to trading activities. The realisation of FTAs has expanded the volume and value of trade and the inflows of FDI. Viet Nam now has over 30 markets with a trade volume of over USD 1 billion, and Viet Nam now ranks Number 1 in term of economic openness measured by trade in the world, with total import and export over GDP is about 210% in 2019.

Viet Nam has successfully organized the UN High-Level Meeting for the Euro-Asia Region on Improving Cooperation on Transit, Trade Facilitation and the 2030 Agenda for Sustainable Development, which made an effective contribution to the common interests of the region and the world in the enhancement of trade facilitation and sustainable development. The National Assembly, as a member of the Inter-Parliamentary Union (IPU), has been actively participating in activities related to promoting the 2030 Agenda in all fora of IPU¹⁰¹. Through such fora, the National Assembly has also participated in the implementation of 17 SDGs on strengthening means of implementation and promoting global partnerships for sustainable development. At the same time, the National Assembly has also taken into consideration the implementation of the recommendations made for IPU members in a way that fits the political, social and economic conditions and legislation of Viet Nam.

As the host of APEC 2017 and with the theme “Creating New Dynamism, Fostering a Shared Future”, Viet Nam has developed and implemented four significant priorities related to SDGs, namely: promotion of sustainable, innovative and inclusive growth; deepening of regional economic integration; improvement of competitiveness and creativity of MSMEs; and enhancement of food security and climate-smart, sustainable agriculture. In the lead up to APEC 2017, Viet Nam also proposed numerous initiatives and intensified the APEC contribution to SDGs. APEC made a declaration on advancing free and open trade and investment and supporting the multilateral trade system. Viet Nam and other members of APEC have launched initiatives to create practical benefits for the people and businesses and ensure inclusive development (closely related to SDG 8 and SDG 10 on decent work and economic growth). APEC has, for the first time, approved an action plan for inclusive economic, financial and social development, with a vision to build an inclusive, accessible, sustainable, healthy and resilient APEC community by 2030.

Viet Nam is an active member of the Association of South East Asian Nations (ASEAN), and ASEAN is tied together by multiple threads of history, culture and common geopolitical concerns and has become increasingly connected by business networks, trade relationships, migration, and shared resources. South East Asia has enjoyed remarkable economic progress in recent years. Viewed as a single entity, the region would rank as the seventh-largest economy in the world. Being the fourth-largest export region, ASEAN sits at the crossroads of many global flows: the region is in a position to capture a larger share of the world’s trade, and current flows could almost triple by 2025. The region’s cross border flows will deepen and accelerate if ASEAN Economic Community (AEC) integration plan is successfully implemented. Viet Nam is well-positioned to benefit from financial and commercial flows through AEC integration. Studies suggested that this could bring an additional 14 million jobs to six ASEAN economies, including Viet Nam by 2025.

The recently ratified Viet Nam-European Free Trade Agreement (EVEFTA) will eliminate 99% of tariffs within ten years. This should result in €15 billion a year in additional exports from Viet Nam to the EU by 2035, while EU exports to Viet Nam would expand by €8.3 billion annually (MOIT, 2021b). Viet Nam mainly exports telecommunications equipment, clothing, agricultural and food products to the EU. These are labour-intensive sectors, and therefore, EVFTA could create more



jobs and benefits workers in these sectors. The calculation also shows that EVFTA is expected to contribute to average GDP growth of 2.18 to 3.25 for Viet Nam (MOIT, 2021a). EVFTA represents an opportunity for Viet Nam to continue institutional-legal reforms in line with international standards, toward more transparency, thereby promoting both domestic and foreign investment as well as cross-border trade of services.

EVFTA shows the strong determination of both sides in promoting bilateral relations, contributing to the deepening and substantive relationship between Viet Nam and the EU. With Viet Nam's taking the role of ASEAN Chair in 2020, EVFTA helps Viet Nam strengthen its diplomatic and political roles in EU-ASEAN relations as well as create a model for a trade agreement freedom between ASEAN and the EU in the future.

Viet Nam has attracted significant external funding flows in the form of both foreign direct investments (FDI) and official development assistance (ODA). The ODA increased from 1.485 billion USD to 4.216 billion USD between 2000 and 2014 (MOF, 2019; World Bank, 2021). Since then, the ODA has been decreasing and was 1.633 billion USD in 2018.²³ The FDI increased from 1.298 billion USD in 2000 to 16.120 billion USD in 2019 (OECD, 2021). As a result of Viet Nam gaining the Lower-MIC status in 2010, several development partners, including World Bank (WB), Asian Development Bank (ADB) and some bilateral partners, since then, started to change their cooperation portfolio.

Viet Nam's international cooperation strategies in the period 2011-2020 are strongly shaped by the country's economic development policies concerning ODA and FDI, as well as its commitment to social development and environmental protection in achieving SDGs. Since Viet Nam achieved its middle-income country status, its ODA has decreased, and the structure of ODA has shifted from grants/ highly concessional loans to commercial loans. This would encourage Viet Nam to expand and search for new modalities, such as public-private partnership (PPP), further "socialization"²⁴, South-South cooperation, etc., to mobilize resources for development, as suggested in the MDG report in 2015 (SRV Government, 2015). At the same time, FDI has become an increasingly important source of GDP growth for Viet Nam. The country has emerged as a favoured investment destination in the Asia-Pacific region. The top three highest investment countries to Viet Nam in 2019 included Korea, Japan and Taiwan. Key sectors attracting investment are manufacturing and processing industries, construction and technical activities, and scientific and technology activities.

Given the rising labour costs in China, in the medium and short term, Viet Nam will maintain its production cost competitiveness. However, the challenge for the country in the long-term to attract a high inflow investment capital is to both maintain the current advantage while investing in skills and technical development to climb the value chain as the factories start migrating to cheaper locations. Thus, as stated in the SEDP for 2016-2020, regarding FDI, Viet Nam's strategies for 2016-2020 are to review and amend laws and policies to attract foreign investment, especially for industries with advanced technology environmental friendliness, high value-added products, and high ratio of localisation. Investment areas to be prioritised are infrastructure, supporting

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24 The Vietnamese term for socialization, *xã hội hóa*, is grounded in its history of socialist construction, originally referring to the collectivization of property and resources. Since the country shifted to a market economy, yet remaining under the leadership of the Communist Party, the term has come to imply the individualization of responsibilities and the privatization of public goods. As a policy, however, it continues to evoke the idioms of 'the whole society' or 'all the people' as the basis of wellbeing and development. See: <https://www.tandfonline.com/doi/abs/10.1080/03085147.2018.1544397>



industries, renewable energy, new material industry, information technology, biotech, new crops, human resources training, and the medical industry, etc. In addition, the establishment of R&D Centres by foreign companies will also be encouraged.

Since the 2011-2015 period, with the lower MIC status, the country's views on national development evolved to include intrinsic sustainability objectives and further strengthened its commitments to achieving SDGs through global partnerships. According to the SDG National Action Plan (SRV Government, 2017), Viet Nam's areas for expanding international cooperation and capacity-building supports strongly focus on water and sanitation issues, renewable energies, biodiversity conservation (including marine and wild animals) in terms of the environment; prevention and control of communicable diseases; and teacher training. Especially to achieve the Global Partnership for Sustainable Development, Viet Nam is also set to enhance traditional models of cooperation for development and sustain technical assistance programmes, and promote South-South cooperation, triangular regional cooperation and international cooperation for access to science and technology and innovation. Moreover, the country also looks to increase knowledge sharing and facilitate the transfer of environment-friendly technologies through international cooperation, as well as mobilise international assistance for strengthening statistics capacity to meet the needs for monitoring and evaluation of the achievement of the sustainable development goals.

High integration motivates and attitude Viet Nam toward to improvement of human rights, gender, inclusion, environment

Viet Nam's participation in numerous FTAs, WTO and Multi-bilateral trade agreements, including the recent CPTPP and EVFTA, requires an improvement of working conditions and application of international standards. The entry into force of ILO conventions has been a critical issue. Viet Nam has committed to upholding through its domestic laws the following rights: (i) freedom of association and collective bargaining; (ii) elimination of forced labour; (iii) abolition of child labour; and (iv) elimination of employment discrimination. Moreover, many requirements are also related to human rights that the implementation is challenging. Viet Nam has in the process of piloting independent trade unions. This is a big improvement toward protecting workers, especially women workers in the textile and electronic sectors. With the supports of international organization (UN Women, WB), Viet Nam has enacted the Gender Equality Law and the National Strategy on Gender Equality that protect women and girls, especially on domestic violence prevention and control, and asset ownership. World Bank and other donors also support Viet Nam on poverty reduction and reduce the inequality, especially inequality in opportunities through education and health services for all programs. Viet Nam has participated in most of the international conventions. International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Convention on the Rights of the Child, Convention on the Elimination of All Forms of Discrimination against Women, Convention on the Rights of Persons with Disabilities. Five of the eight conventions on fundamental principles and rights at work, three of the four conventions on labour market governance. Viet Nam has defined a review and study roadmap to ratify three other basic conventions, including Convention 98 regarding collective bargaining, Convention 87 related to freedom of association and Convention 105 concerning the abolition of forced labour. The project, which included human rights considerations in the education program of the national education system and was approved by the Prime Minister on 5 September 2017. Viet Nam has ratified some conventions and protocols (Protocol to Prevent,



Suppress and Punish Trafficking in Persons; ASEAN Convention Against Trafficking in Persons; Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; Convention against Corruption), and promulgated the Law on Human Trafficking Prevention and Combat and the National Program on Human Trafficking Prevention and Combat for 2016-2020. Viet Nam has issued the National Strategy on Preventing and Combating Crimes for 2016-2025 and with Orientations towards 2030. Viet Nam has formulated the National Target Program on Responding to Climate Change (2008). The National Climate Change Strategy was approved in 2011, listing issues such as proactive disaster preparedness and climate monitoring, suitable proactive responses to sea-level rise in vulnerable areas, scientific and technological development for climate change response, international cooperation and integration to enhance the country's status in climate change issues. Following this strategy, the National Action Plan on Responding to Climate Change for 2012-2020 was promulgated. These legislative efforts reflect Viet Nam's strong commitments to promote institutional reforms to reach international standards in general and the requirements set out in the EFVTA in particular.

Development partners' support to Viet Nam to achieve its development strategy

The Government is cooperating with existing development partners and international agencies to overcome the challenges to achieve SDGs and social-economic development goals. GIZ and ADB are supporting the Ministry of Labour, Invalids and Social Affairs (MOLISA) to modernise the tertiary and vocational education system. The World Bank, ADB and USAID support the Ministry of Education and Training and key universities in Viet Nam to improve the quality of higher education. This support is expected to enhance the skill level of the labour force and adapt skills to the changing needs of the rapidly evolving economy, and move up on the global value chain.

JICA, KOICA, ADB, WB and DFAT, as well as GIZ, give technical and financial support to Government for sustainable infrastructure investments and adaptation and mitigation of the impact of climate change as well as in enhancing the climate resilience of the infrastructure. USAID and GIZ also support the Government to develop the policy for attracting the private sector to invest in renewable energy to meet rapid growth in energy demand and help Viet Nam to transition towards a clean, low-carbon development trajectory.

The ILO and WB are also supporting MOLISA to improve the social protection system, to revise the labour law. IFC and SECO support to improve the banking system in Viet Nam. USAID has recently launched the LinkSME initiative to facilitate transactions between linkage-ready local SMEs and foreign firms in the electronics and metal sectors. In addition, USAID also supports the customer service for import and export as well as improve the competitiveness of provincial government through PCI and PAPI projects.

The WB, UNDP and DFAT are supporting Government to develop a new strategy for remote area and ethnic minority development that could help the government to identify the key barriers and appropriate policies for the improvement of living standard of poor and ethnic minority households. IFC and IDH are supporting the Ministry of Agriculture and Rural Development of Viet Nam and farmer to improve the quality of agriculture products through applying sustainable standards.



Switzerland, with the International Finance Corporation (IFC) as an implementing partner, supports the improvement of Viet Nam's investment climate via its 'Multi-Country Investment Climate Program'. USAID's 'Governance for Inclusive Growth (GIG)' programme worked with public and private stakeholders to enhance areas of governance that facilitate broader-based growth, with an emphasis on improving the regulatory environment, building systems for accountability and increasing social and economic inclusion, overall promoting investment in the country. The United Kingdom works towards increasing the effectiveness of intellectual property rights enforcement, reduce intellectual property rights infringements, and deterring the production of and trade in counterfeit goods.

The EU's 'Enhancing Governance in Viet Nam' programme supports the Ministry of Finance (MoF) to strengthen its public financial management system (PFM) with interventions including medium-term budgeting, market-oriented debt management, assessing tax policy and risk-based compliance management in revenue administration. It also supports the Ministry of Planning and Investment to improve the transparency of the procurement system and enhance the regulatory environment for doing business.

Vietnamese appreciations of its bilateral relations with Finland

Finland has continuously devoted non-refundable aid, free of political conditions, to Viet Nam since the establishment of the two countries diplomatic relations in 1973. The total amount of aid from Finland by 2017 was about 340 million USD. Finland's support to Viet Nam has been most long-standing and pronounced in the field of natural resources management and sustainability, especially in water management. Clean water and sanitation have been identified as critically important to the economy and social development in Viet Nam. However, there are major disparities in water supply access between regions and between richer and poorer segments of the population in the country. With its long term well-known success in water resources management, Finland has supported Viet Nam to rehabilitate and improve the water system infrastructure as well as water management and services since 1985. Between 2004 and 2017, the Government of Finland supported the Ministry of Construction in the Water and Sanitation Programme in Small Towns in Viet Nam (WSPST) in eight provinces of Northern Viet Nam. In 2016, WSPST supported the Ministry of Construction in compiling guidance on estimating the operation and maintenance of water supply and drainage works, as well as supported the National Program on Water Loss Control and developed the Draft Law on Water Supply.

Furthermore, since 2009, Finland has also started supporting Viet Nam to increase access to renewable energy and renewable energy technology through the Energy and Environment Partnership Programme for the Mekong Region (EEP Mekong 2009-2019). The period 2010-2013 also marked with several projects funded by the Finnish government to strengthen climate change resilience in Viet Nam especially in forestry, such as the Forestry Management Information System (FORMIS) programme (implemented in two phases), in rural development and also in coastal areas.

In terms of science and technology, Viet Nam and Finland have had some important cooperation to promote joint research, development and innovation (R&D&I). In the period from 2008 to the present, the two countries have officially signed the Viet Nam - Finland Innovation Partnership Programme Framework Agreement (IPP1) in three years, 2009-2012. IPP phase 2 was implemented from 2014 to 2018. The Ministry of Science and Technology and the Finnish Funding Agency for



Innovation (Tekes) signed the MOU to support and promote joint R&D&I in enterprises and science institutions between Viet Nam and Finland. In particular, the BEAM Programme with Tekes, The Viet Nam Market Access Programme (VMAP) in the second phase of IIP and later also Developing Markets Platform (DevPlat) have provided significant support to businesses and research institutes, universities, and non-governmental organizations to cooperate in developing products for consumption in the Vietnamese and Finnish markets.

The field of education has also seen some promising cooperation commitments between the two countries. An MOU on education cooperation was signed by the Ministry of Education of Viet Nam and Finland and educational institutions of the two countries in 2009 and 2017. Accordingly, the two sides' universities have been implementing joint training programs in many fields, e.g., information technology, health, environment, forestry and fisheries. In the context of ongoing education reforms, Viet Nam is also seeking collaboration and lessons from Finland's models of school management, curriculum and textbooks development, teacher training and technology application etc.

In recent years, since Viet Nam has become a middle-income country, Viet Nam and Finland have started a new stage of cooperation: a relation of equal partnership. Finland has phased out large-scale grant-based and bilateral programme cooperation with Viet Nam though it still continues to provide ODA through specific modalities, such as PIF, and as well as grant components in its private sector instruments. In 2017, the Ministry of Foreign Affairs of Finland announced a new National Strategy on bilateral development cooperation for 2016-2020, with Viet Nam shifting the bilateral relations towards mutually beneficial cooperation and more comprehensive partnerships.

Thus, investment and trade have become important priorities of Finland in its relationship with Viet Nam, and figures have recorded considerable growth potential. Viet Nam would like Finland to encourage enterprises to invest in the environment, renewable energy, waste treatment, forestry, water management, education, technology in Viet Nam. It was mentioned during the meeting between the Acting Vice Prime Minister Truong Hoa Binh with Vice Prime Minister Mika Lintilä on 27th September 2019 and another discussion by phone between the Vice Prime Minister and Minister of Ministry of Foreign Affairs Pham Binh Minh and Minister of Foreign Affairs Pekka Haavisto on 22nd December 2020. Viet Nam would like to discuss with Finland on developing comprehensive strategic partnership on above sectors. In addition, Viet Nam also would like to actively participate in the cooperation strategy of Finland in the next ten years, especially in the field of education as Vietnam may take inspiration from Finland's top-ranked education system in the world

At the moment, it is expected that the Viet Nam - EU Free Trade Agreement and Investment Protection Agreement, recently ratified, will soon take effect and will benefit all parties and help strengthen economic, trade and investment links. Given that the market in Finland is small, Viet Nam exports to Finland may not have a tremendous impact on the export-led Vietnamese economy. However, Finland can offer Vietnam gateway to European, in particular other Nordic markets.

What could Viet Nam offer to Finland to ensure that both partners benefit from the new cooperation? Viet Nam has about 100 million young population, and it is a potential market for high-quality products when the middle-class is increasing dramatically. It is a good opportunity for Finland firms to expand their market if they could use Finnfund and other government supports to expand their market to Viet Nam. In this regard, Finnish companies may need to create high quality and excellent customer experience to be competitive when they go global.



Viet Nam has a comparative advantage in industrial production due to its young population, low labour cost and high human capital. Therefore, Finland firms can implement R&D in their home country and produce products in Viet Nam for export. Moreover, given the Government's recent proposal to amend the law on social and healthcare services for the elderly, Finland is facing a shortage of nurses especially to meet the demands of an ageing population.

As such, Viet Nam can provide health care workers and unskilled labour to Finland and attract teachers and high tech people to come to work in Viet Nam as there is a huge demand on high tech labour, and higher education and vocational training teachers.

Viet Nam is one of the largest agriculture exporting countries. However, a majority of agricultural products exported is in the raw form, low in quality and is lack of conformity with hygiene and environmental standards. Therefore, this represents an opportunity for Finland to export the technology on food processing and protection to Viet Nam for producing the agricultural products that meet the EU standards.

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Annex 10. Viet Nam-Finland bilateral and international trade analysis

The analysis of international trade relations between Finland and Viet Nam was done with data from Trademap from the International Trade Centre. In order to provide a comparative perspective to trade volumes, trade is compared to imports from and exports to the world, both from the Finnish and Vietnamese perspective. Key findings are derived from each of the tables presented in this annex.

Table 5 Development of Finnish and Vietnamese imports and exports, compared to exports tot he world

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
Finnish Exports to Viet Nam	65.172	64.376	72.800	88.213	77.611	106.859	128.179	124.884	107.053	105.471	
% Change (to previous year(s))		-1,2%	13,1%	21,2%	-12,0%	37,7%	20,0%	-2,6%	-14,3%	-1,5%	62%
Finnish Exports to World	52.803.056	56.571.106	56.741.622	56.047.508	55.925.518	53.768.113	51.797.557	59.556.261	63.725.482	65.064.265	
% Change (to previous year(s))		7,1%	0,3%	-1,2%	-0,2%	-3,9%	-3,7%	15,0%	7,0%	2,1%	23%
Vietnamese Imports from World	63.889.880	76.642.138	88.470.455	99.402.995	111.220.138	149.348.356	158.104.023	188.736.401	200.570.329	226.389.416	
% Change (to previous year(s))		20,0%	15,4%	12,4%	11,9%	34,3%	5,9%	19,4%	6,3%	12,9%	254%
Finnish Imports from Viet Nam	113.783	53.581	137.589	135.495	149.603	193.246	216.056	240.822	301.252	319.781	
% Change (to previous year(s))		-52,9%	156,8%	-1,5%	10,4%	29,2%	11,8%	11,5%	25,1%	6,2%	181%
Finnish Imports from World	51.786.888	60.209.326	59.163.340	58.412.728	57.756.947	54.211.427	54.667.344	62.052.217	66.345.239	65.850.942	
% Change (to previous year(s))		16,3%	-1,7%	-1,3%	-1,1%	-6,1%	0,8%	13,5%	6,9%	-0,7%	27%
Vietnamese Exports to World	54.399.701	69.574.409	89.052.641	99.403.238	113.009.189	145.961.748	159.551.927	190.421.193	206.353.573	236.365.609	
% Change (to previous year(s))		27,9%	28,0%	11,6%	13,7%	29,2%	9,3%	19,3%	8,4%	14,5%	334%

Legend: amounts in 1000's Euro's

Source: World Trade Map, version April 2021, <https://www.trademap.org/Index.aspx>



Key findings:

- Finnish exports to Viet Nam have increased in a decade with 62%, though these exports have stagnated in more recent years;
- Finnish exports to Viet Nam have lagged behind world exports to Viet Nam, and thus it seems that Finland has not benefited from Viet Nam's integration in the world economy as an export market. This will be further clarified in later tables in this annex.
- Viet Nam's exports to Finland have increased in a decade by 181%, though this percentage is only about half of Viet Nam's increase in access to other world export markets.
- When compared with imports from the world, Finnish imports from Viet Nam have increased six times more than imports from other countries. And it is in Finnish imports and Vietnamese exports where the Finnish-Vietnamese trade relations have produced the most benefits.
- In terms of size of total export and import volumes, Finland is not an important trade partner of Viet Nam, representing just 0,1 % of Viet Nam's total exports and an even lower percentage of 0,05% of Viet Nam's total imports from the world.

Table 6 Key product groups in Finland's Imports from Viet Nam and from the World (2010-2019)

Finland imports from Viet Nam		Viet Nam e exports to World		Finland imports from World	
Electrical machinery and equipment and parts thereof; sound recorders, etc.	87.145	Electrical machinery and equipment and parts thereof; sound recorders, etc.	86.787.397	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	8.281.389
Footwear, gaiters and the like; parts of such articles	55.057	Footwear, gaiters and the like; parts of such articles	16.962.665	Electrical machinery and equipment and parts thereof; sound recorders, etc.	6.362.228
Articles of apparel and clothing accessories, not knitted or crocheted	36.797	Articles of apparel and clothing accessories, not knitted or crocheted	13.535.644	Vehicles other than railway or tramway rolling stock, & parts & accessories thereof	6.193.647
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	24.617	Articles of apparel and clothing accessories, knitted or crocheted	13.296.095	Commodities not elsewhere specified	3.035.082
Articles of apparel and clothing accessories, knitted or crocheted	15.847	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	11.695.165	Iron and steel	2.179.959
Articles of iron or steel	12.891	Furniture; bedding, mattresses, mattress supports, cushions, etc.	8.474.870	Plastics and articles thereof	2.173.190
Articles of leather; saddlery and harness; travel goods, handbags, etc.	12.766	Fish and crustaceans, molluscs and other aquatic invertebrates	5.542.803	Optical, photographic, cinematographic, measuring, precision, medical or surgical	1.882.435
Furniture; bedding, mattresses, mattress supports, cushions, etc.	12.314	Edible fruit and nuts; peel of citrus fruit or melons	5.103.422	Articles of iron or steel	1.659.164
Plastics and articles thereof	9.353	Optical, photographic, cinematographic, measuring, precision, medical or surgical	4.712.705	Furniture; bedding, mattresses, mattress supports, cushions, etc.	1.171.718
Toys, games and sports requisites; parts and accessories thereof	6.898	Plastics and articles thereof	4.325.251	Wood and articles of wood; wood charcoal	934.572

Legend: amounts in 1000's Euro's



Source: World Trade Map, version April 2021, <https://www.trademap.org/Index.aspx>

Key findings:

- Key imports of Finland from Viet Nam are electronic equipment, footwear, clothing and apparel, interior and household consumer goods. Only in the sector of electronics and in Interior and plastics Viet Nam has to face strong competition from other countries;
- The Finish export market for Viet Nam is not much different than for its world exports, with the exception of plastics, toys, leather goods and iron and steel, where Finland is a stronger buyer than other players on the world market.
- In terms of absolute size in the top ten of exports goods, Finland is not a large market, with only 0.2 % share in Vietnamese exports to the world. However, this percentage is double as much as Finland's share (0,1%) in Viet Nam's overall export markets. This shows that there are comparative advantages of Viet Nam in these sectors.

Table 6 Key product groups in Finland's Exports to Viet Nam and to the World (2010-2019)

Finland's exports to Viet Nam		Viet Nam's imports from World		Finland's exports to World	
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	32.863	Electrical machinery and equipment and parts thereof; sound recorders, etc.	69.470.205	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	8.536.100
Paper and paperboard; articles of paper pulp, of paper or of paperboard	18.496	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	20.936.389	Paper and paperboard; articles of paper pulp, of paper or of paperboard	7.319.102
Wood and articles of wood; wood charcoal	12.958	Plastics and articles thereof	14.178.576	Mineral fuels, mineral oils, distillation products; bituminous substances; mineral	5.816.423
Electrical machinery and equipment and parts thereof; sound recorders, etc.	7.753	Mineral fuels, mineral oils, distillation products; bituminous substances; mineral	13.900.565	Electrical machinery and equipment and parts thereof; sound recorders, etc.	5.061.387
Organic chemicals	5.572	Iron and steel	10.124.138	Vehicles other than railway or tramway rolling stock, parts and accessories thereof	5.040.355
Optical, photographic, cinematographic, measuring, precision, medical or surgical	5.209	Optical, photographic, cinematographic, measuring, precision, medical or surgical	8.003.201	Iron and steel	3.811.692
Furskins and artificial fur; manufactures thereof	4.593	Vehicles other than railway or tramway rolling stock, parts and accessories thereof	5.651.499	Optical, photographic, cinematographic, measuring, precision, medical or surgical	3.090.630
Miscellaneous chemical products	2.302	Knitted or crocheted fabrics	4.864.833	Wood and articles of wood; wood charcoal	2.715.697
Nickel and articles thereof	1.975	Cotton	3.906.788	Pulpwood, other fibrous cellulosic material; recovered (waste, scrap) paper	2.383.300
Copper and articles thereof	1.579	Articles of iron or steel	3.655.814	Plastics and articles thereof	2.129.249

Legend: amounts in 1000's Euro's

Source: World Trade Map, version April 2021, <https://www.trademap.org/Index.aspx>



Key findings:

- Key exports of Finland to Viet Nam are machinery, wood and wood and paper products, high-tech machinery, minerals and ores and furskins. Only in the sector of machinery and high tech machinery, Finland has to face competition from other countries;
- The Vietnamese export market for Finland is not much different than for its world exports, with the exception of wood and wood-related products, where Finland is a clearly bigger supplier than other countries in relative terms.
- In terms of absolute size in the top ten of exports goods, Viet Nam is not a large market for Finland, with only a 0.2 % share in Finnish exports to the world. However, this percentage four times as much as Finland's overall share in Viet Nam's in export markets with 0,5 %. This shows that there are comparative advantages of Finland in these sectors.

Table 7 Key international trade partners of Finland for export goods (2010-2019)

Rank	Importers	Exported value 2010	Exported value 2015	Exported value in 2019	change 2019/2011
	World	52.803.056	53.768.113	65.064.265	23%
1	Germany	4.952.634	7.297.234	9.326.428	88%
2	Sweden	5.977.991	5.450.415	6.675.645	12%
3	USA	3.484.641	3.607.151	4.644.624	33%
4	Netherlands	3.467.552	3.446.680	3.874.000	12%
5	Russian Federation	4.638.054	3.102.402	3.587.973	-23%
6	China	2.701.236	2.519.263	3.432.642	27%
7	Area Nes	2.233.081	1.670.078	2.703.142	21%
8	United Kingdom	2.346.351	2.608.188	2.570.230	10%
9	Italy	1.325.355	1.227.053	2.315.147	75%
10	Belgium	1.449.595	1.442.975	2.009.977	39%
11	France	1.725.616	1.478.840	1.895.692	10%
12	Estonia	1.117.297	1.554.296	1.736.098	55%
13	Poland	1.314.507	1.383.697	1.730.485	32%
14	Norway	1.382.309	1.541.033	1.696.889	23%
15	Japan	640.030	901.401	1.159.243	81%
16	Spain	1.006.501	877.377	1.101.127	9%
17	Denmark	997.689	910.475	988.195	-1%
18	Korea, Republic of	615.123	699.394	722.894	18%
19	Turkey	747.448	753.102	673.858	-10%
20	Australia	403.640	407.675	646.497	60%
21	Latvia	303.079	607.883	610.694	101%
22	Switzerland	605.555	575.113	588.954	-3%
23	Lithuania	214.789	382.216	586.342	173%
24	India	585.426	424.732	489.844	-16%
25	Canada	620.584	473.452	489.169	-21%
26	Austria	310.974	309.582	410.296	32%
27	Egypt	339.273	346.672	391.547	15%



Rank	Importers	Exported value 2010	Exported value 2015	Exported value in 2019	change 2019/2011
28	Mexico	184.416	312.555	381.091	107%
29	Brazil	522.102	460.079	350.401	-33%
30	Czech Republic	238.246	272.100	345.559	45%
31	Ship stores & bunkers	20.995	230.585	310.216	1378%
32	Chile	127.051	209.582	309.624	144%
33	South Africa	258.036	265.918	306.825	19%
34	Saudi Arabia	193.970	370.159	254.781	31%
35	Hungary	240.626	214.183	250.963	4%
36	Singapore	253.471	169.913	230.617	-9%
37	Taipei, Chinese	206.346	159.808	222.871	8%
38	Indonesia	100.174	340.251	220.656	120%
39	Ukraine	319.250	187.888	212.872	-33%
40	United Arab Emirates	250.429	256.999	192.576	-23%
41	Thailand	196.765	197.195	183.106	-7%
42	Romania	136.312	169.948	178.738	31%
43	Portugal	156.937	138.702	178.665	14%
44	Israel	163.933	174.882	174.353	6%
45	Ireland	164.935	495.829	170.473	3%
46	Morocco	74.195	100.923	149.754	102%
47	Philippines	94.687	128.844	148.771	57%
48	Cyprus	20.853	12.571	142.429	583%
49	Kazakhstan	184.758	127.385	138.743	-25%
50	Malaysia	122.101	118.805	135.076	11%
51	Slovakia	112.888	123.238	134.017	19%
52	Hong Kong, China	401.978	304.900	133.556	-67%
53	Greece	178.538	101.357	132.855	-26%
54	Algeria	166.911	171.736	129.317	-23%
55	Bangladesh	120.320	55.890	108.174	-10%
56	Viet Nam	65.172	106.859	105.471	62%
57	Azerbaijan	42.719	31.878	98.516	131%
58	Peru	55.281	73.446	95.401	73%
59	Nigeria	47.213	26.605	89.380	89%
60	New Zealand	57.913	76.627	84.779	46%

Legend: amounts in 1000's Euro's

Source: World Trade Map, version April 2021, <https://www.trademap.org/Index.aspx>

Key findings:

- Viet Nam ranks 56th as a Finnish export market worldwide.
- This ranking increases considerably when considering only Asian markets. In this region, it ranks number 10. And when considering only South-East Asian market, it ranks sixth, preceded by Singapore (38), Taiwan (39), Indonesia (40), Thailand (43), Philippines (49) and Malaysia (52). Only Indonesia and Thailand in 2019 were still considerably larger markets for Finland. This shows considerable growth potential for Viet Nam as an export market for Finland, particularly considering the size of the country, nr 8 in terms of population.



Table 8 Key international trade partners of Finland for import goods (2010-2019)

Rank	Exporters	Imported value 2010	Imported value 2015	Imported value 2019	change 2019/2011
	World	51.786.888	54.211.427	65.850.942	27%
1	Germany	6.808.067	8.099.625	10.202.738	50%
2	Russian Federation	9.178.491	5.934.518	8.938.972	-3%
3	Sweden	5.201.791	6.075.744	7.284.418	40%
4	China	3.776.399	3.935.747	4.907.799	30%
5	Netherlands	2.773.001	2.854.017	2.935.306	6%
6	USA	1.734.662	1.900.781	2.218.062	28%
7	France	2.011.318	2.039.640	2.106.112	5%
8	Estonia	1.252.931	1.525.809	1.989.520	59%
9	Poland	903.858	1.304.737	1.868.279	107%
10	Italy	1.444.573	1.450.464	1.797.941	24%
11	Area Nes	640.966	1.852.713	1.720.389	168%
12	United Kingdom	1.592.162	1.681.603	1.678.490	5%
13	Denmark	1.231.417	1.724.457	1.577.230	28%
14	Norway	1.184.888	981.122	1.443.940	22%
15	Belgium	1.220.334	1.186.892	1.372.004	12%
16	Spain	675.423	1.152.430	1.134.630	68%
17	Czech Republic	603.602	728.715	947.706	57%
18	Japan	898.195	650.899	751.753	-16%
19	Korea, Republic of	463.030	489.622	716.874	55%
20	Austria	470.334	503.603	685.964	46%
21	Canada	347.902	512.473	624.580	80%
22	Switzerland	582.894	601.336	584.263	0%
23	Turkey	331.899	400.883	565.607	70%
24	Ireland	383.450	491.109	557.876	45%
25	Lithuania	226.143	338.530	499.193	121%
26	Hungary	252.023	297.235	452.060	79%
27	Brazil	640.004	488.077	446.754	-30%
28	Taipei, Chinese	286.252	336.149	364.422	27%
29	Portugal	303.060	267.045	359.393	19%
30	India	348.166	311.204	355.101	2%
31	Slovakia	209.437	264.862	346.838	66%
32	Malaysia	172.225	173.372	338.456	97%
33	Viet Nam	113.783	193.246	319.781	181%
34	Mexico	155.346	169.188	296.776	91%
35	Latvia	213.516	165.924	274.274	28%
36	Chile	197.816	165.894	271.142	37%
37	Romania	101.072	200.292	263.645	161%
38	Thailand	234.049	207.149	255.041	9%
39	Indonesia	97.835	110.280	175.945	80%



Rank	Exporters	Imported value 2010	Imported value 2015	Imported value 2019	change 2019/2011
40	Bangladesh	76.762	137.202	170.430	122%
41	South Africa	205.444	193.046	149.219	-27%
42	Singapore	82.028	105.660	129.091	57%
43	Hong Kong, China	60.877	95.357	127.817	110%
44	Slovenia	73.296	66.231	119.428	63%
45	Philippines	41.492	90.966	101.103	144%
46	Peru	271.972	179.566	95.684	-65%
47	Bulgaria	34.969	81.063	90.798	160%
48	Greece	137.250	78.573	86.722	-37%
49	Luxembourg	59.073	60.681	79.873	35%
50	Ukraine	44.226	46.671	68.658	55%

Legend: amounts in 1000's Euro's

Source: World Trade Map, version April 2021, <https://www.trademap.org/Index.aspx>

Key findings:

- Viet Nam ranks 33th as a Finnish import proving market worldwide. This ranking is considerably higher than in export markets, confirming the greater importance of Finland as a Vietnamese export market than vice-versa.
- This ranking increases considerably when considering only Asian exports. In this region, it ranks number 6. And when considering only South-East Asian market, it ranks third, only preceded by Taiwan (30), and Malaysia (34) with comparable export volumes.



Annex 11. Analysis of ODA Flows from Finland to Viet Nam

Table 9 below contains Finnish ODA annual disbursements to Viet Nam, as registered by MFA's Statistics Team at the Department for Development Policy. These data were provided in April 2021 and authorised for analytical use by the evaluation team by EVA 11 at MFA. This table needs to be presented with a number of disclaimers, presented below the table.

Table 9 Finnish ODA disbursements to Viet Nam in the period 2008-2020 (amount in €)

Modality/ Instrument	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
	Bilateral programme	14.706.685	5.486.671	3.629.680	4.620.551	2.116.249	6.628.392	6.880.292	6.476.497	5.395.221	5.065.520	1.915.522	181.360	65.340
Concessional Credits	924.215	985.070	910.414	1.762.084	2.496.255	5.728.802	4.445.667	2.661.569	3.999.643	5.357.375	4.534.916	3.350.527	1.856.843	39.013.381
(Multi-)sectoral budget support*	475.000	7.812.493	15.104.119	5.112.750	1.756.826	2.346.496	468.373							33.076.057
CSO Programme & Project Support	847.390	421.162	764.706	926.672	741.467	905.721	885.225	594.654	243.335	377.887	215.876	281.254	44.550	7.249.899
Multi-bi programme		1.200.000	1.500.000	1.100.000	1.000.000	1.000.000								5.800.000
Fund for Local Cooperation	401.200	445.622	542.496	286.728	337.034	422.162	632.797	402.866	322.508	255.703		75.000	272.359	4.396.475
Finnpartnership**	173.171	243.393	235.992	261.947	109.061	140.751	232.092	890.729	423.869	301.247	524.934	112.123	100.697	3.750.004
ODA Multilateral/UN	478.290	631.705	448.025				382.577		672.115		6.000			2.618.712
Institutional Cooperation Instrument			139.269	401.726	485.658	214.610					164.074	301.970	305.587	2.012.895
HEI ICI			91.912	91.912	91.912	322.573	322.573	322.573					205.483	1.448.938
BEAM										65.628	88.530	188.570		342.728
	18.005.951	17.226.115	23.366.613	14.564.371	9.134.462	17.709.507	14.249.596	11.348.887	11.056.691	11.423.360	7.449.852	4.490.804	2.850.859	162.877.068

N.B. * Sectoral Support in 2010 includes an amount of 6.348.640 € for multi-sector support (in the same sectors of the sector support)

N.B. ** Finnpartnership mount for 2020, includes an additional disbursement of 41.800 € for a private sector actor in recipient country



Disclaimers accompanying the table of ODA disbursements 2008-2020

- The table presents annual disbursements amounts that were compiled from different sources, as there is no central registration of all ODA disbursements to Viet Nam. The disbursement amounts for Finnpartnership are derived from a separate overview that was provided by Finnpartnership to EVA 11 and authorised for use by the evaluation team. The disbursement amounts for HEI ICI are average disbursement amounts at an annual basis, based on overall disbursements to HEI ICI projects, as HEI ICI only provided total amounts for its disbursements to multi-annual projects;
- The table does not include a number of disbursements to Viet Nam as registered by the MFA's Statistics Team at the Department for Development Polycys. These amounts include the following:
 - a) Finnfund capital replenishments administratively allocated to Viet Nam amounting to a total of 3.557.848 € in the 2008-2020 period. In Annex 17, more information on Finnfund's (2) capital investments in Viet Nam is provided;
 - b) Administrative costs of MFA missions abroad for Viet Nam with a total amount of 11.149.971 € in the 2008-2020 period.
 - c) Costs of international refugees support administratively allocated to Viet Nam amounting to 227.957 €.
- The table does include disbursements to the regional Energy and Environment Partnership Mekong (EEP programme), as the programme disbursement were not earmarked to the five specific Mekong countries, though it is likely that a considerable amount of the total EEP disbursement was allocated to Viet Nam. The total disbursement of EEP to the Mekong region in the period 2010-2019 amounted to 13.521.203 €;
- The table does not include ODA components in the capital provision of the Nordic Development Funds, in which Finland is one of the five co-owners and no specific data are available on ODA amounts disbursed/allocated to Viet Nam. However, it is known that the Nordic Development Fund has received ODA capital endowments from its five owners. In Annex 17, information on The Nordic Development Fund's (4) investments in Climate Action related projects is provided. And similar to the Nordic Development Fund' also no ODA amounts can be allocated to Sitra investments in Viet Nam as the capital endowment of this fund is prior to 2009, and since then, it has not received new ODA capital replenishments;
- The table does not include amounts that were allocated and disbursed through multi-lateral organisations (UN, IFI's, EU) at the regional and national level in Viet Nam.

With these disclaimers, it is clear that the actual disbursement amounts of ODA in Viet Nam are considerably higher than the available information in the MFA systems is revealing.

The financial reporting system of the MFA does enable an analysis of disbursements against planned amounts, as financial commitments are annually updated and therefore contain double-counts. This means that it is impossible to conduct an analysis of the cost-effectiveness of disbursements against planning at the overall portfolio level, though some specific instruments (e.g. Finnpartnership) presents planned and disbursement amounts.



Annex 12. Coherence analysis of Finnish support modalities during transitioning

The coherence analysis is presented on two tables below:

1. Coherence of the Finnish support modalities and instruments with key selected SDGs on Poverty reduction (1), Quality Education (4,) Gender Equality (5), Clean Water and Sanitation (6), Climate action (13) and partnerships.
2. Internal coherence of the Finnish support modalities and instruments and coherence between traditional grant-based instruments and Private Sector Instruments (PSI).

The coherence analysis is also presented on two tabs of the Excel sheet that can be requested from the EVA-11.

Key findings of the coherence analysis

- The PSI modalities and instruments generally score lower on their relevance and contribution to the achievement of SDGs than grant-based instruments. These lower scores are particularly related to poverty reduction and gender equality. This shows that these SDGs are less strongly embedded and integrated into PSIs than in grant-based development modalities and instruments;
- Among both grant-based instruments and PSIs, the internal coherence of different modalities and instrument is weak, though, at the same time, the analysis shows that no strong contradictions exist between most instruments. This illustrates that the instruments do not mutually reinforce each other, though also don't damage results that were obtained by the use of other instruments;
- Internal coherence between grant-based instruments and modalities is generally higher than among the PSI instruments, which can largely be explained by the fact that the PSI instrument are demand-driven facilities;
- The analysis shows the least coherence between the FLC and SCO's with multi-bi support, as the small and bottom-up approach chosen in these instruments does not match well with the multi-bi support that focused on supporting "One-UN" in Viet Nam. Among civil society actors, there was even concern that the support to UN organisation can have a detrimental effect on the role and strength of local Vietnamese civil society in case implementation of actions is mainly outsourced to larger international CSOs and consulting firms;
- Finnfund shows limited coherence with grant-based and other PSI modalities and instruments. This is mostly related to the size of its operations that are usually large-scale and involving high investment amounts that are not relevant to most SME's active in Viet Nam. There is limited evidence that other instruments have generated a pipeline for Finnfund as this institution is operating in different arenas and also, to



a limited extent targeting Finnish companies. The two Finnfund investments in Viet Nam are with regional and US-based companies;

- The strongest coherence is shown between Finpartnership and Devplat, though it needs to be stated that Devplat is only a recent initiative with no operations and support yet on the ground in the Viet Nam. However, in its set-up, it works together with Finpartnership, and it is also supporting partnership development between different stakeholders in working on SDG-relevant initiatives in Viet Nam. In bringing together different actors, including civil society and educational institutes, there is also a possible strong synergy with CSO, ICI, HEI ICI and FLC support instruments;
- Within the (mostly expired) grant-based cooperation, a strong synergy could be observed between the bilateral programmes in Viet Nam most notably IPP, FORMIS and WSPST, on the one hand, sector support in the environment and forestry sectors and with ICI and HEI ICI in supporting partnerships with educational and public institutes in the same sectors as supported by the bilateral programmes. This synergy also extends to the PSI instruments that also target initiatives in the environment, climate change, clean energy sectors.
- The partnership facilities in the IPP and in the regional EPP have been instrumental in involving new partners in initiatives, though it is also noted that these effects are getting more diluted after phasing out of these programmes;



Table 10 SDG coherence analysis

Analysis of match/contribution of to achievement of SDG's	Average score G-B I	Grant-Based Development Cooperation						
		Bilateral cooperation (final disbursements ongoing until 2020)	Multi-bi cooperation (last disbursements 2013)	Sectoral and Multi-sectoral budget support (last)	Institutional Cooperation Instrument (ICI)	Higher Education Cooperation (HE-ICI)*	Fund for Local Cooperation (FLC)	CSO programme and project support
SDG's								
Number of disbursements in Vietnam (2008-2020)		61	5 (excluding EEP, which is based in Laos)	12	16	3 Projects (with annual)	104	134
Total Expenditures 2008-2020		63.17 M €	5.80 M €	33.08 M €	2.01 M €	1.50 M € (estimated disbursements until 2020)	4.40 M €	7.25 M €
Key projects/actions/sectors		FORMIS, IPP, WSPST, MinScada, FLEGT, Thua Thien Hue and Quang Tri Rural Development programmes, Targeted Poverty programme Ethnic Minorities (CEM)	One UN pilot process in Vietnam. Regional EEP (energy & environment) programme in 5 Mekong countries)	Forestry Sector Trust Fund and targeted poverty reduction in ethnic minority regions,	Exchange in Meteorological services, Air quality, Climate change, cold-water fish breeding	HE-ICI has enabled considerable exchange between education institutions. Alo IPP, FORMIS and EEP have built educational partnerships	Many actions, focusing on women, ethnic minorities, climate change, rural development, renewable energy, democratic participation and transparency	Many actions focusing on Water; WASH; ethnic minorities, democratic participation, disability inclusion, children, youth, gender equality
1. No Poverty	5.7	6	5	6	5	4	7	7
Narrative explanation		poverty reduction was prominent in rural development, water and ethnic minority programmes. Important contribution	in One UN programme in Vietnam this was an important element, mainly approached as inclusion and empowerment. In EEP the focus on improving access to energy	In both sectors, poverty reduction was key to the interventions	No direct poverty focus, though in some projects economic effects on fish farming and agriculture are indirectly supporting	Not a focus, though actions don't go against poverty reduction	Projects have clear focus on poverty reduction and are localised and targeted to specific poorer target groups	Clear focus in most actions with specific attention to inclusion of vulnerable groups
4. Quality Education	4.9	5	4	4	4	7	4	6
Narrative explanation		Education was not a focus in these programmes, though capacity development and education were small components	Important sector in One-UN planning, and several actions supported, though not a focus area in EEP	Not a targeted sector/goal, though it is likely that specific actions have also targeted education	No direct links	This is the core focus of HE-ICI	Education is not supported at all by FLC project. In some occasions, there are possible links with research	A number of actions (children, youth, women and disability inclusion) pay significant attention and/or focus on education
5. Gender Equality	4.9	5	4	4	5	5	5	6
Narrative explanation		In the bilateral programmes, attention for gender equality was included, though not very comprehensively	Was included as CCO in UN actions, 2018 reporting reported results under human rights. EEP did not have a specific gender focus	Not included at the level of objectives, though likely to be addressed as crosscutting. Sex disaggregated indicators added to some projects	Not as a key focus in the projects, neither a CCO, but evidence of positive gender impacts	Not as a key focus in the projects, but in ICI attention is given to CCO's including gender equality	Some projects target women, otherwise gender equality is not strongly included in the projects	Both at the level of targeted actions as well as mainstreamed as cross-cutting objective
6. Clean Water and Sanitation	5.0	6	4	4	6	4	5	6
Narrative explanation		Important interventions and Finnish contribution has been highly appreciated	Not a focus area in both programmes, though important side-sector for EEP and energy actions relevant for water	This was not a focus area	Considerable focus	No focus, though HE-ICI can support innovation in this SDG	Some projects target water (in climate change, fish-culture, agriculture) but focus is more on climate change	WASH is an important area of cooperation of CSO's and with focus on vulnerable groups
13. Climate action	5.1	6	6	5	6	4	5	4
Narrative explanation		Climate change was not a focus area in bilateral cooperation, but with sustainability is clearly included in IPP, FORMIS and rural development	Not a focus area in One-UN in Vietnam, but core the EEP and many actions supported. Wide recognition of value of EEP	In Forestry sector, this was a clear focus, though in ethnic minority projects less. But not as a CCO	ICI seems to have a rather strong focus on sustainability and climate change actions, but not as a CCO	No focus, though HE-ICI can support innovation in this SDG. In 2020 MFA made a funding decision on climate specific HE-ICI in Vietnam (please see HE-ICI annex for details).	Climate change is a focus in many of the FLC projects. It seems a priority in FLC planning, but not addressed as a CCO	CSO projects and programmes have limited attention for climate action
17. Partnerships to achieve SDG's	4.4	5	6	3	5	6	3	3
Narrative explanation		Partnership approach was strong in IPP and there was a wide recognition of its value. However in other programmes partnerships received only limited attention. Particularly concept of Multi-stakeholder partnership was not strong	18 UN entities operating in Vietnam involved in common partnership framework between the UN in Viet Nam and GoV. "One Strategic Plan" for 2017-2021. Also in EEP, partnerships were key elements and 39 projects in partnership were supported	No clear approach to partnership development in sector support as it focuses on Govt.	Institutional partnership is core to the approach although multi-stakeholder (public-private-civil) is not strongly developed	Institutional partnership is core to the approach although multi-stakeholder (public-private-civil) shows room for improvement. Education partners though are generally interested in wider partnership	although there linkages with other projects in the Finnish portfolio, the approach is mainly on specific projects and partners. The projects might be somewhat isolated and localised	Limited attention for partnerships. CSO cooperation is very much focusing on Civil Society only and between CSO's only. No links with private sector and academia and only to some extent to public sector, mainly in the area of lobby and advocacy

Crucial for achievement of this SDG 7

Supporting achievement of this SDG 6

Enabling achievement of this SDG 5

Neutral to achievement of this SDG 4

Limiting potential to achieve this SDG 3

Contradicting achievement of this SDG 2

Cancelling the achievement of this SDG 1

* Financial data on HEI-ICI present committed amounts, as no data on disbursements are available in the financial overviews provided by MFA. The number of projects, include multiple disbursements



Analysis of match/contribution of to achievement of SDG's		Private sector funding instruments and support mechanisms (ODA and Non-ODA)								
SDG's	Average score PSI	Concessional Credits (with ongoing disbursements until 2020)	Public Sector Investment Facility (PIF) (no disbursement, start in	Finnpartnership	Finnfund	BEAM (2015-2019, partially ODA)	Devplatt (at Business Finland (start in 2020)	Finpro & Tekes (until 2017), now Business Finland**	Finnvera**	Sitra**
Number of disbursements in Vietnam (2008-2020)		213	none yet	161 and business brokerage services	2	6	none (yet, partially ODA)	multiple support services (non	Export credit (non ODA) (no specific	Investments (non ODA) (no specific
Total Expenditures 2008-2020		39.01 M €		3.75 M €	ODA to Finnfund not specified (overall allocation per country)	0.34 M €		No data reviewed	No data reviewed	No data reviewed
Key projects/actions/sectors		Focus on Water, Electricity, Health (hospital), transport (road, bridges) infrastructure. Reduction of flooding damages	PIF agreement doesn't present specific sectors, though it states the actions will have to contribute to social economic development of the people of Vietnam	Energy, construction, ICT, environment, agriculture, forestry, Industry, Education	Aquaculture an Fruit processing	Furniture, Education, Water, Automatin	No sector focus, though specific attention to SDG's and Vietnam is a core Devplatt country	No focus	No focus	No focus
1. No Poverty	4.3	3	4	5	5	4	5	4	5	4
Narrative explanation		poverty reduction is not a focus, though service provision to the whole population is. Poor might benefit, though none of the actions mention this as key in the approach. There is a risk that poor are not sufficiently included	Inclusion and human rights are included in the PIF agreement, which is likely to ensure that actions will not have detrimental effects on poor people	Support to SME's in establishing business contacts and trade and investments in Vietnam. The key effect on longer term is employment.	These investments generate employment and contribute to poverty reduction.	No specific link, though actions eventually might generate employment. The focus though is on the business initiative	No sector focus, though through SDG criteria in grant and loan support, adverse effects should not be possible. Support to companies on the longer term is likely to have positive employment effect	No specific link or attention in BF for inclusion and poverty reduction. Focus is on business development and innovation, and Finnish exports.	Export finance enables companies to trade and invest and it generates employment	Not assessed as no specific information was analysed
4. Quality Education	4.2	4	4	5	4	5	4	4	4	4
Narrative explanation		None of the actions focus on education and there is no clear positive or negative effect on education	No specific focus on education and no likely negative or positive effect	Some specific actions focus on education as an export sector/service	No link with education	One of the actions targeted education as an export sector	No sector focus and not key to the actions supported. Education institutes though can be involved as research partners	No specific links with education though links and partnerships are established with research institutes	Not specific sector focus in Finnvera's export financing	Not assessed as no specific information was analysed
5. Gender Equality	3.6	3	3	5	4	3	5	3	3	3
Narrative explanation		Actions focus on infrastructure and effects on gender equality are unclear. Investments in water, energy and health can support gender equality, however this is difficult to verify	No mention is made of gender equality as a criteria for finance and this brings the risk that projects neglect interests and needs of women, one gender project had been in the pipeline but its development had stalled. PS actors report that the format requires crosscuttings to be included to the proposal.	Not a focus of actions apart from the 2019-2021 operating period. FP projects' development impact assessment include impacts in gender equality.	Not specified in short project descriptions. An important part of employment is for women, particularly in fruit sector, but if gender equality improves is difficult to assess	Not a focus of actions and also not mentioned as a criterion for support. Risk of adverse effects exist	No focus, though through SDG criteria in grant and loan support, adverse effects should not be possible. And attention to SDG's might also contribute to positive effects	Not a focus of actions and also not mentioned as a criterion for support. Risk of adverse effects exist	Not within its specific mandate of export financing. There might be unintended negative effects	Not a focus of actions and also not mentioned as a criterion for support. Risk of adverse effects exist
6. Clean Water and Sanitation	5.0	6	5	4	5	5	5	5	4	6
Narrative explanation		Important area of investment and with increased access and quality of services.	No sectors are specified ag. In the light of previous actions under CC however it is likely that investments will consider and/or even target water and WASH investments	Not a focus of actions but environmental and social impact assessment is conducted, and positive environmental impacts get higher scores in the approval.	In both project this is a relevant aspect in the production process. Descriptions show sustainability of operations	Focus is on clean technology and specific investment in water	No sector focus, though through SDG criteria in grant and loan support, adverse effects should not be possible. And attention to SDG's might also contribute to positive effects	BF includes innovation funding and also have sector programmes for bio-circular economy and energy which are relevant to climate action	Not specific sector focus in Finnvera's export financing	Strong innovation focus of Sitra includes this sector and is therefore likely to have positive effects on this sector
13. Climate action	4.8	5	4	4	5	5	5	5	4	6
Narrative explanation		In water, energy and flooding mitigation actions attention to climate change is given and effects of projects are likely beneficial in climate change mitigation, but except for the flooding actions the projects don't focus on climate action	No sectors are specified and climate is also not mentioned as cross cutting. In the light of previous actions under CC however it is likely that investments will consider and some possibly target climate action	Not a focus of actions but environmental and social impact assessment is conducted, and positive environmental impacts get higher scores in the approval.	The companies involved in Vietnam have sustainability principles and Finnfund applies environmental impact assessment as standard procedure	Focus of BEAM on bio-circular economy, clean tech and digitalisation and therefore are likely to contribute to climate action	No sector focus, though through SDG criteria in grant and loan support, adverse effects should not be possible. And attention to SDG's might also contribute to positive effects	BF includes innovation funding and also have sector programmes for bio-circular economy and energy which are relevant to climate action	Not specific sector focus in Finnvera's export financing	Strong innovation focus of Sitra includes this sector and is therefore likely to have positive effects on this sector
17. Partnerships to achieve SDG's	4.4	5	5	5	3	3	6	5	4	4
Narrative explanation		Partnerships are established, though mostly confined to specific public-private partnerships. Not multistakeholder. The sectors of investments are SDG relevant and the projects contribute to SDG's	As with CC, partnerships are confined to public-private partnerships. As no sectors are specified it is not possible to assess possible partnership efforts to achieve SDG target, although in some sectors (water, energy, health) this is likely	While the support is foremost targeting specific companies and specific activities, funding is also available for non-profits in partnership with companies, and since 2020 can finance non-profits which partner with DevPlatt companies.	No focus on partnerships. The investments are targeting specific companies. This might even have adverse effects on partnerships for SDG's	The support provided is focusing on specific companies and doesn't bring partners together in partnerships in spite of that the BEAM could also support partnerships incl. with CSOs	Link with SDG's is specified in Devplatt's funding support and there is a partnership focus in place that also includes co-creation with local partners and with research partners. The approach is not yet very strong on multi-stakeholder partnerships but attempted to be strengthened also in collaboration with FP.	BF considers partnerships for innovation and also includes research institutes for innovation	Mandate is specific to provide export credits and this is not related to partnership development	No specific focus on partnerships is established and applied. Though in innovation research is an important component

** No amount and disbursements are presented for Business Finland (Tekes and Finnpro), Finnvera and Sitra, as these facilities/institutions mainly provide non-ODA services, investments or grants

*** Nordic Development Fund investments are not included in this table, as the Fund is co-owned by multiple Nordic countries and no specific data on Finnish contributions are available). NDF has supported 4 climate action projects in Vietnam since 2009



Table 11 Instrument coherence analysis

Analysis of Synergy, complementarity or contradictions with other instruments and modalities	Grant-Based /Traditional Development Cooperation						Private sector funding instruments						
	Bilateral cooperation	Multi-bi cooperation	(Multi-)sectoral budget support	Institutional Cooperation Instrument (ICI and HEI-ICI)	Fund for Local Cooperation (FLC)	CSO programme support	CC	PIF	Finpartnership	Finnfund	BEAM	Devplait	
Bilateral cooperation	5	5	7	6	5	6						6	
	Bilateral programmes do not directly match with One-UN approach, but at the same time don't contradict. Complementarity exists with EEP as it is climate and sustainability issues are shared	Bilateral programmes do not directly match with One-UN approach, but at the same time don't contradict. Complementarity exists with EEP as it is climate and sustainability issues are shared	bilateral and sector budget support have been mutually reinforcing as the choice of sectors coincides	There is good thematic overlap in ICI and bilateral programmes. However synergies can be strengthened	More than half of the FLC projects are supportive to bilateral programme focuses and also focus more on civil society to complement bilateral, multi-bi and sector support. FLC is important in the mix	In the sectors of water CSO support has been complementary to bilateral programme support. In other sectors links have not been so strong and possibilities for complementarity were more limited	IPP is a flagship project of Finnish cooperation with Vietnam, but also other bilateral programmes have had an important contribution to development of new partnerships and they have contributed to effectiveness of private sector engagement and research institutes in partnerships.						
Multi-bi cooperation	5		4	4	3	3						5	
	Bilateral programmes do not directly match with One-UN approach, but at the same time don't contradict. Complementarity exists with EEP as it is climate and sustainability issues are shared		No clear links, but sector support to Gov is discussed in development partner groups, so contradictions with multi-bi are unlikely. But on the other hand no synergies are created	No links, but also no contradictions with One-UN support. With EEP there were links and synergy in sustainability and climate issues, though not strongly developed	No links between the two modalities and there is not much synergy with one-UN, some cooperation possibilities exist with EEP, though sectorally and thematically there were no strong links	There seems to be a tension between UN support and support to Civil Society in Vietnam, as UN support does not always and sufficiently reaches the Vietnamese civil society, though CSO's do participate. No strong CSO links were created in EEP.	One UN Support has had no noticeable effect on private sector funding instruments and modalities, nor has it been in contradiction with these modalities. EEP has had an important contribution to development of new partnerships and they have contributed to effectiveness of private sector engagement						
(Multi-)sectoral budget	7	4		5	4	4						3	
	bilateral and sector budget support have been mutually reinforcing as the choice of sectors coincides	No clear links, but sector support to Gov is discussed in development partner groups, so contradictions with multi-bi are unlikely. But on the other hand no synergies are created		The links between Sector support and ICI are indirect, through bilateral projects	Through the links and synergy of bilateral programmes with sector support there is some alignment. Some projects focus on strengthening civil participation, but this focus is not strong	Sector support has focused on ethnic minority regions. This was also one of the focuses of CSO support in Vietnam. These two forms of cooperation in this sector provide an important complementarity. However, it is not clear if to what extent possibilities for cooperation have been explored in the sector support as both sectors seem to be quite separate	This support has focused on programmes where private sector was not involved and the focus was on government budget support. There have not been mechanisms to strengthen links and synergy between the two						
ICI and HEI-ICI	6	5	5		4	4						4	
	There is good thematic overlap in ICI and bilateral programmes. However synergies can be strengthened	No contradictions with One-UN support and in line with the SDG 4 quality education. Some links exist between ICI and IFI (WB) programming, particularly through the FME. With EEP there were links and synergy in sustainability and climate issues, though not strongly developed.	The links between Sector support and ICI are indirect, through bilateral projects		Cooperation and exchange with ICI is not explored in FLC. It is a somewhat stand-alone modality, best linked with bilateral programmes	The ICI and HEI-ICI projects have been largely confined to exchange between specific education and public institutions in Finland and Vietnam and have not explored cooperation outside these institutional exchanges, even though they have taken place in overlapping sectors/themes	No links have been established, though in specific sectors (e.g. weather forecast), more exchange and cooperation with private sector instruments could have strengthened potential of the ICI instrument. There might have been creation of demand for specific services and goods from private sector						
FLC	5	3	4	4		5						3	
	More than half of the FLC projects are supportive to bilateral programme focuses and also focus more on civil society to complement bilateral, multi-bi and sector support. FLC is important in the mix	No links between the two modalities and there is not much synergy with one-UN, some cooperation possibilities exist with EEP, though sectorally and thematically there were no strong links	Through the links and synergy of bilateral programmes with sector support there is some alignment. Some projects focus on strengthening civil participation, but this focus is not strong	Cooperation and exchange with ICI is not explored in FLC. It is a somewhat stand-alone modality, best linked with bilateral programmes		FLC and CSO support show a considerable degree of overlap in terms of sectors and themes covered in the cooperation. This establishes opportunities for synergy and cooperation. In practice these synergies might not always have been pursued as the modalities are quite separate and managed at different levels.	No links between FLC and private sector instruments and due to location, scale and type of interventions there are only a few (if any) good perspectives for stronger synergy and complementarity. This would require a much more strongly focused FLC portfolio						
CSO support	5	3	4	4	5							4	
	In the sectors of water CSO support has been complementary to bilateral programme support. In other sectors links have not been so strong and possibilities for complementarity were more limited, though positive impacts of the engagement of CSO in IPP-II	There seems to be a tension between UN support and support to Civil Society in Vietnam, as UN support does not always and sufficiently reaches the Vietnamese civil society, though CSO's do participate. No strong CSO links were created in EEP	Sector support has focused on ethnic minority regions. This was also one of the focuses of CSO support in Vietnam. These two forms of cooperation in this sector provide an important complementarity. However, it is not clear to what extent possibilities for cooperation have been explored in the sector support as both sectors seem to be quite separate. Moreover, cross-cutting agenda can drive adding-on actions (e.g. PFG under FORMS-II) which, however, are not always fit	The ICI and HEI-ICI projects have been largely confined to exchange between specific education and public institutions in Finland and Vietnam and have not explored cooperation outside these institutional exchanges, even though they have taken place in overlapping sectors/themes	FLC and CSO support show a considerable degree of overlap in terms of sectors and themes covered in the cooperation. This establishes opportunities for synergy and cooperation. In practice these synergies might not always have been pursued as the modalities are quite separate and managed at different levels.		CSO support has also had clearly different focus areas than PSI and possibilities for partnership have not been explored. Opportunities could have existed in for example disability inclusion and equal opportunities in enterprise development. And also in the area of climate change and sustainability cooperation is possible, though it has not been widely explored in CSO cooperation						
Private sector funding instruments	Concessional Credits			5				6	4	3	4	4	
	Clear links exist with bilateral programmes and the choice of priority sectors. However with other grant-based instruments there has been limited synergy. The CC's are particularly relevant in providing infrastructural support in specific sectors that are covered by different modalities (bilateral and ICI mostly)							Follow-up instrument clearly based on lessons learned in CC	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	Finnfund focuses on private sector initiatives and there are no links with Govt. Complementarity is not sought and in some occasions investments are not enabled by Govt.	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	
	PIF			5				6	4	4	4	4	
	Not yet materialised, but a similar relation is expected as under CC. There are Finnish companies which played a role in the bilateral cooperation actively seeking to implement prospective PIF projects							Follow-up instrument clearly based on lessons learned in CC	No relationship yet between the two instruments; PIF only starting operation 2021	In PIF lessons from CC are included and more possibilities for PPPs exist with possibilities for larger infrastructure investments	No relationship between the two instruments; did not overlap in operation.	No relationship yet between the two instruments. PIF only starting operation in 2021, potential exists	
	Finpartnership			4				4	4	3	4	6	
	Cooperation with CSO's and educational institutes is promoted, enabling synergies with particularly HEI-ICI, FLC and SCSO support. However in applications in practice this does only occasionally occur							No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	No relationship yet between the two instruments. PIF only starting operation in 2021	Possibilities for pipeline development to Finnfund exist, though scale of operations is entirely different. Even though housed in the same institution there is limited synergy between the two. The target companies are very differently sized and large investments can limit SME competitive power, though also create value chain linkages	Limited relationship between the two instruments; learning for more extensive FP-DevPlait relationship.	Synergy between Finpartnership and Devplait is promoted by developing partnerships with Devplait supported organisations and companies. FP-DevPlait share a staff and organize joint events	
	Finnfund			4				3	4	3	4	4	
	This instrument is separate from the other grant-based instruments and with limited possibilities for synergies. Partnerships are not explored with research institutes and CSO's and there are also no links with host governments as investments are private. Finnfund is not picking up from pipelines that are created in the grant based cooperation except for IPP and also EEP at regional level, although both Finnfund supported companies have no relation with Finnish actors. The Nordfund (not included in this portfolio analysis) might have more options for synergies as this fund focuses on climate related sectors that have also been supported with the grant-based instruments. The larger scale investments of Finnfund are development relevant and are thoroughly screened for environmental impact, though other COO's and also SCSO interests receive less attention							Finnfund focuses on private sector initiatives and there are no links with Govt. Complementarity is not sought and in some occasions investments are not enabled by Govt.	In PIF lessons from CC are included and more possibilities for PPPs exist with possibilities for larger infrastructure investments	Possibilities for pipeline development to Finnfund exist, though scale of operations is entirely different. Even though housed in the same institution there is limited synergy between the two. The target companies are very differently sized and large investments can limit SME competitive power, though also create value chain linkages	No relationship between the two instruments; learning for more extensive FP-DevPlait relationship.	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects, some potential could exist.	
	BEAM			5				4	4	4	4	4	
	Links existed in the education, water and energy sectors, although these links might not have materialised in specific projects in these sectors that were also supported with grant-based modalities. In the IPP some innovation partnerships in specific sectors have served as a pipeline							No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	No relationship between the two instruments; did not overlap in operation time	Limited relationship between the two instruments; learning for more extensive FP-DevPlait relationship.	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	DevPlait is follow-up instrument clearly based on lessons learned in BEAM.	
	Devplait			6				4	4	6	4	4	
	Although Devplait as an instrument still needs to mature there are good possibilities for linkages as Devplait is geared towards broader partnerships and also promotes SDG's. Devplait additionally is targeting Vietnam as a priority market thus creating additional opportunities for synergies with other instruments							No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects	No relationship yet between the two instruments; PIF only starting operation in 2021, potential exists	Synergy between Finpartnership and Devplait is promoted by developing partnerships with Devplait supported organisations and companies. FP-DevPlait share a staff and organize joint events	No relationship between the two instruments. Not generating pipelines for one-another. Because of different focus also no adverse effects, some potential could exist.	DevPlait is follow-up instrument clearly based on lessons learned in BEAM.	



Annex 13. Cross-cutting policy priorities and objectives in Finnish-Vietnamese cooperation

Summary and conclusion

The integration of CCO's have generally been strongly embedded in grant-based instruments but are much less present in PSI modalities and instruments. Over the past decade, Corporate Social Responsibility (CSR) and SDGs have been embraced by the private sector and is gradually becoming more a bottom-line in business operations. The HRBA has not always been fully understood and integrated by the Vietnamese counterparts. This has led to challenges in the political dialogue between the countries, particularly in the area of human rights. **(E.Q 5.1)**

There is a mutual influence in the integration of cross-cutting objectives and the transition process towards a new kind of partnership between Finland and Viet Nam. Whereas poverty and social inclusion, and gender equality have received less attention in PSI, attention for climate change mitigation and environmental sustainability has remained. The decreasing attention to Vietnamese civil society can be seen in the decreased support to CSO's during the transition process, and this has limited possibilities for CSO's to exercise influence and countervailing power in adhering to and advancing CCO's and SDGs. **(E.Q 5.2)**

There are examples of good and not-so-good practices in promoting the Finnish Cross-cutting priorities. IPP and EEP have, at an early stage in the transition process, already secured the involvement of the private sector in environmental sustainability and climate changes through specific partnership facilities. There are some grant-based and PSI modalities and instruments that have included more systematic efforts to build and support partnerships. This was done particularly in IPP, EEP, the ICI, HEI ICI facilities, CC and PIF. Finnpartnership, and particularly the newly established DevPlat facilities, have a strong focus on partnerships. MFA, the Finnish Embassy and Team Finland have integrated CCO's in policy dialogue limitedly. CCO's apart from climate/environment, have not been prominent in Finnish dialogue with Viet Nam and the dialogue on Human Rights has not (yet) been effective in creating common ground, with a notable exception of the recently signed PIF. **(E.Q 5.3)**



Methodology: a two-way approach²⁵

An assessment of how cross-cutting objectives are closely adhered to is essential for evaluating the transition process for several reasons. Viet Nam - Finland relations is geared toward increasing trade cooperation in the coming years. Meanwhile, rapid growth has had detrimental effects on the environment, and natural assets in Viet Nam and much of its population and economy are highly vulnerable to climate change. It is also generally known that economic growth does not automatically translate into improvements in human rights and gender equality (even though gender equality can contribute significantly to economic growth) (McKinsey Global Institute, 2015).

The **human rights-based approach (HRBA)** is a core principle of the Finnish development cooperation and is integrated with all its activities. In this evaluation, HRBA will be addressed through a review of key cross-cutting priorities, including gender equality, social inclusion and poverty reduction.

The following table summarizes the key topics of the strategies (in both Finland and Viet Nam) in terms of the cross-cutting priorities and objectives in accordance with the global development frameworks.

Table 12 Key cross-cutting policy priorities in in Finland and Vietnam

GLOBAL PERSPECTIVES		
MDGs (2000-2015)		2030 Agenda (2015-2030)
Gender MDG 3: Promote gender equality and empower women		SDG 5: Gender equality, empower and create enabling opportunities for women and girls
Inclusion/non-discrimination Not available as cross-cutting		SDG 10: Reduced inequalities
Environment MDG 8: Ensure environmental sustainability		SDG 13: Climate action; SDG 7: Affordable and clean energy; SDG 12: Responsible consumption and production Paris Agreement on Climate Change (CC); Sendai Framework for Disaster Risk Reduction (DRR)
FINLAND DEVELOPMENT POLICY		
Development Policy Programme 2007	Development policy Programme 2012	Development Policy 2016
The rights and the status of women and girls, and promotion of gender and social equality	Gender equality	Gender equality
Promotion of the rights of groups that are easily excluded.	Reducing inequalities	Non-discrimination (including persons with disabilities)
Not available	Climate sustainability	Climate Resilience Low emission development
VIET NAM DEVELOPMENT POLICY		
Socio-Economic Development Plan 2006-2010	Socio-Economic Development Plan 2011-2015	Socio-Economic Development Plan 2016-2020 /NDC 2020 / NAP 2021
Gender equality	Gender equality	Gender equality, women's economic empowerment
Poverty reduction Social protection	Poverty reduction Social protection	Sustainable poverty reduction, using the national multi-dimensional poverty criteria (no disability inclusion); Vulnerability reduction (including People with Disabilities)
Natural resource management & environment protection for sustainable development	Climate change adaptation Natural resource management & environment protection for sustainable development	Climate change adaption Inclusive and sustainable production & industrialization 2020 and beyond: Nationally Determined Contributions (NDC) 2020; National Adaptation Plan (NAP) 2021

²⁵ This methodology is based on the MFA evaluation guidance on cross-cutting objectives, MFA November 2020 presentation on cross-cutting objectives for Finland's development policy and cooperation, and on the UNEG Guidelines on Integrating Human Rights and Gender Equality.



The evaluation looks into the changes occurring in the mainstreaming of cross-cutting objectives (CCO) set by Finland’s Development Cooperation over the period of 2008 - 2020. At the same time, a review of Viet Nam development priorities is equally important to complete the picture. Therefore, the evaluation will not focus solely on the current cross-cutting objectives but involves a two-way approach consisting of:

1) A **back-wards looking summary of the previous programme activities on the cross-cutting priorities** of gender equality, social inclusion and poverty reduction, as well as climate sustainability over the period of 2008 - 2020. The purpose of this looking-back method is to:

- Identify and understand the changes that have occurred over time among different priorities;
- Ensure a well-balanced mix of Vietnamese and Finnish perspectives;
- Incorporate the international development discourses and influences (e.g., the UN 2030 Agenda, “Leave No One Behind”, etc.).

2) A **forward-looking analysis reflects on the current Finnish cross-cutting objectives of gender equality, non-discrimination (with a focus on people with disabilities), climate resilience and low emission development**. This analysis looks into how and to what extent the current CCOs have been integrated and implemented. Particularly, the relevant findings and suggested recommendations are inclined towards the current CCOs within the scope of this MFA evaluation.

Data collection

The evaluation integrates an assessment of the cross-cutting priorities and objectives, which was primarily based on a desk review of MFA/Finland Embassy documents, independent evaluations, Vietnamese relevant policies and legal provisions and project/modality documentations. They are supplemented with empirical data gathered from the online survey and qualitative interviews with representatives of MFA, PSI management, Finland Embassy in Viet Nam Vietnamese line ministries, other Finnish and Vietnamese institutions, Team Finland members, Finnish and Vietnamese private sector organizations and companies, Finnish and Vietnamese academia, and civil society organizations (CSOs) in Finland and Viet Nam.

Evaluation questions related to the cross-cutting priorities

The evaluation focuses on answering (E.Q. 5) “To what extent and how have Finnish cross-cutting objectives (social inclusion and poverty reduction, gender equality and environmental sustainability) been supported throughout the transition process?” This is answered through the following questions:

- 1.1 To what extent and how have Finnish government cross-cutting priorities been understood and integrated into a) Finnish aid instruments and support modalities; b) Economic partnership and trade agreements and corporate practices?
- 1.2 To what extent and how have cross-cutting priorities influenced the transition process towards a new partnership? And vice versa, how has the transition process influenced these Finnish priorities



1.3 What specific ODA and Non-ODA instruments have generated good practices in promoting cross-cutting priorities?

Findings

E.Q 5.1 To what extent and how have Finnish government cross-cutting priorities been understood and integrated into:

3. Finnish aid instruments and support modalities;

4. Economic partnership and trade agreements and corporate practices?

The cross-cutting priorities of **gender equality, social inclusion and poverty reduction and environmental sustainability** have been understood and integrated into Finnish aid instruments and support modalities, as well as into economic partnership, trade agreements and corporate practices in the following ways:

At the global level, the recent MFA Evaluation of Economic Development, Job Creation and Livelihoods found that Finland’s cooperation in the field of economic development and private sector engagement integrates all identified cross-cutting themes at least at the policy level (as far as they are spelt out in various documents) and Finland (together with the other Nordics) can be considered if not progressive but at least within the global trend of promoting socially and environmentally sustainable businesses. However, in developing the policy framework, Finland has encountered complex, continually evolving, and interrelated challenges concerning the mainstreaming of cross-cutting themes (Laaksonen et al., 2021).

The following two tables help illustrate, according to the online survey among partners of Finnish cooperation in Viet Nam within the scope of this Evaluation, to what extent have cross-cutting priorities been interpreted and integrated into Finnish aid support modalities, instruments and economic partnership, trade agreements and cooperation practices.

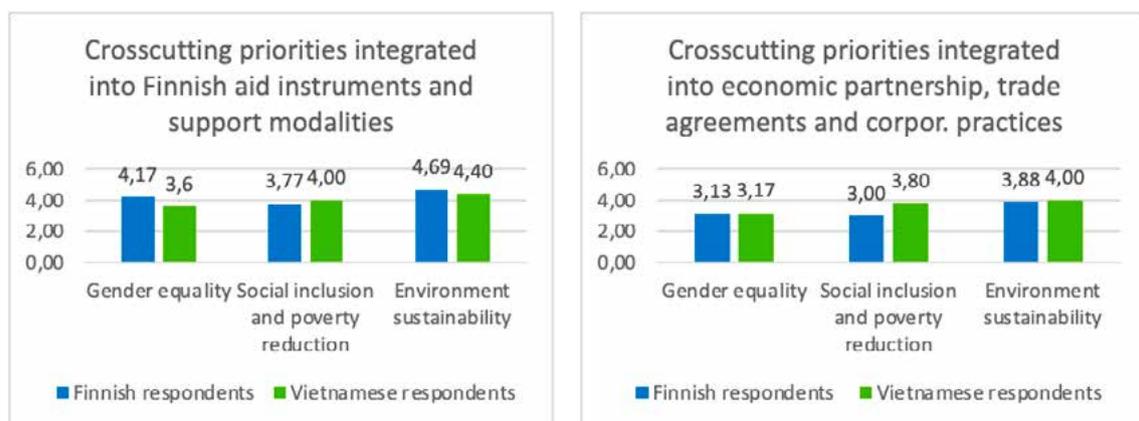


Table: Five-point scale from lowest/negative to highest/positive (3 is neutral).

Both Finnish and Vietnamese respondents estimate the environment sustainability having been most integrated to both components given that environment and climate change is a specific area of thematic expertise in which Finland has clear and unique competencies and a long-term cooperation sector in Viet Nam. Gender equality, social inclusion and poverty reduction are estimated somewhat lower on both, and these having been better incorporated into Finnish aid instruments and support modalities in comparison to economic partnership, trade agreements and corporate practices.



The following tables indicate further how the **cross-cutting priorities have been integrated into the implementation of specific instruments/modalities**, according to the survey respondents.

Table 13 Integration of cross-cutting objectives

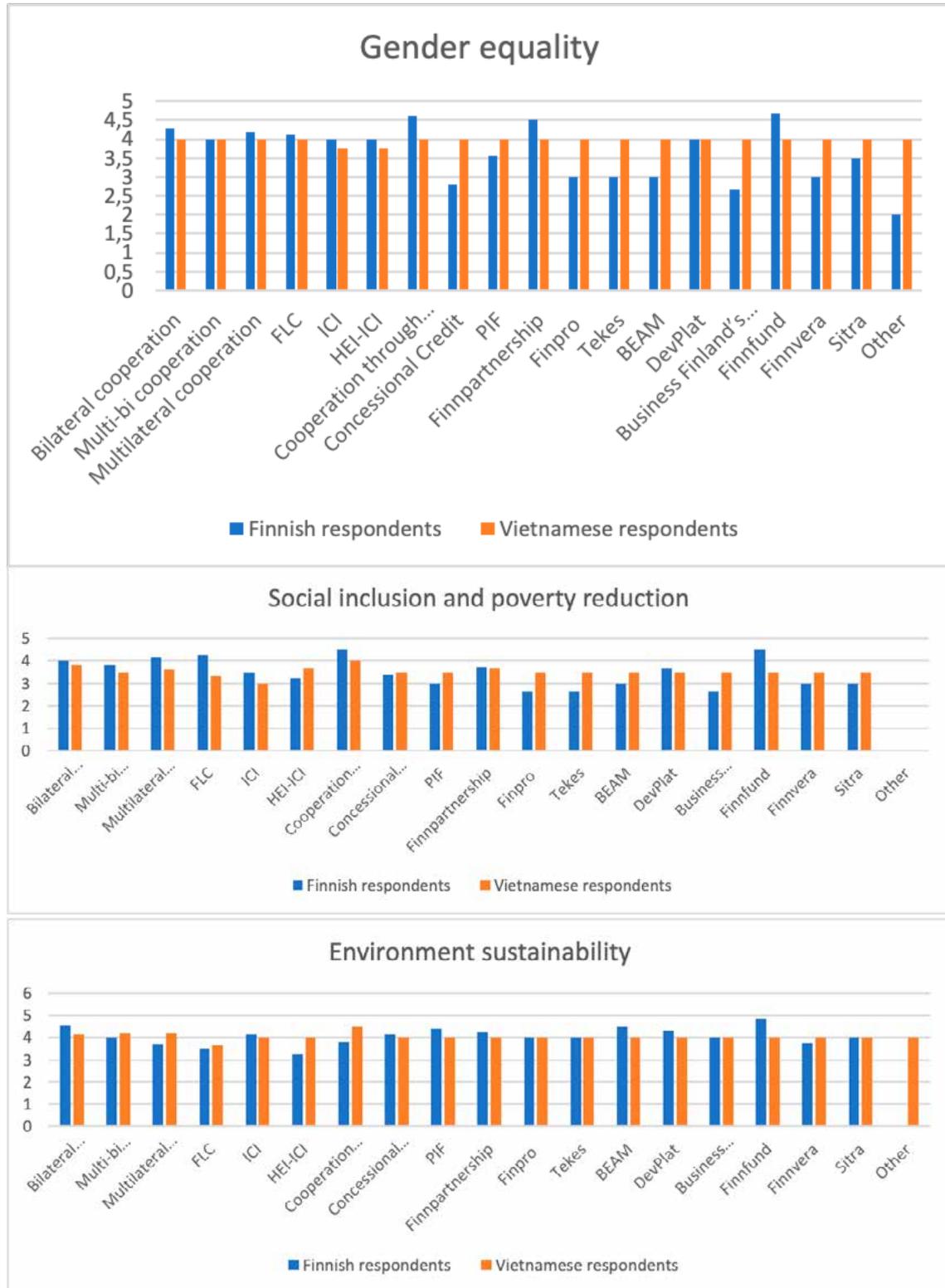


Table: Five-point scale from lowest/negative to highest/positive (3 is neutral).



The tables show that for **gender equality**, CSOs, Finnfund and Finnpartnership have achieved the highest scores, according to the Finnish respondents, while concessional credit and Business Finland have the lowest rate, followed by Finnpro, Tekes and BEAM (a joint programme between the MFA and Tekes). The Vietnamese respondents estimate that all instruments have reached about the same level.

For **social inclusion and poverty reduction**, CSOs and Finnfund have achieved the highest score, according to the Finnish respondents, while Finnpro, Tekes and Business Finland have had the lowest. The Vietnamese estimate that all instruments have reached about the same level, with a bit higher on CSOs and a bit lower on Institutional Cooperation Instrument (ICI).

For **environmental sustainability**, there is no clear champion identified among the instruments and modalities, but for Finnish respondents, Finnfund received a bit higher score, and the Higher Education Institutions Institutional Cooperation Instrument (HEI ICI) a bit lower, while for Vietnamese respondents, CSOs was a bit higher than average and Fund for Local Cooperation (FLC) a bit lower.

The following table shows, according to the online survey to **CSOs, companies and educational and social-cultural institutions engaged in partnership and trade relations between Viet Nam and Finland**, how these groups estimate this guidance/policy/Corporate Social Responsibility (CSR) to include different elements.

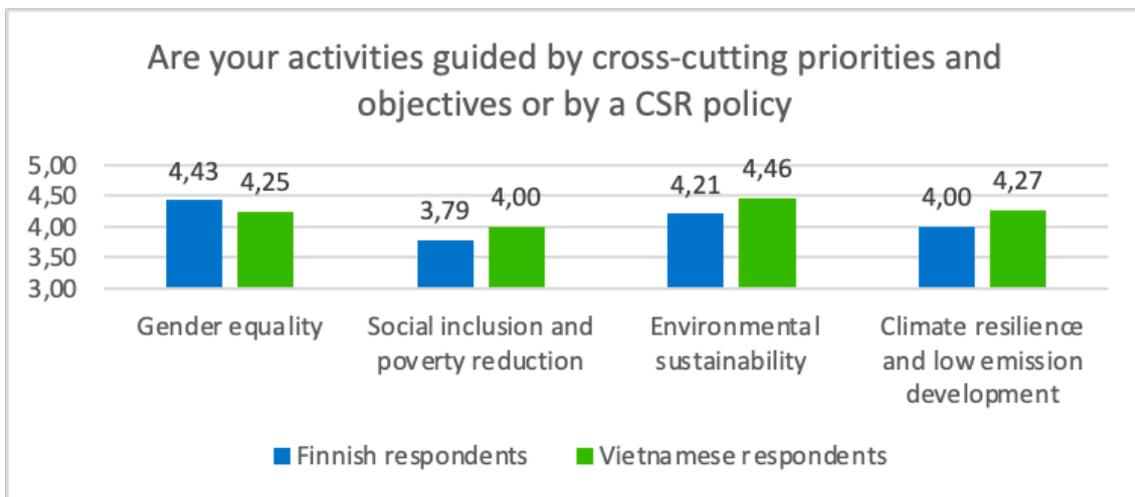


Table: Five-point scale from lowest/negative to highest/positive (3 is neutral).

The table shows that all cross-cutting priorities' inclusion is rated positive rather than negative. The Finnish respondents estimate that their activities are guided by gender equality (highest), environmental sustainability, climate resilience and low emission development, as well as social inclusion and poverty reduction (lowest). The Vietnamese respondents consider gender equality as the highest cross-cutting priority in their activities, followed by environmental sustainability, climate resilience and low emission development, as well as social inclusion and poverty reduction (lowest).

The Finnish respondents estimate that the cross-cutting priorities are generally seen as important and some of them have integrated these priorities into the focus areas in their operations. Some suggested that these should be in-built in the organisation's culture and strategy (DNA) of any company and being part of the market analysis. Existing practices include ecosystem services from



treated wastewater, capacity development for partners, securing sustainable results which enable profitable business, getting more women employees, customers requiring business contacts who are conscious about the environment and child labour.

Some of the Vietnamese respondents report having actively engaged with the cross-cutting priorities. Two of them are development practitioners who have integrated the cross-cutting priorities in their programs and activities. One organization aims to promote the adoption of CSR as shared values in creating new business opportunities and new markets and in improving profitability and strengthening competitive positioning. One respondent from the private enterprise sector considers CSR as a philanthropic responsibility (e.g., charity donations).

On the familiarity of CSOs, companies and educational and social-cultural institutions connected with Finland's development cooperation components, the Finnish survey shows that respondents are quite familiar with Finland's international development cooperation policies and, to some extent, with the current cross-cutting objectives. However, they are not really familiar with the country's strategies on Viet Nam, and specific instructions are needed in this area. The Vietnamese respondents indicate that they are not very familiar with any of these.

Many of the MFA Public Services International (PSI) enable the inclusion of cross-cutting priorities through:

- **The Public Sector Investment Facility (PIF)** projects undergo a human rights assessment. They are included in the PIF MOU, but in practice, it remains to be qualified; if projects are rather engineering-driven, it may indicate that HRBA and gender equality may not be at the top of the agenda, while the environment is.

Finnpartnership also requires writing the cross-cutting priorities down. This is probably due to the fact that gender has been deprioritized in the transition strategy, which was approved in early 2017 (Voutilainen, 2019).

The ICI evaluation from 2014 (Salmi et al., 2014) found that the **North-South-South Higher Education Programme (NSS) and HEI ICI** have not prioritised Finnish cross-cutting objectives and recommended to do so. However, the evaluation participants report that ICIs are strong on gender equality and offer opportunities to the mainstreaming of cross-cutting priorities.

The Fund for Local Cooperation (FLC) instrument was utilized increasingly for initiatives that improve local communities, especially women's and ethnic minorities', forest income by channelling funds for local non-government organization (NGO) projects. Special attention was given to projects increasing the role of women, children and ethnic minorities in combating climate change, for example, through information campaigns and disaster risk reduction initiatives in their local environments.

Gender impacts were not an explicit feature of the **Finnfund** theory of change, though the issue was raised as a priority by Finnfund staff in the workshop (Spratt et al., 2018).

It should be mentioned that it is difficult to use instruments such as ICI, HEI ICI, Finnpartnership, Finn-fund, CSO support and BEAM in a complementary manner to help with the transition and meet the needs of the clients effectively (Folscher et al., 2016). These instruments are not adequately



integrated or sufficiently flexible and also do not necessarily have sufficient (human and financial) resources attached to them to make them effective. The lack of flexibility of instruments can be an issue in general, and thus the assumption that they are complementary does not always hold. When it comes to the realisation of cross-cutting priorities in the country strategy portfolio, it may become even harder. The following analysis serves to illustrate further the degree to which the country strategy portfolio fulfilled cross-cutting objectives with regards to gender, social equity and environmental sustainability, as well as representing a human rights-based approach to development.

Gender Equality

By definition, Finland adopts a **broader understanding of gender equality** that implies the interests, needs and priorities of both women and men, whereas gender in the context of Viet Nam is interpreted as solely *about* women, *for* women, and *by* women only, and thus too often by peppering the words 'women' and/or 'gender equality' across a program document or law proposal the respective program can be considered as gender-responsive. Moreover, Finland puts emphasis on addressing gender-based discrimination, which implicitly includes discrimination against non-normative gender identities.

At strategic and policy levels, **Finland priorities for gender equality speaks very well to Viet Nam strong momentum on gender equality** (including Violence Against Women and Girls prevention) and women's empowerment. The majority of Vietnamese government stakeholders and external partners contacted by the evaluation underscored the lack of attention to gender in the strategy period beyond 2016 for transition.

Finland's country strategy for Viet Nam has been less effective in gender mainstreaming. Gender has received some attention in specific programmes in the 2013-2016 Viet Nam Country Strategy (VCS), whereas gender remains notably absent from Finland's country strategy for Viet Nam in the period of 2008-2012 and for 2016-2020. There is no targeted action/specific programme that is aimed at advancing gender equality and/or women's empowerment as the main objective.

The **2013-2016 VCS has engaged with gender equality** by, for example, producing gender-specific indicators and information or by providing equal opportunities for training. In addition, gender-specific activities can be supported, for example, through projects implemented by local NGOs in bilateral programmes. Likewise, **the 2016-2020 VCS mentioned the integration of HRBA and CCO, including gender equality with all development cooperation** in the overall objectives of Finnish bilateral relations in Viet Nam. For instance, gender-disaggregated indicators were added to FORMIS data on ownership (Folscher et al., 2016). Moreover, the target of policy influencing in FORMIS included gender impact in relation to the mainstreaming gender equality and social inclusion in the Viet Nam-European Union Voluntary Partnership Agreement on Forest Law Enforcement, Government and Trade (VPA-FLEGT) since 2018 (Viet Nam Administration of Forestry, 2018). In terms of implementation, MFA is planning to update the guidelines on gender equality as a cross-cutting theme along with capacity building. The Ministry is also preparing tools allowing gender equality analysis to be incorporated into the planning of all new funding decisions. It has been reported that there is a requirement for gender markers to be in the 2018 Ownership Steering Memorandum (OSM). Nevertheless, gender remains notably absent from Finnfund's strategy (Spratt et al., 2018).



Social Inclusion and Poverty Reduction

Poverty reduction is a top priority for the socio-economic development of Viet Nam and for the development policy of Finland. At a strategic level, Finland and Viet Nam have a mutual interest in reducing poverty guided by the United Nations' Leave-No-One-Behind principle. Finland further aims for reducing inequality, implicitly **viewing inequality as the main course of persistent poverty**. In this regard, Finland is grounded in a human right approach. Whereas Viet Nam seems to refrain from taking a rights-based approach, **focusing on a technical approach, and do not address underlying structural issues** that will leave the most vulnerable and disadvantaged behind. It focuses on the bottom 13 million of the overall population but does not address the disparity within this bottom 13 million, i.e., ethnic minorities accounting for 72% of Viet Nam's poor.

The goal of reducing poverty has been addressed in specific programmes, but not as a cross-cutting poverty alleviation strategy, which aims to influence the overall policy and implementation of Finland's development cooperation in Viet Nam whereas **these should have been ensured throughout the identification, formulation and implementation of the programmes**. The evaluation concludes that the **reduction of inequality is not yet mainstreamed effectively**.

At the country level, even though **the 2008-2012 Country Strategy did not refer to the HRBA and the CCOs, the strategic priorities for Finland's development cooperation** include support for a multi-sectoral national poverty reduction program, i.e., the Viet Nam Government's five-year poverty reduction programme (also known as P135 Phase II) implemented between 2006 and 2010 (MFA, 2008). It should be noted that there was an agreement on the integration of three CCOs in all cooperation activities in a bilateral dialogue since 2012 (MFA, 2012).

In the **2013-2016 period**, Finland contributes to poverty reduction mainly through projects and programmes in the selected development result areas of the Strategy. As such, the implementation of the HRBA and the cross-cutting objectives of Finland's Development Policy Programme in all cooperation was strengthened. With respect to reducing inequality, the VCS values the importance of the rights of ethnic minorities during the strategy period. For instance, the significance of access to clean water and sanitation and to forest resources in poverty reduction was well recognised (MFA, 2013). Using the existing TFF mechanism, Finland advocates the contribution of forestry activities as a means to reduce rural poverty.

Likewise, **the 2016-2020 VCS refers to the integration of HRBA and CCO** in the overall objectives of Finnish bilateral relations in Viet Nam. For instance, the 2016 bilateral consultation highlighted the importance of inclusion of the needs of vulnerable groups and priority for ODA remains in social issues, poverty reduction (MFA, 2016a). The HRBA and CCO are also accounted for in trade by emphasizing responsible business (MFA, 2016b).

Furthermore, **no indicators were created to monitor and assess the impact of Finland's development programmes on the reduction of inequality**. The **2013-2016 VCS** indicates that different stages of the project cycle, such as mid-term reviews and planning of the final phases, in particular, will be used to strengthen the implementation of the human rights-based approach in the strategy period. The Embassy's strategy guiding the use of the FLC will be revised to better reflect Finland's Development Policy and its human rights-based approach (MFA, 2013). However, the lack of systematic attention in the IPP-2 to the HRBA and the cross-cutting objectives or measures to ensure compliance of the programme to the Government of Finland's guidelines on these issues weakens the relevance of the program vis-à-vis the Finnish development policy goals (MFA, 2016c).



Environment Sustainability

At the country level, environment and climate change were set forth as one of the main thematic themes in Finland's development cooperation priorities for 2008-2012. It was continuously included in the agreed priority sectors in the 2016 bilateral consultation between Finland and Viet Nam (MFA, 2016a). This is possibly explained that environment and climate change is a **specific area of thematic expertise in which Finland has clear and unique competencies and a long-term cooperation sector in Viet Nam**. Nevertheless, it was **not seen as a critical matter from the point of view of sustainability and corporate responsibility**.

In the 2013-2016 VCS, **environmental sustainability is addressed throughout the supported projects as a cross-cutting objective** and through policy dialogue. Climate sustainability is advanced directly through local NGO projects supporting adaptation models and risk reduction solutions related to climate change. However, similar to the other two CCOs, there was **no clear climate sustainability policy and action plan** to ensure that climate sustainability issues are integrated – properly – into all aspects of project operation during the strategy period. For instance, there have been very limited attempts to adopt climate sustainability into the IPP-2 (MFA, 2016c).

To a lesser extent, in **the 2016-2020 VCS**, there is no further guidance and mention of CCOs, including environmental sustainability in the sector-specific instruments and programmes and the actions related to them; the environmental **sustainability remains merely superficial** in such strategy period.

However, the following table shows that overall, according to the survey to partners of Finnish cooperation in Viet Nam, the respondents see clearly the **most progress in the environmental sustainability among the cross-cutting policy priorities**.

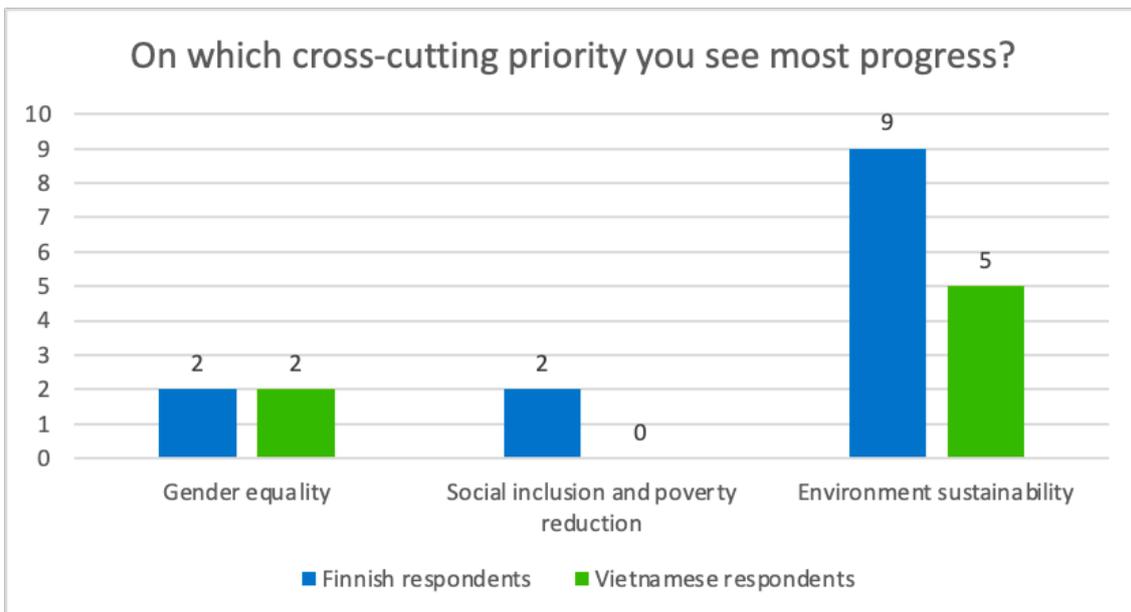


Table: Five-point scale from lowest/negative to highest/positive (3 is neutral).



In **expressed and implemented commitment and support**, the private sector partners of both countries (significantly) and the Vietnamese government (to some extent) have more interest in the environment than to other cross-cutting priorities. Apart from that, there are no significant differences.

E.Q 5.2 To what extent and how have cross-cutting priorities influenced the transition process towards a new partnership? And vice versa, how has the transition process influenced these Finnish priorities?

According to the survey to partners of Finnish cooperation in Viet Nam on how the **cross-cutting priorities influenced the transition process towards a new partnership between Finland and Viet Nam** (and vice versa), the Finnish respondents estimated not that much. These cross-cutting themes have not been the drivers, but are of course, always present in Finnish development cooperation and foreign policy. Leadership and requirements in cross-cutting priorities were reduced when moving from ODA to transition, and the focus on cross-cutting priorities has been overshadowed by commercial interests. Probably because of the transition, specific projects did not focus on directly supporting the poorest of the poor but inclined towards creating longer-term changes in the economy and society that benefit the poor more indirectly.²⁶

However, cross-cutting priorities are also considered important, and the transition may have encouraged business in those areas. Environmental sustainability particularly is very visible. This is explainable as environment and climate have been intensified as the business interest in the approach of circular economy, and related areas such as renewable energy, energy and material efficiency, and waste to energy. Environmentally sustainable technologies have improved market opportunities. Gender equality was set as an objective, and the companies and start-ups may have (indirectly) contributed to it.

MFA and PSI report that the transition's agenda in 2008-2012 did not include much of the HRBA or CCOs as the focus was on the establishing of the new partnerships. As indicated earlier, **gender has been deprioritized in the transition strategy**, even though the Embassy is a member of the Ambassador-level informal gender group of the development partners in Hanoi (Voutilainen, 2019). **The absence of gender in the 2008-2012 VCS was reflected in the Viet Nam-Finland Innovation Partnership Program (IPP, started in 2009). The promotion of gender equality was not very prominent.** There was, for example, no budget allocated specifically for activities for this purpose. No particular objectives nor results were set with the aim to reduce gender inequality. Even though IPP has to gather sex-disaggregated data (Kaipola et al., 2019), gender was not treated as a significant factor in project selection, and sub-projects do not need to contribute to higher-level gender objectives in the IPP-2 (2014-2018).

Moreover, **gender has not been dealt with as a cross-cutting issue in the FORMIS (2013-2018)**, even though **the PFG project under FORMIS-2 (2016-2018) has had good impacts on the participants, especially women**, in increasing their access to information on the internet and showing their capacity as credible development partners. There has been a lack of documentation and no clear strategy in the gender-related area. Seen from the perspective of gender, the PFG indicates that cross-cutting agenda can drive adding-on actions which, however, are not always fit (Katila et al., 2016). **Examples of positive gender mainstreaming exist, but it could be carried out more systematically.** As indicated above, the transition strategy

26 The results of Survey One, see Annex 14



does not look at gender specifically, and, thus, this CCO has not been spelt out, although the programmes have elements (Kaipola et al., 2019).

There is very **modest evidence that gender equality has been particularly addressed in a number of ICI projects**, including PROMOSERV (2010-2012) and the support to RIA-1 aimed at balanced gender participation in training organizing, and VIETADAPT (2011-2014) encouraged involvement and training of young female experts. Gender equality awareness was also one major part of the VIETADAPT questionnaire surveys conducted by the Vietnamese project partners in the case study districts. Moreover, positive gender impacts were evident (improved opportunities for women, youth and ethnic minorities) but have not been dealt with as cross-cutting issues.

The Water and Sanitation Programme for Small Towns in Viet Nam (WSPST, 2004-2017) programme has been proactive in pursuing the participation of women in the decision-making process by the creation of consumer groups and involvement of the Women's Unions. However, **gender does not get addressed very strongly**; the programme has not made efforts to identify gender-specific demands (Katila et al., 2016). Therefore, WSPST rated as weak in relation to gender mainstreaming (Kaipola et al., 2019). Another evaluation found that gender would have been more pronounced in the WSPST if there had been a specific budget line, making sure that gender gets attention in practice (Katila et al., 2016).

HRBA is particularly difficult and could rather be framed within the global SDG discourse. Finland could do more; however, also critical human rights dialogue between the EU and Viet Nam can provide a better framework for advancing rights than the bilateral relationship. Some interviewed stakeholders in this evaluation indicate that human rights can in bilateral relations be advanced through concrete actions (PIF and below FLC support) rather than at dialogue level. Specifically, the PFG project is relevant for poor families from both the Kinh ethnic majority and other ethnic minority groups who benefit from capacity-building activities and welcome support on livelihood activities. The project **raised awareness of the human rights-based approach to development** and promoted the empowerment of women, as indicated early. However, the PFG project **impacts on household income (poverty reduction) are unclear**, as livelihood models often started quite recently and result from these models have not yet materialized (MFA, 2019). According to final evaluations, in PFG and WSPST, ethnic minorities or the poorest of the poor, for the most part, couldn't be reached. This is explained by the fact that poverty reduction was not set as the goal in either project (Kaipola et al., 2019). Another example is the rainbow trout farming, **under the support of RIA-1, has opened up new livelihood opportunities for ethnic minorities**, particularly the local Red Yao and Hmong, thus contributing to human rights and reduction of inequalities. Nevertheless, bearing in mind that ICI is a simplified instrument and the projects are relatively small focused on capacity building, the projects have (selectively) promoted the cross-cutting objectives (Spratt et al., 2018).

With regard to disability inclusion, there are a number of initiatives, for example, one project delivering equipment for disabled people financed from IPP, whereas FLC and CSO projects supporting disabled people organizations (e.g., the work of Abilis Foundation in Viet Nam). It is reported that the rights of people with disabilities remain on the agenda to be promoted when possible in the transition period (Kaipola et al., 2019).

Similar to the other two CCOs, climate sustainability remains strong on the agenda even as the transition progresses through ICIs as well as through the promoted technological solutions. Nevertheless, this CCO is not a specific focus area in the country strategy. Moreover, the environment



is about more than the climate, and this normative term is not reflected in Finland's development policy (Kaipola et al., 2019). Therefore, most ICI projects, old and new, EEP, FORMIS, PFG, EU-FLEGT support, meteorology CC project, FLC projects target climate sustainability directly, rather than a cross-cutting objective. Reflections from ICI projects indicate that the low mission development theme can be difficult to monitor in a meaningful way as the goal is usually the reduction of fatalities/damages, but their development is not linear (Kaipola et al., 2019). Another evaluation carried out earlier in 2016 found that climate change has been mainly addressed through separate FLC project (Katila et al., 2016).

For the private business sector, the companies report that some actions have been based on the CCOs, selection of action locations, among others; however, more often, this is through the business area, although some deliberate actions exist as well. Some sectors have been so closely linked with the Finnish expertise to the point that Vietnamese have started to apply the same values of work. Of the cross-cutting priorities, environment focus is easier to implement: Viet Nam is more closely on the same line on values with the environmental aspects, and the Finnish business focus areas support this. Social inclusion is perceived as more difficult, although it can be realised through specific actions such as promoting gender equality in capacity development activities (equal participation of women and men), providing vulnerable groups with access to information through the digitalization of the database, creating job opportunities for the informal sector. However, it also requires effort taken on the side of Viet Nam for the integration of this CCO.

Overall it is more often considered by the Finnish companies that private financing does not enable the inclusion of CCOs, or at least there is a clear need for consideration on the feasibility of CCO integration in the private sector. This is part of understanding the profit-making nature of the private sector, the existing market competition in Viet Nam and the companies have to prioritize their market competitiveness. The company respondents express their interest in the mainstreaming of CCO, but they also place their client (Viet Nam) perspectives as a first priority. In that regard, it appears to be a demand-driven approach for the Finnish commercial actors. This speaks for a need for awareness-raising among Vietnamese counterparts on the importance of incorporating these CCOs in business.

There is another concern about the possible damage to business reputation (particularly to large companies) if they would not act on these CCOs. There is a perceived risk of losing opportunities to generate funds, particularly from, for instance, the World Bank future investment opportunities if the global agenda as such is not incorporated in the companies' business operations. This implies that CCOs are associated with brand enhancement and gaining a reputation as a positive enterprise to win (possibly profitable) business deals. In order to promote sustainable development, better incentives are needed for commercial actors. Enterprises should be encouraged to work closely together to ensure this understanding is built; and, in return, essentially learning new things from each other.

There is a recommendation that if MFA wishes to develop the transition, the Ministry needs to consider these CCOs strategically tailored to vulnerable regions and other valuable points. From business perspectives, trade entrepreneurship and pro CCO initiatives are not necessarily an easy combination and should not rest solely on the company's shoulders. Furthermore, the broad sustainable development goals may be considered to shift the focus on the pure ethical or altruistic vision of social responsibility towards the responsible creativity or a business with a cause where serious social issues are turned into business opportunities (Kolk, 2015).



E.Q 5.3 What specific ODA and Non-ODA instruments have generated good practices in promoting cross-cutting priorities?

On **specific examples of actions/milestones in applying cross-cutting priorities**, the Finnish survey respondents reported the business sector actors having successfully engaged in the circular economy, renewable energy, energy and material efficiency, waste to energy and, hence, supported transition. In bilateral projects, gender was mainstreamed well, and they have created an electronic platform that significantly improves governance in managing forests (FORMIS). The respondents estimated that the cross-cutting priorities are important to Finland and less so to Viet Nam.²⁷

A Vietnamese respondent refers to FORMIS as a good example for cross-cutting priorities application. It might be specifically the case of the People's Participation in Forest Governance and Poverty Alleviation (PFG) Project implemented by ActionAid Viet Nam (AAV) with the support of the Ministry of Foreign Affairs of Finland, in cooperation with key technical partners, including the FORMIS project, Viet Nam Forest Administration, Viet Nam Forest Association - VIFORA, FPA Binh Dinh and FINPRO. The PFG aimed to create an open and interactive space for people from grassroots communities to participate in the national forest management information system - FORMIS II, supporting ethnic minority communities to deepen connections with their forests, improve the way their forests are governed and contribute to poverty alleviation in Viet Nam. PFG has had good impacts on the participants, especially women, in increasing their access to information on the internet and showing that women can be credible development partners.²⁸ However, as indicated earlier in EQ 5.2 of this Annex, in this particular case, the focus on cross-cutting issues has driven/resulted in projects being added on to compensate for the lack of focus on these issues (Katila et al., 2016). This led to reporting problems; for example, when the implementing partner incorporated gender-related outcomes into the final report, the project coordinator suggested leaving out these gender dimensions seemingly irrelevant to the report subject of forestry management.

On **the understanding of companies on the cross-cutting priorities which have gone beyond CSR**, the Finnish respondents considered that S-Group and Kesko have very elaborate and self-critical CSR/human rights/carbon neutrality programs, and they operate extensively in/buy from Viet Nam. Forestry- and environmental consulting companies have business models contributing to environmental sustainability and climate resilience.

On examples of **companies that have developed Corporate Social Responsibility Policies** and are applying them actively, the Finnish respondents estimated that large Finnish companies have the best resources to implement their strategies were named to possibly have best practices. S-Group, Kesko, Fortum, Wärtsilä, Finnair, Saitex were named. Environmental responsibility is the most advanced.²⁹

There is **very few and far between examples of companies that have developed and implemented CSR policies in Viet Nam**. A Vietnamese survey informant refers to Niras Finland Oy as a good example of this dimension given that Niras served as a lead consultant in collaboration with GFA Consulting (Germany) and Green Field Development (Viet Nam) to provide technical assistance services for the FORMIS II project. In relevance to this observation, there is

27 The results of Survey One, see Annex 14

28 Survey One, *ibid.*

29 Survey One, *ibid.*



evidence from qualitative interviews that some Vietnamese stakeholders in the forestry sector have probably confused the technical cooperation function of Niras with the government development cooperation agency such as the Finnish International Development Agency (FINNIDA).

The results of the coherence analysis (See Annex 12) within the scope of this evaluation reveal that **among private-sector funding instruments and support mechanisms (ODA and Non-ODA), only Finnfund investments generate employment and contribute to poverty reduction.** A couple of others such as concessional credits (with ongoing disbursements until 2020), BEAM, Finnvera and Finnpartnership might eventually generate employment, or to some extent, benefit the poor; the focus, though, is not on poverty reduction. The rest of these instruments and support mechanisms does not mention this CCO as key in the approach. This possibly leads to a risk that the poor are not sufficiently included in the service provision.

Whereas **poverty reduction is prominent in most of the grant-based development cooperation**, there is the exception of ICI and HEI ICI having no direct poverty focus. The inclusion of vulnerable groups was targeted in the ethnic minority programme of the bilateral cooperation and CSO programme and project support.

With respect to gender equality, investments in water, energy and health can support gender equality in concessional credits; however, actions that focus on infrastructure and effects on gender equality are unclear. In the rest of these instruments and mechanisms, **gender is neither a focus of action nor a criterion for support.** Significantly the recently signed PIF has no mention of gender equality as a criterion for finance, and this brings the risk that projects neglect the interests and needs of women in the period of the agreement.

Meanwhile, **gender gets more attention in grant-based development cooperation.** Gender equality has notably mainstreamed both as a cross-cutting objective and at the level of targeted actions in CSO programme and project support. Bilateral cooperation and multi-bi cooperation have addressed gender but not comprehensively. At the level of sectoral support and institutional cooperation, gender reference is limited to the role of CCO rather than a key focus of the projects.

With regard to climate actions, there is **a handful of instruments and mechanisms which are likely to contribute to climate sustainability.** Business Finland includes innovation funding and also has sector programmes for bio-circular economy and energy, which are relevant to climate action. The focus of BEAM on the bio-circular economy, cleantech and digitalisation seem to contribute to climate action as well. Besides, Sitra has a strong innovation focus and is therefore likely to have positive effects on climate action.

While **climate change is not pronounced in bilateral and multi-bi cooperation as well as CSO programmes**, it is a key focus in many of the FLC projects. It seems a priority in FLC planning. Besides, ICI seems to have a rather strong focus on sustainability and climate change actions.

The evaluation concludes that **examples of positive cross-cutting priorities exist, but it could be carried out more systematically.** The above analysis serves to illustrate further the degree to which Finnish modalities, instruments and support mechanisms fulfilled cross-cutting objectives with regards to gender equality, social equity and climate sustainability, as well as representing a human rights-based approach to development.



Forward-looking analysis

Finland's current cross-cutting objectives (CCOs) are:

- 1) Gender equality;
- 2) Non-discrimination (with focus on people with disabilities);
- 3) Climate resilience, and;
- 4) Low emission development

The Guideline for CCOs in the Finnish Development Policy and Cooperation (MFA, n.d.) states that Finland's development policy is based on the **Agenda 2030** and the **Paris Agreement on climate**. The agenda itself is founded on the principle of **Leave No One Behind**. The minimum standard for mainstreaming the cross-cutting objectives is that **no harm is done**. It also states that for mainstreaming gender and non-discrimination, the **minimum requirement** is to ensure that 1) a human rights assessment with a focus on gender and disability has been sufficiently conducted, 2) data is disaggregated by sex, disability and age where possible and 3) the principles of non-discrimination and equality, as well as inclusion and participation guide all actions.

The guideline recognizes that climate change is increasingly recognized as a human rights issue as it has huge implications for the realization of human rights. The aim of climate resilience as a cross-cutting objective is to enhance climate change adaptation, to reduce vulnerability and to strengthen the resilience of people, ecosystems and societies in the face of climate risks and the impacts of climate change. It should be noted that low emission development has been recently included as a fourth cross-cutting priority of the Finnish development policy. Therefore, this CCO has not been mentioned in any of the existing VCS during different strategy periods of 2008-2012, 2013-2016 and 2016-2020 as yet.

The following two tables present the respondents' estimates of the extent to which the current policy objectives are integrated into the Finnish-Vietnamese cooperation and partnership relation.³⁰

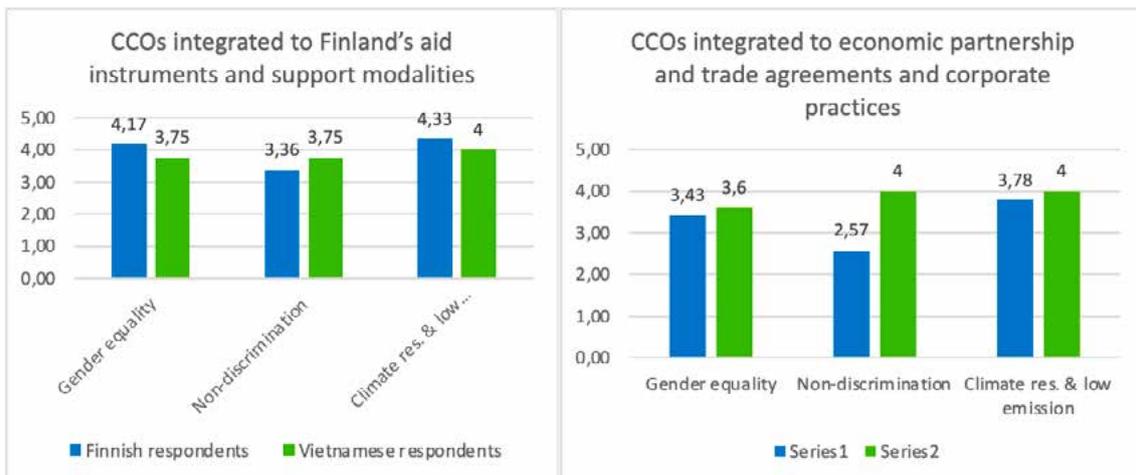


table: Five-point scale from lowest/negative to highest/positive (3 is neutral).

30 Survey One, ibid.



The Finnish respondents estimate that climate resilience and low emission development have been slightly better integrated into Finland's aid instruments and support modalities, as well as into economic partnership, trade agreements and corporate practices (in comparison to other CCOs). The Vietnamese respondents estimate the same. However, the non-discrimination principle is equally integrated into the economic partnership, trade agreements and corporate practices.

The Finnish respondents provide **recommendations on how could Finland best support the implementation of the cross-cutting objectives within the new form of partnership with Viet Nam**. Specifically, the responses suggest a need for mutual agreement and understanding of the mainstreaming of CCOs. Business partnerships facilitated through international forums and projects, political dialogue, and trade agreements should be promoted with due diligence practices. Furthermore, according to these online survey respondents, supports to climate resilience initiatives deem crucial and should be provided through creating information and knowledge sharing channels, updating with the art-of-the state database on forestry, disaster risks and business intelligence. They are supporting interventions and partnerships related to sustainable forest management and substituting fissile fuels with bio-energy.

Based on Finland's core principles on the cross-cutting objectives, the following section sheds further light on the integration of cross-cutting themes that can serve as entry points for recommendations in relation to the mainstreaming of CCOs in Finland's development policies and programming.

- In normative terms, Finland's **recent adoption of a transformative approach in tackling the cross-cutting themes** reflects strongly Finland's ultimate goal that is to ensure the realisation of the human rights of all people. Previously cross-cutting themes were addressed as priorities in all Finland's development cooperation. The setting of previous priorities was ambiguous because there was no definitive understanding of priority; there can be no authoritative formula for deciding between competing claims (Spicker, 2009). With the new terminology of cross-cutting objectives, the nature of the exercise is likely clearer and more inclined to set goals. In this regard, the Finnish approach is highly relevant to Viet Nam especially on the integration of cross-cutting themes in all operation. An aspect to be addressed further below.
- At the strategy level, the Evaluation finds that **gender has been deprioritized, and poverty reduction and social inclusion have not mainstreamed in the Viet Nam country transition strategy**, which has been approved in early 2017 (Kaipola et al., 2019). In contrast, climate sustainability has been strongly mainstreamed but not as a cross-cutting objective neither a specific focus area in the country strategy. The reason was that gender, for example, has been addressed in past programmes (Kaipola et al., 2019). A closer look at gender reference in the Finland country portfolio indicates that **gender is generally mentioned as a concept, or a cross-cutting priority, rarely the focus of actions and or objectives of projects**. In the context of Viet Nam, gender mainstreaming has generally been conducted along the 'priority for women' line, which is rather vague and difficult to put into practice operationally since there are no gender-sensitive indicators connected with governance and no mechanisms to monitor and evaluate efforts to address the needs of women and narrow the gender gap. Without these, the practice of gender mainstreaming will remain a haphazard exercise and is susceptible to be passed over in government policies (Liên & Trần, 2020).



- At the technical level, available evidence shows that **gender equality has notably mainstreamed both as a cross-cutting objective and at the level of targeted actions in CSO programme and project support**. Opportunities could have existed in, for example, disability inclusion and women's economic empowerment in CSO cooperation, promoting women's entrepreneurship and improving gender equality in the workplace in private sector instruments and support mechanisms as well sectoral and institutional supports of grant-based cooperation, and the missing link between technological innovation and poverty reduction and gender equality. These opportunities have not been widely explored.
- At the management level, there is very likely **no evidence that a gender impact assessment on Finnish portfolio in Viet Nam and/or on the gender situational analysis, gender impact assessment of any projects, programmes funded by Finland in Viet Nam is carried out** by far. The participation of the Embassy in the Ambassador-level informal gender group would have been a useful platform for the following opportunities:
 - To keep the Embassy updated with other development partners' policies, programmes, projects and initiatives on gender-related areas in Viet Nam;
 - To share Finnish expertise and approach as a gender equality pioneer with other development peers, and probably joint advocacy with these development peers' policy advocacy and engagement with GoV on the implementation of CEDAW recommendations and efforts to improve social protection for the most marginalised groups of women;
 - To contribute to such albeit informal platform for knowledge sharing and joint advocacy, it would make a very different conversation if the Embassy would have attended the group meetings and presented the gender themes for discussion, based on the results and findings of Finnish-sponsored projects.
 - The Evaluation finds that the last two opportunities are very likely not taken into consideration or not available. This might lead to some impressions among Vietnamese stakeholders that Finland seems to be invisible in the landscape of gender and development in Viet Nam. From the government perspective, there are reportedly no ministerial-level meetings or dialogues on gender-related initiatives between Finland and Viet Nam.
- At the coordination level, the government report to parliament on Finnish development policy in 2016 set the year 2018 as the final year for bilateral cooperation in Viet Nam. The next country strategy 2016–2020 was called transition strategy 2016–2020 and was based on this development policy and has consequently deprioritized most of the CCOs. It should be noted that the Guidance note on HRBA was published in 2015 when the transition strategy was probably developed already and submitted for approval. It is, therefore, explainable that **integration of HRBA might be scattered and insufficient in development cooperation in Viet Nam especially beyond 2016**. In addition to the timing issue, the recent Guideline for the Cross-Cutting Objectives in the Finnish Development Policy and Cooperation set 4 CCOs in its Development Policy, including gender equality, non-discrimination, climate resilience, and low emission development. Whereas the earlier MFA's Manual for Bilateral Programmes defines gender equality, reduction of inequalities and climate sustainability as cross-cutting objectives in Finland's development policy. **Within a short span of time, there are two guidance documents issued by MFA indicating different sets of CCOs**, although



the guideline aims to be more comprehensive than the manual. This may lead to further confusion for Finnish stakeholders and their country counterparts on the integration of these CCOs in their interventions and operations.

- **Enabling environment for the realisation of CCOs in Finnish business operations in Viet Nam.** The United Nations' Protect, Respect and Remedy Framework (UN, 2010) stipulates that the state's duty is to protect against human rights abuses by third parties, while the corporate responsibility is to respect human rights, which means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur. While CSR is voluntary, Finnish companies do report respecting the legislation of the country they work in. This connects to the political and diplomatic side of the theory of change of the transition, as supporting such priorities from the perspective of the country legislation is a key also for meeting the CCOs by the Finnish private sector.
- **Twin-track approach, promoting simultaneous actions and/or processes of CCO integration at the company level of both sides while advancing the concept of CCOs as shared values.** There is an ongoing debate about the social responsibility of international business. From the sustainability perspective, it should be noted that a company itself is not sustainable unless it makes a profit. The Finnish private sector is often in favour of the cross-cutting priorities, but there should be simultaneous understandings and commitments on the client-side being reflected in the business contract/TORs/other procedures. This speaks for a need for a twin-track approach, involving simultaneous actions and/or processes of CCO integration at the company level of both sides. Accordingly, more attention and work should be devoted to awareness-raising among Vietnamese counterparts. In comparison, technical guidance and resources (if available) should be provided to Finnish commercial actors to ensure the actual mainstreaming of CCOs in their business. It is of utmost importance to promote **an understanding of CCOs as shared values** that create new business opportunities, new markets, improve profitability and strengthen competitive positioning in the business sector of both sides.
- **An existing gap in the integration of climate change themes in Finland and Viet Nam's development policies.** While Finnish adaptation of **resilience approach is a catch-all for tackling climate change impacts** in a development context (Bahadur et al., 2010), Viet Nam opts to focus on responding in a timely and effective manner to climate change and natural hazards, **inclining toward responsive actions**. Furthermore, Finland's aim of low emission development as cross-cutting objective policies is to mitigate climate change and to facilitate the transition to low emission development, and soon after to climate neutrality, that minimizes greenhouse gas emissions and enhances sinks of greenhouse gases while taking into account wider development impacts (MFA, n.d.).
- **Fostering an understanding of the linkage between climate change-related themes and human rights perspectives.** Noting the MFA recognition that climate change impacts women more directly, the evaluation finds that for Finland, the adoption and endorsement of human rights provide the urgency and rationale to address the particular CCOs of climate resilience and low emission development. On the Viet Nam side, its lack of alignment with human rights perspectives may jeopardise implementation as it likely reflects the "business-as-usual" economic and development model.



- **Leveraging on SDG language and the existing free trade agreements to address HRBA where appropriate.** For the complexity of the human rights-based approach in some contexts, it might be worthwhile to consider having it **addressed through the SDG language and existing free trade agreements.** A good practice is the alignment of the CCOs with the SDGs and the Paris Climate Agreement, as it facilitates the sustainability of these in a transition country. This could be strengthened in the future.
- CSR is also the first thing to be cut when times get hard and when people need it the most – such as in disaster aftermath, and the ability of companies to address CCOs through CSR in such times should therefore be noted when considering its usefulness particularly from the climate resilience CCO perspective. It is better to enable structures that enable companies to see the CCOs also as an opportunity—and responsibility—to apply enlightened self-interest to make a difference as well as a profit. If the intention is that the private sector would implement CCOs (or corresponding SDGs), at the MFA, there needs to be **a strengthened understanding/expertise of the private sector and how the private sector could include CCOs in a way that does not interfere with their own existence/sustainability in a competitive environment.** This is mainly to further pay attention to identify on what are the added values for both directions, which makes the implementation of these sustainable.
- According to the Guideline for the CCOs in the Finnish Development Policy and Cooperation, the **four cross-cutting objectives also strongly interlink with each other.** The dynamics driving poverty and inequality, including those resulting from climate change, are an interplay of multiple human dimensions and external factors (MFA, n.d.). Due to the absence and/or inadequate attention to each CCO as indicated above in different strategy periods in Viet Nam, there is **limited evidence on CCO mainstreaming with an intersectional perspective.** For examples, Women’s Economic Empowerment (towards gender equality) initiatives in the context of sustainable poverty reduction, mainstreaming gender equality and disability inclusion into the Climate Change Adaptation (CCA) and Disaster Risk Reduction (DRR) actions; or promotion of sustainable livelihoods for the poor and other vulnerable groups (i.e., PWD) in times of climatic hazards, and application of the participatory principle to ensure the inclusion of women, PWD and other vulnerable groups in the preparation of policies on sustainable poverty reduction, CCA and DRR. Finnish expertise supports the development of it as well. This dimension should be taken into consideration and enhanced in future programming.
- **Educational sector and the related multi-stakeholder approach may be a considerably good way to further emphasize the cross-cutting themes in the future.** Both Finland and Viet Nam support this sector development. Finnish universities have available guidance to support the realization of these values and beyond also (see Annex 15 on HEI ICI). It is possible to focus on HRBA and all CCOs also in the future, as well as on the interconnections of the cross-cutting (such as climate change and gender, which is already being done). Finnish expertise supports the development of it as well. **It is good to recognize that sustainable development is a form of systemic risk management and climate resilience,** and it also presents great opportunities for the future. Renewable energy solutions, sustainable agriculture and forestry, responsible water supply services and advancing the position of women can also be a source of profitable business and productive investment activities (MAF, n.d.). These sectors are strong in



enabling the climate-focused CCOs, and specific attention should be considered in their development.

- Labour oversupply and unemployment in certain areas, influenced by typhoons and the resulting floods, which wash away crops as they go, results in the destruction of many sectors of the economy.³¹ The Finnish **CCO of climate resilience and low emission development is not only excellent as itself and for the planet but with their causal effect in the systemic nature of risk**, as the effect of the climate-related risks are one of the largest challenges to the Viet Nam economic development; a threat that is going to increase.
- **Developing M&E frameworks and guidance for integration of CCOs in the PSIs.** Integration of CCOs in the PSIs as a must is vital; however, if not accompanied by M&E frameworks and technical guidance, implementation cannot be ensured. This will help particularly to avoid the focus enabling green-washing or blue-washing of company practices rather than real results and impact aiming to sustainable development.

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Annex 14. Survey results

Summary and Conclusion

A synthesis of the survey's results is presented in this first section of the Annex

The survey among partners involved in projects, modalities or instruments of Finnish cooperation in Viet Nam:

- Viet Nam is ready for the Finnish transition process and scaling down of ODA, which has not affected the Vietnamese growth and development aspirations considerably. The transition process and Viet Nam's roadmap for the achievement of the Upper Middle-Income Country status by 2035 plans are well-matched. The Finnish transition process came as no surprise because many other European donor countries preceded with similar processes;
- There is no mention of a clear long-term vision on the post-transition process. Notion on post-transition relation was quite vague, though most stakeholders perceived interest in a new kind of partnership between Finland and Viet Nam. There is evidence of Finland's key strengths and partnership in a sustainable environment and climate action. Most often, survey respondents referred to the strong effects of IPP and EEP and Education as the flagship of the Finnish cooperation with Viet Nam in the past period, though the two programmes' impacts diminish gradually. In addition, appreciation of the effects of WSPST and FORMIS programmes was mentioned, although much less now. A partnership is generally well appreciated by both sides, even though some concerns exist with sustainability and continuity;
- Communication on the transition process was not well shared among stakeholder groups;
- Coherence and synergy of different instruments are limited and have decreased with the phasing out of ODA flows. Further elaborations are provided in the Coherence analysis of this evaluation (See Annex 12);
- Human-rights-related issues and poverty reduction have received less attention in the transition process. Similar observations are made in the CCO analysis of this evaluation (See Annex 13);
- The recently signed EVFTA and the outbreaks of COVID- 19 pandemic play a pivotal role in the context of transitioning;
- The 'traditional' grant-based development instruments (bilateral, sectoral, multi-bi, ICI, HEI ICI, FLC and CSO) have generally been better appreciated because some of the PSIs are also very new to stakeholders of both sides. However, access and usage of PSI by Vietnamese stakeholders are much less compared to those in grant-based cooperation. The least appreciation seems to be with Sitra, Finnpartnership and PIF were cumbersome. Also, there is less appreciation with FLC;
- The integration of Finnish CCOs to sectors are aligned with SDGs and in grant-based cooperation. At the same time, poverty reduction was a clear focus, but not being



addressed as a CCO. Poverty reduction and gender equality were less appreciated, particularly in PSI instruments. These findings are consistent with the analysis on CCOs in this evaluation (See Annex 13);

- The position of national civil society organizations in Viet Nam is rather weak and insufficiently involved in the transition process.

The survey among users and beneficiaries of projects, modalities and instruments of Finnish cooperation in Viet Nam:

- The business relations established seem quite stable, and there is mutual recognition of each other's importance and added value;
- The Finnish key sectors (and particularly climate and environment) are important components in all the activities and business relations;
- The integration of social inclusion and poverty reduction appears to be the biggest challenge in business and CSO relations. CSR has gradually permeated the business sector. This tendency is also reflected in the CCO analysis (See Annex 13);
- There are more effects on exports of Viet Nam to Finland than vice-versa. This finding is also confirmed in the trade analysis of this evaluation (See Annex 10);
- On the Viet Nam side, there seems to be more appreciation of non-PSI channels (ICI, CSO) and less in CCs. Finnish stakeholders rate more positive on PSI instrument (and also being more active use of it);
- Finnpartnership, the Embassy, and the Consulate in the country have been important in establishing contacts (for both sides);
- The COVID 19 outbreaks have a strong impact on every aspect of life and society. However, not all businesses are impacted in the same way by the pandemic. Some business and trade activities survive COVID- 19 and continue to flourish;
- Modalities and instruments in the Finnish support portfolio in Viet Nam are seen as many and complex. There is a need to simplify these support modalities and instruments.

Introduction

A mixed-methods approach has been applied in this evaluation. As such, **two online surveys** have been included in the research process for two stakeholder groups, looking into how partners have appreciated dialogue and cooperation and how and to what extent specific policy priorities have been considered in the partnership relation, including the Finnish cross-cutting objectives of gender equality, human rights and environment.

The **first survey** has focused on **partners who have been directly involved** in the planning and implementation of specific development projects, support modalities and implementation of Private Sector Instruments in Finland and Viet Nam. The **second survey** has targeted the beneficiaries of these support modalities and instruments at the level of specific **CSOs and private sector companies** in both Finland and Viet Nam.

The two surveys have been **distributed in both English and Vietnamese** to allow inputs from Finnish and Vietnamese perspectives. The surveys have combined quantitative (Likert-scale) and qualitative questions. The design of the surveys is presented in Annex 5.



The surveys were made available online from **February 11 to March 25, 2021**, among those stakeholder groups, where sampling of specific key informants for interviews can only reach out to a small number of representatives in these stakeholder groups. Email invitations were sent to stakeholder groups, stressing the confidentiality of survey responses.

The total number of responses received during the survey period is **56** (28 female, 27 male and 01 not applicable). Specifically, Survey One has obtained 21 responses in total, while the number of respondents in Survey Two is slightly higher (35).

By nationality, there are 14 Finnish and 7 Vietnamese respondents in Survey One. Whereas Survey Two indicates a roughly equal number of responses between the Finnish and Vietnamese participants (17 and 18 respectively). In terms of gender, women are double the male rate in Survey One (14 and 7 respectively), while men outnumber female respondents in Survey Two (20 and 14 respectively).

The results of each survey are presented in the following sections.

Survey One on partners involved in projects, modalities or instruments of Finnish cooperation with Viet Nam from 2008 to 2020

Section 1: Basic registration data

1. Organisation sector

16 responses



1. Type of organisation

5 responses





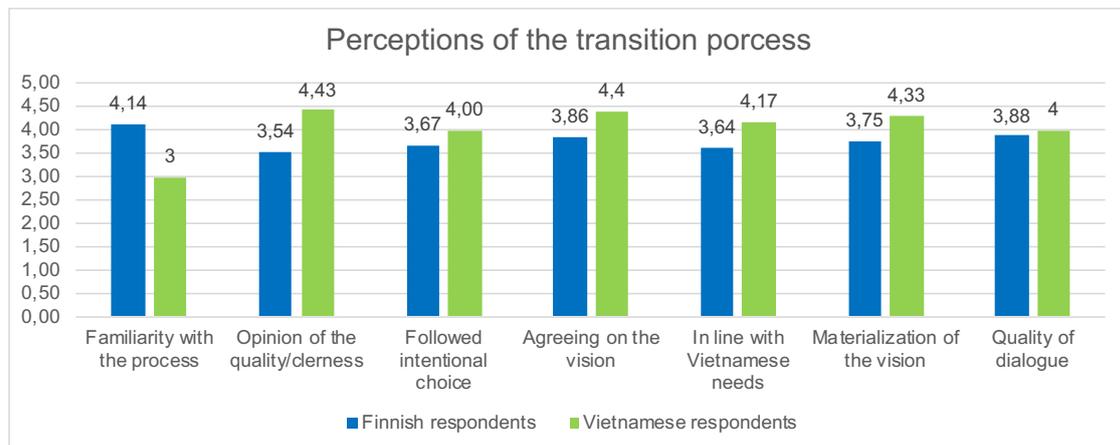
In Survey One, the total number of Finnish respondents is 14, including 11 females and 3 males. There are 7 Vietnamese respondents, involving 4 males and 3 females. It should be noted that the response rates of each section do not correspond to the total number of respondents who answered the questions in terms of nationality. Because there are a number of Vietnamese respondents who opted to give their answers in English (i.e., 2 responses given in English by the Vietnamese informants).

With respect to this sub-section on basic registration data of Survey One, there are 16 responses received in English, and 5 obtained in Vietnamese as indicated in the pie charts (the left pie chart presents the results of English responses, and the right one indicates the Vietnamese responses). Therefore, the discrepancy of the response numbers shown in the pie charts is related to the respondents' selection of survey language only.

The quantitative results demonstrate a more variety of organizational sectors among the Finnish respondents. While half of them works for the government, the presence of private, semi-public sector and especially CSOs is relatively significant. There is no participation of such sectors in Viet Nam as indicated in the relevant pie chart. The majority of Vietnamese respondents works for the government of Viet Nam. This finding is likely to show that the government of Finland has actively engaged and established the partnership with a wide range of non-public institutions and CSOs in projects, modalities or instruments of Finnish cooperation with Viet Nam. This suggests the pivotal role of public-private partnership in the transition process.

Section 2: The transition process, cooperation and dialogue between Finland and Viet Nam

The table below summarizes the perceptions of the survey participants on the transition process. When looking at the perceptions of the transition process, it is important to note the bias due to cultural differences (among others caused by Vietnamese politeness). Therefore, the Finnish and Vietnamese results cannot be directly compared with each other. When looking at the Finnish respondents, the highest score is on the familiarity with the transition process with 4,14 average, while the opinion on the quality and clearness of the process is 3,54 on average (rather neutral on average). However, for the Vietnamese respondents, the familiarity of the transition process received the lowest average (3,00), while the average was highest on the quality and clearness and agreement on the vision.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)



The overall comments from the Finnish respondents reflect that there has been a goal in the transition process, but not all activities and instruments have supported this. Towards the end of ODA flows, there seemed to be a more strategic approach to the adoption of existing instruments in support of the transition.

Several comments reflect Viet Nam being ready for transition (in terms of economic development), and it is reasonable to decrease bilateral grant-based aid when the Vietnamese government is increasingly capable of funding the country's development itself. However, it has been a Finnish-led process and vision, and building the commercial ties has focused a lot on getting Finnish companies to benefit from the Vietnamese market. The key focus areas have been selected based on long-term collaboration and experience in Viet Nam and topics around environmental protection, biodiversity conservation and circular economy were considered to be well aligned with the policy priorities of the Government of Viet Nam. However, the transition has also lacked the partnership aspect, and the Vietnamese motivation and needs were not addressed in the vision, which is problematic as Viet Nam being an equal trading partner and investment destination. In addition, when staff relocation occurs, it is difficult to maintain those relationships; even in institutional partnerships, the partnerships usually thrive when there are good personal relationships in place. Some comments name specific entities (i.e., Ministry of Economic Affairs and Employment) for not having succeeded nor even tried to succeed in creating partnerships in the transition.

The objective has largely been achieved but with a good load of luck: cooperation has been created between companies, institutions, universities and other organisations. However, there is insufficient information on the operating environment and insufficient competency in business planning and business intelligence. The coherence of the development and trade cooperation activities in terms of funding and strategy could be more aligned. In terms of developmental, political and socio-economic objectives, there are perhaps no efficient mechanisms to keep this dialogue and cooperation going, although there might still be a great interest in Viet Nam to continue knowledge exchange and partnership in some forms.

Finland and Finnish companies have strong and long-term expertise and know-how on selected key focus areas. Nevertheless, a more long-term strategic approach is needed, aiming to build a continuum in the form of mutually beneficial collaboration areas, which can be enhanced through trade instruments. Building on IPP and EEP as partnership mechanisms could have been something to take into the vision and strategy, and these kinds of interventions might still be needed. There are few success stories where grant-based development cooperation has led to commercial cooperation (i.e., FMI and Vaisala). It would be beneficial to somehow share this information from each key focus area for those who are planning or willing to collaborate with Viet Nam (i.e., best practices, lessons learnt, new opportunities etc.).

While it is good to promote trade and private sector development, concerns were also raised about the situation of poverty and human rights situation. Poverty reduction is still one of Viet Nam policy priorities, especially in remote and mountainous areas dominated by ethnic minority groups. Human-rights-related issues

Some participants were uncertain if they have participated in the development and planning of the transition goals and process since the scope of the transition is quite large, and some of them might have participated without being noticed.



A Vietnamese respondent's answers indicate the right timing of the transition process, which reflects a tendency of aid reduction by large DAC donors in the country, given Viet Nam has now shifted towards mutually beneficial cooperation instead of an aid-dependent country. The rest of the Vietnamese respondents appears to be uninformed about the transition. This suggests a need for a communication strategy to effectively disseminate the changes on Finnish cooperation policies and the transition process to a wider audience, especially in the recipient country such as Viet Nam. Another respondent points to the international trend and the country context of Viet Nam probably indicating reductions in aid volume from OECD countries, given Viet Nam has graduated from IDA (International Development Association) since 2017.

Analysing **the objectives behind this vision**, the Finnish respondents expressed the need to reduce/end bilateral cooperation in countries that have grown fast economically and to expand commercial/trade cooperation where MFA's role has diminished (particularly to enhance Finnish companies' interest in the Vietnamese market). The idea was also to use the instruments still available through ODA to enhance transition and support Viet Nam's path towards a knowledge economy. The objective was also estimated to mitigation on the closure of ODA programmes to a minimum of Finland's possibly reputational damage as well as damage to the sustainability of the achieved results.

According to a Vietnamese respondent, the vision of the transition implies that Finland's bilateral development program in Viet Nam might serve as the foundation for prospects of mutual benefit and win-win cooperation between the two countries in the near future.

On other (external and non-planned) factors and actors that have influenced the direction and speed of the transition process, the Finnish respondents point to Viet Nam's economic development and free trade agreements. The growing interest of the Finnish business sector and Business Finland in Viet Nam has been identified as both planned external and unplanned factor: MFA has organized several business-to-business matching events in both Finland and Viet Nam.

The concrete encouragement, however, should have been much more active from the MFA's side. The transition process from grant-based development cooperation to trade exchange should be inline and concurrent with other donor countries (European Union, Asia, Australia, United States), and mutual rules play a pivotal role. It has observed that Team Finland staff have a background in the public sector and development cooperation, with a limited track record in business development. As indicated early, staff relocation has also caused interruptions to the cooperation as well as the perceived reluctance of Embassy leadership to engage in the transition and during the COVID-19 pandemic. It deems challenging for a particular project to connect grant-based development cooperation with trade cooperation, given that bilateral cooperation has relied on grant-based development cooperation over the past decades. Additionally, research organisations are very likely not well informed of the available funding instruments in order to ably guide and promote Finnish companies' entry to the Vietnamese markets.

In regard to this, a Vietnamese respondent points to the institutional capacity of different stakeholders engaging in the transition process, particularly the buy-ins and awareness of the mutual benefits among partners in deploying vision that may affect the direction and speed of the transition



process. This indicates a key component of stakeholder buy-in is engagement. The idea behind engagement is open communication between all levels of stakeholders within and outside MFA, in Finland and in Viet Nam.

50.00 % of the Finnish participants report having **participated in the development and planning of the transition goals and process**, while only 28.57 % of the Vietnamese respondents have participated. On whether the **quality of dialogue between Finnish and Vietnamese partners has changed throughout the transition process**, 28.57 % of Finnish respondents say yes, while 42.86 % to some extent/not sure, and 28.57 % say no. Of Vietnamese respondents, 25 % say yes, 25 % to some extent/not sure, and 50 % no.

Three Finnish respondents knew about **conflicts in the transition process**, two did not, and the rest were not sure. Vietnamese respondents did not express their opinion, showing the previous bias due to cultural differences/Vietnamese politeness. The Finnish respondents elaborated that there has been internal conflict in the Embassy and between the Embassy and the regional department in the last few years, which has hindered transitioning from the Finnish perspective. There is also some level of disagreement between the Finnish and Vietnamese sides, where the Vietnamese side would have liked to have seen more Finnish bilateral grant-based aid, especially in the innovation sector. Finnish actors often do not want to engage with the Vietnamese in the style that the Vietnamese would like to engage.

On the milestones in the transition process, the Finnish respondents answered that first the cooperation was mainly focused on development cooperation, then aid for trade, inclining gradually towards real private sector development. Also, institution to institution and university-university/company cooperation have been fostered.

In 2013-2016, the planning went back a little bit towards traditional ODA thinking, which was then steered back to the transition for the last strategy period. During 2016-2018, the first few years of the transition strategy period were “golden years” where there was a good team spirit and lots of activities in the bilateral programmes. There was likely a motivation to experiment with new things, to try to make the transition as aligned as possible with the strategies. After some staff relocation, the relationships have become complicated, and the vision was lost in the process.

The various business-related events and high-level visits, the potential of the ICI instrument, information on the operating environment in Viet Nam filtering interested partners, awareness of financial support, information on the feasibility of interventions, proof of concept, partnerships and scaling up have, in their part, contributed to the growing business interest.

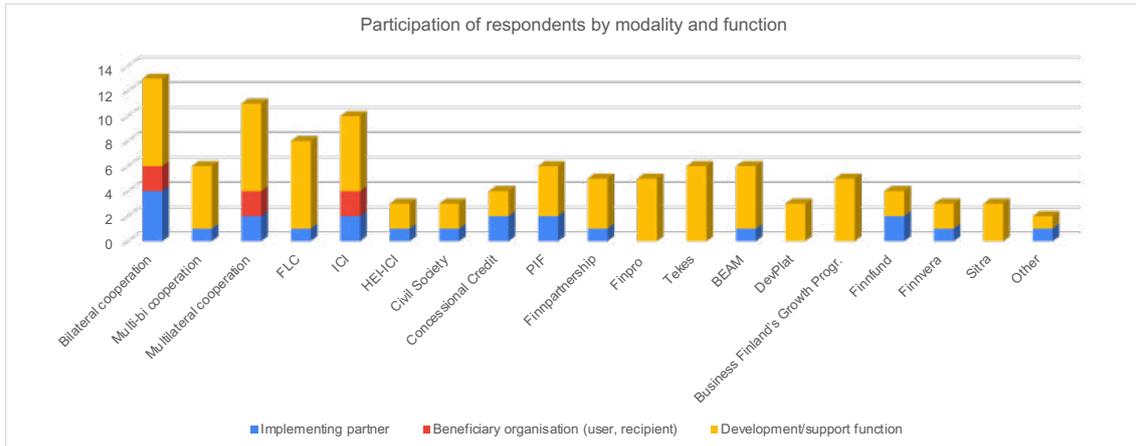
For the Viet Nam side, the information scarcity on this question reflects a miscommunication among stakeholders in Viet Nam as the majority of Vietnamese respondents appears to be uninformed of Finland’s transition process. It is explainable that these respondents were consequently not aware of any milestones in the transition process or any unexpected and unplanned developments in the cooperation between the two countries.

On unexpected and unplanned developments in the cooperation relation between Finland and Viet Nam, three Finnish respondents say no, two say yes, and the rest were not sure. Two Vietnamese respondents say yes, the rest were not sure.



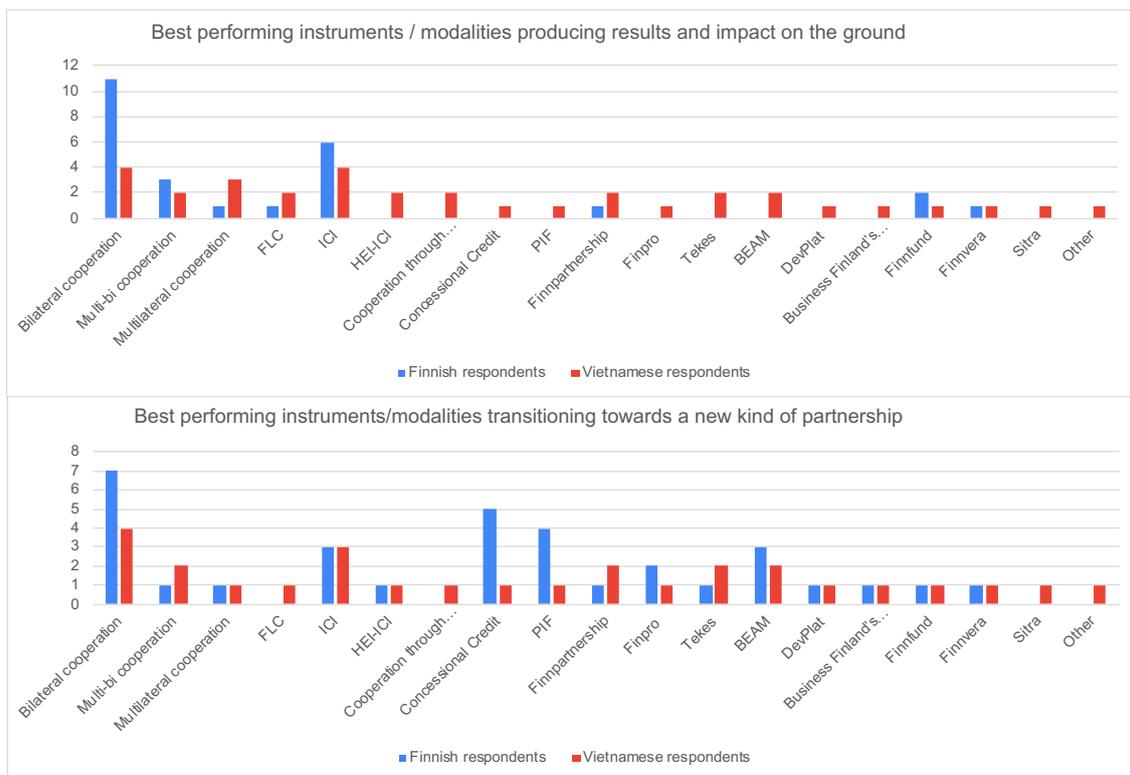
Section 3: Cooperation and Private Sector Instruments and modalities and their results and effects

The following table outlines which modalities/instruments the respondents have been involved in and in which function.



Legend: number of respondents

The following two tables give an overview of what the survey respondents considered **the best performing instruments/modalities** in terms of 1) producing results and impact on the ground, and 2) transitioning towards a new kind of partnerships.

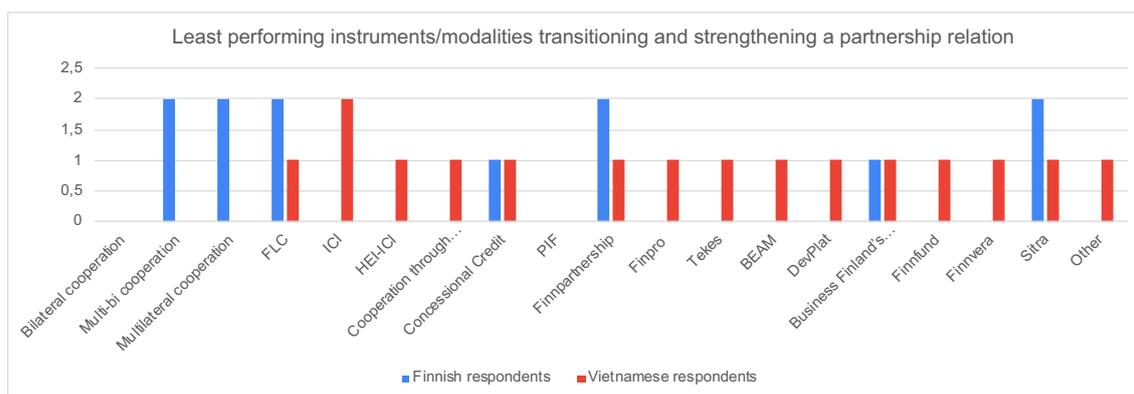


Legend: number of respondents

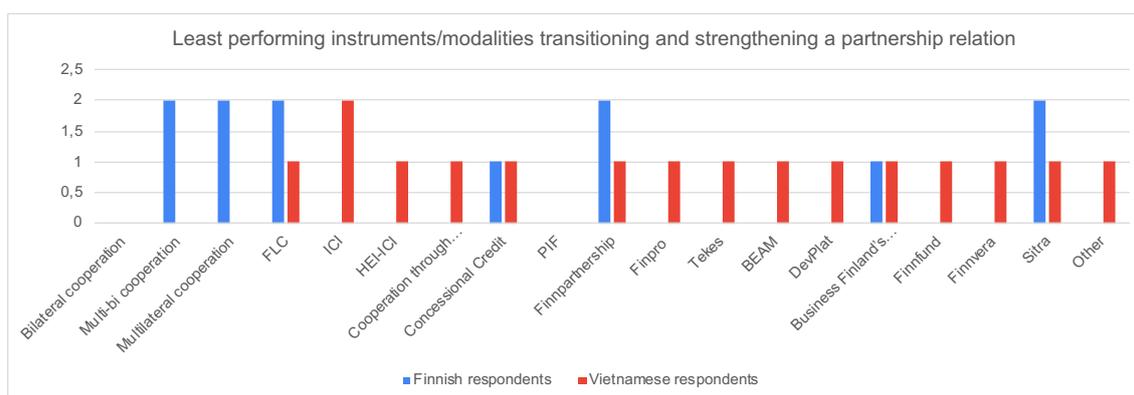


The Finnish respondents appreciated bilateral cooperation in both categories, in addition to the ICI. Various private sector instruments, such as concessional credit, PIF and BEAM also received votes on the transitioning side. Vietnamese respondents appreciated ICI and bilateral cooperation in both categories.

The following two tables provide an overview of what the survey respondents **considered the least performing instruments/modalities** in terms of 1) producing results and impact on the ground; and 2) transitioning towards a new kind of partnerships.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish respondents considered Sitra to be the least performing instrument in both categories, followed by FLC and Finnpartnership. From the transition perspective, also bilateral, multi-bi and multilateral cooperation was considered to be the least performing instruments. The Vietnamese respondents considered multilateral cooperation to be the least performing modality in producing results, while ICI in the transition. It should be noted, however, that the responses were scattered to almost all options.

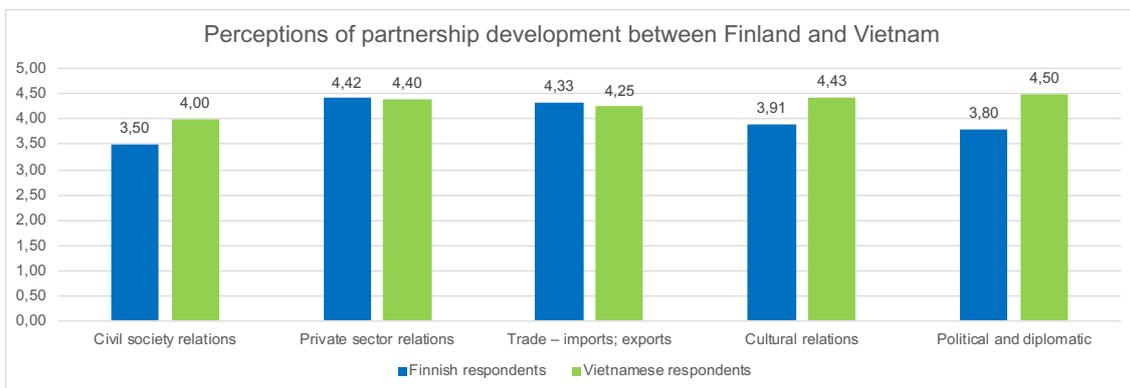
The Finnish respondents elaborated on all four tables that bilateral cooperation was considered efficient to gear cooperation in the direction, and bringing in good results achieve fast results, but very often not producing a wider impact. ICI projects were described as very small and have achieved only modest results.



All the business-related instruments have paved the way to transition, but a few of them have had challenges with results and impacts. Finnfund financing may help larger project financial closing and thus can be very critical to first investment projects. Sitra has not had a significant presence in Viet Nam. Business Finland/Finpro services are limited to short term support and do not fit well for larger projects where the project development phase/sales phase may be time-consuming, and customers need a very wide range of support activities. Finnpartnership has supported a good number of early-phase business partnerships in Viet Nam many of which have continued until the time of the evaluation and hence supported the transition. Nevertheless, it has reported that Finnpartnership could be geared to generate a much greater impact through local resourcing to accelerate projects that respond to development needs. Concessional credit has been an important instrument of transition, with less impressive development results. PIF is reportedly too cumbersome and therefore has not delivered results yet.

For the Vietnamese respondents, bilateral cooperation is the best performing instrument. This is explainable by the fact that bilateral cooperation is obviously the main Finnish financing instrument in Viet Nam. However, a Vietnamese respondent remarks on the limited bilateral economic and trade relations. It is interesting to note that the least performing instruments producing results and impact on the ground chosen by the Vietnamese respondents are multilateral channels. This finding is consistent with the comments made by a number of interviewed CSO participants on the seemingly inefficient and ineffective roles of multilateral institutions in Viet Nam.

The following table outlines the **development of the partnership between Finland and Viet Nam** (whether progressed=5 or deteriorated=0) in five categories.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

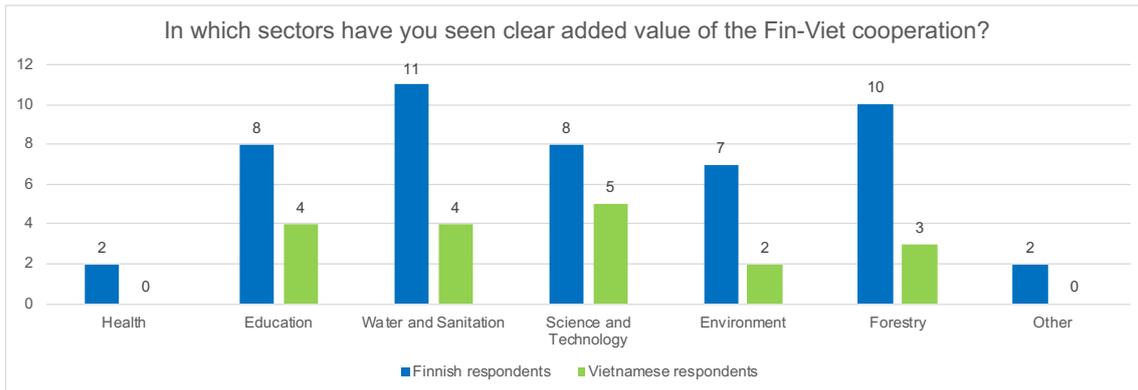
Out of these, the Finnish respondents consider that the private sector relations and trade developed most in terms of partnerships, while the Vietnamese consider that political and diplomatic relations developed the most. Civil society partnerships were considered by both Finnish and Vietnamese to having developed the least.

The Finnish respondents estimate that Finnish education is highly appreciated in Viet Nam. The continuation of student exchange, as well as training of Vietnamese teachers, is important. The IPP brought Finnish expertise in the forefront of innovation, science and technology but it was not sufficiently continued. Civil society relations through CSO cooperation has been reduced in Viet Nam so that the resources have been located in poorer countries. The space for civil society operation is likely limited in Viet Nam as Finnish respondents opined.



The results of Vietnamese respondents are correlated with the major development instrument that Finland applied to Viet Nam. In this case, it was bilateral cooperation. Thus, it may be explained that Finnish aid is perceived as a reward to show appreciation for the Vietnamese recipient's diplomatic recognition.

The following table presents that Finnish respondents considered, in terms of the **added value of Finnish-Vietnamese cooperation/partnership**, the best sectors, including WASH, forestry and education. Vietnamese respondents see the clearest added value in science and technology, but also in education and WASH.



Legend: number of respondents

In terms of **instruments and modalities in the entire Finnish cooperation portfolio over the past decade**, the survey participants assess as follows:

The Finnish respondents remarked on the **synergy, coherence and complementarity of instruments and modalities** that the synergy and coherence between bilateral programming and private sector instruments are rather low. Country strategies and programming often assess trade completely separate from aid, even in transition countries. It is very difficult to create synergies between different cooperation instruments in the MFA owing to the way the instruments have been designed and the organisation structure hinder it. However, there is likely a pioneering move in Viet Nam in that regard. The most successful one is the synergy between ICI and concessional credit projects (and possibly in the future, the new PIF) on meteorology, which has even found synergies with other donors' projects. Some bilateral projects and PSIs such as IPP-2 and BEAM/Business Finland have had synergies.

The Finnish respondents commented on the **completeness of the portfolio of instruments and modalities** that almost the widest possible range of available MFA instruments and modalities have been adopted in Viet Nam, but there is certainly still space for improvement. The support period should be designed with possibly different tools for different phases to ensure that the investment is completed, up and running smoothly before phasing out.

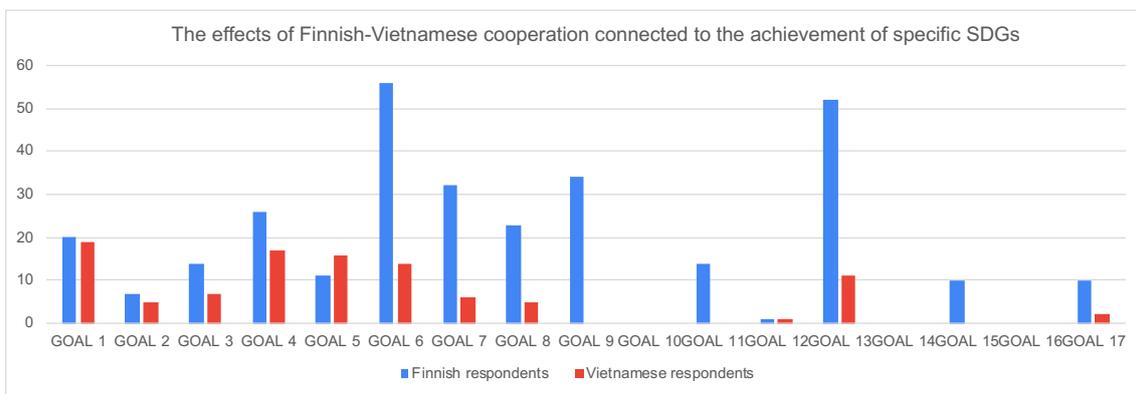
The Finnish respondents reflect positively on the **relevance and utility of the whole portfolio of instruments and modalities for users and beneficiaries** because the cooperation has been established and that the portfolio is very relevant. Great impact is achieved if, with series of support tools, projects can be supported from the inception stage to the full operation. Early involvement of Finnish companies could be beneficial, and supplier support is further needed to prevent the situation that the project may stop when supports end, causing a waste of resources.



The overall assessment of two Vietnamese respondents on the entire Finnish cooperation portfolio is positive. A government official refers to FORMIS as a good example of the synergy and coherence of Finland-supported projects.

The above survey results indicate that Vietnamese respondents consider the highest added value of the Finland-Viet Nam cooperation in the sector of science and technology, while Finnish ranked water and sanitation the highest. For the Vietnamese, it is probably explained that the tremendous success of the recent IPP has created sustainable impacts in Viet Nam.

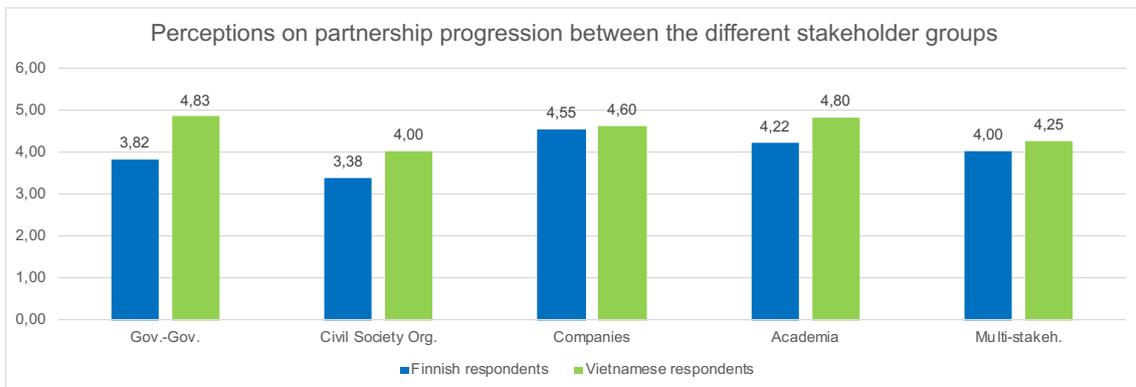
The following table shows how the survey respondents see the **effects of Finnish-Vietnamese cooperation instruments and modalities connected to the achievement of specific Sustainable Development Goals (SDGs)**, since 2015.



Legend: accumulated scores (1-10 points) of all respondents

SDGs that received the most points (over 30) are GOAL 1: No Poverty, GOAL 4: Quality Education, GOAL 6: Clean Water and Sanitation, GOAL 7: Affordable and Clean Energy. GOAL 9: Industry, Innovation and Infrastructure and GOAL 13: Climate Action

The following table shows to what extent have **partnership-relations between Finland and Viet Nam progressed** between the five stakeholder groups, according to the survey respondents. Finnish respondents have ranked the companies' relations progress the highest, while Vietnamese respondents have ranked the progress of the Government-Government relations to be the highest. Both respondent groups consider the progress lowest for civil society organisations.

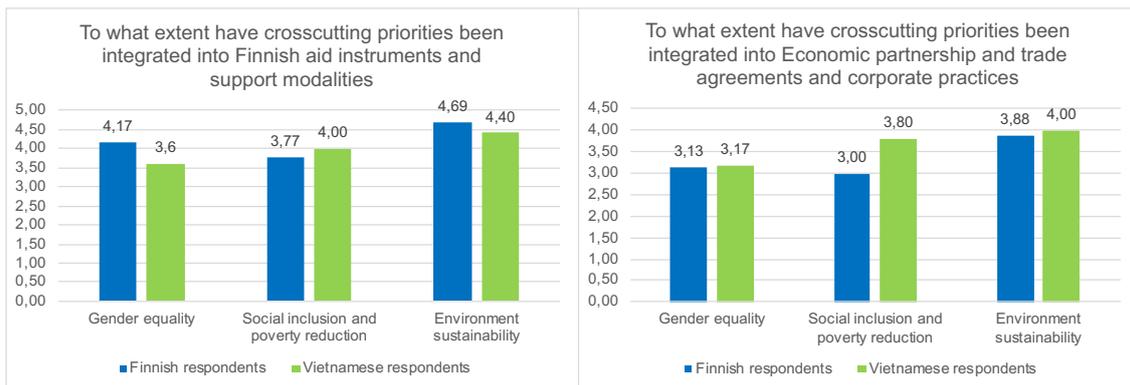


Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)



Section 4: Cross-cutting priorities in dialogue, partnership and instruments and modalities in the Finnish-Vietnamese cooperation

The following two tables demonstrate to what extent have **cross-cutting priorities of gender equality, social inclusion and poverty reduction and environmental sustainability been interpreted and integrated** into 1) Finnish aid instruments and support modalities; and 2) Economic partnership, trade agreements and corporate practices.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

Finnish and Vietnamese respondents consider environment sustainability having been most integrated into both components. Gender equality, social inclusion and poverty reduction are estimated somewhat lower on both, and these were better incorporated into Finnish aid instruments and support modalities in comparison to economic partnership, trade agreements and corporate practices.

On how these **cross-cutting priorities influenced the transition process towards a new partnership between Finland and Viet Nam** (and vice versa), Finnish respondents estimated that there is not much of an impact. The cross-cutting priorities have not been the drivers, but are of course, always addressed in Finnish development cooperation and foreign policies. Leadership and requirements in cross-cutting priorities have been reduced when moving from ODA to the transition. The focus on cross-cutting priorities has been overshadowed by commercial interests. Probably because of the transition, a project did not focus on directly supporting the poorest of the poor, emphasizing longer-term change in the economy and society that benefits the poor more indirectly. Unless these priorities are fully integrated into all the instruments and seen as comparative advantages by Finnish companies, these targets will not be undertaken.

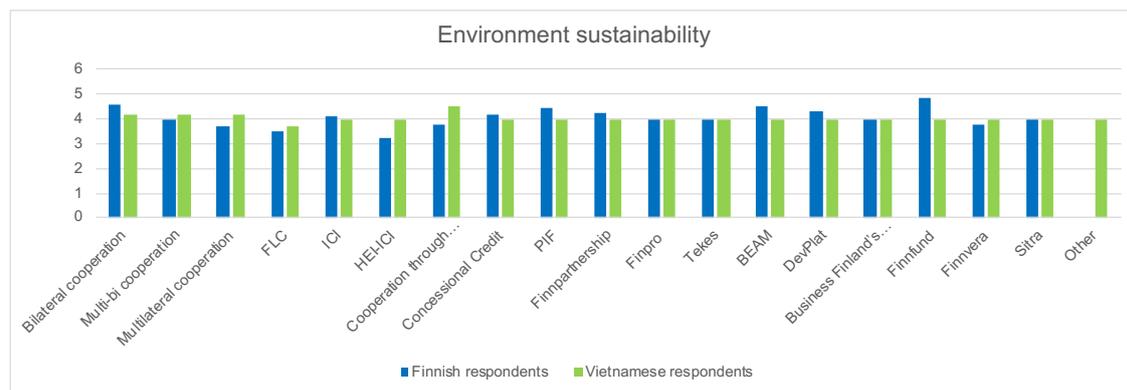
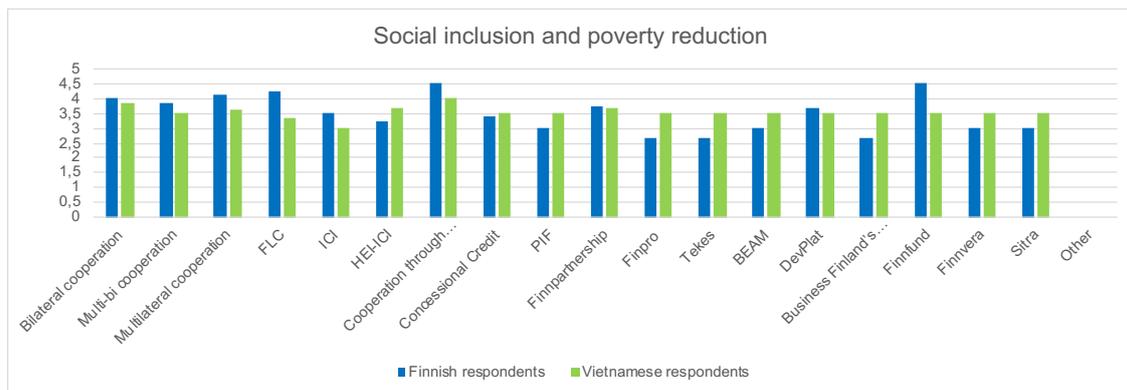
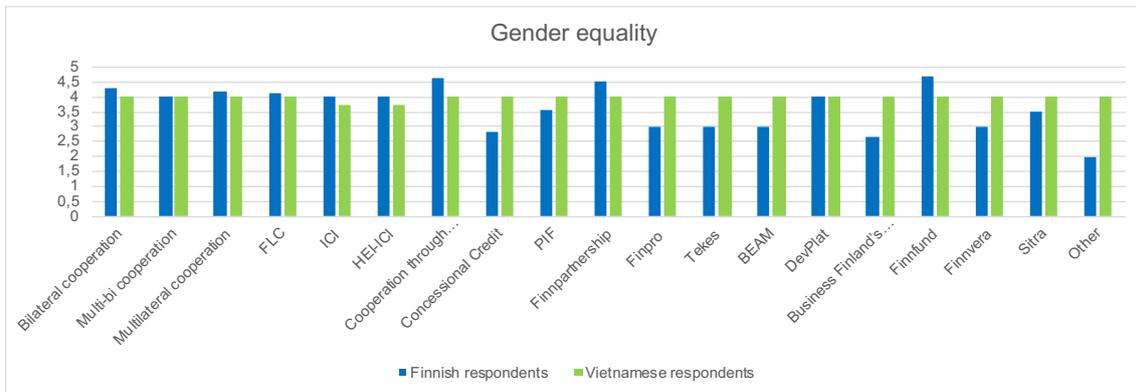
The transition may have encouraged business in those areas: environmental sustainability is very visible. Environment and climate have been intensified due to the increased business interest in a circular economy, renewable energy, energy and material efficiency, waste to energy etc. Environmentally sustainable technologies have improved market opportunities. Gender equality was set as an objective, and the companies and start-ups may have (indirectly) contributed to it.

There is only one Vietnamese respondent giving a detailed answer to this question. Accordingly, the respondent opines about the importance of these cross-cutting priorities on the transition process towards the achievement of the partnership objectives. The same respondent indicates that the



transition process is expected to achieve the partnership objectives, which are spelt out clearly the integration of these cross-cutting priorities.

The following tables show how have the **cross-cutting priorities been integrated into the implementation of specific instruments/modalities**, according to the survey respondents.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

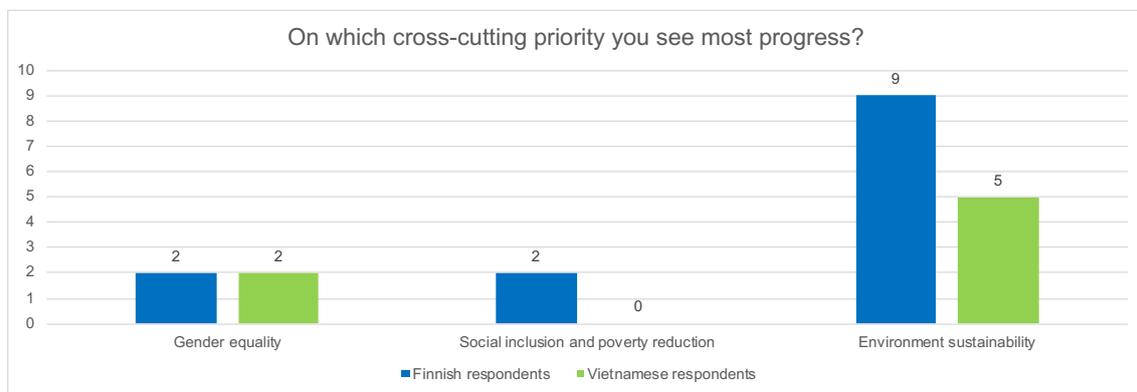
The tables show that for **gender equality**, civil society and Finnfund and Finnpartnership have achieved the highest scores, according to Finnish respondents, while concessional credit and Business Finland have the lowest rate, followed by Finnpro, Tekes and BEAM. The Vietnamese estimate that all instruments have reached about the same level.



For **social inclusion and poverty reduction**, the civil society and Finnfund have achieved the highest score, according to Finnish respondents, while Finnpro, Tekes and Business Finland have had the lowest. The Vietnamese estimate that all instruments have reached about the same level, with a bit higher on civil society organisations and a bit lower on ICI.

For **environmental sustainability**, there are no clear winner or loser among the instruments and modalities, but for Finnish respondents, Finnfund received a bit higher score and HEI ICI a bit lower, while for Vietnamese respondents, civil society organisations were a bit higher than average and FLC a bit lower.

The following table shows that overall, survey respondents see clearly the **most progress in environmental sustainability among the cross-cutting policy priorities**.



Legend: number of respondents

In **expressed and implemented commitment and support**, the private sector partners of both countries (significantly) and the Vietnamese government (to some extent) have more interest in the environment than in other cross-cutting priorities. Apart from that, there are no significant differences.

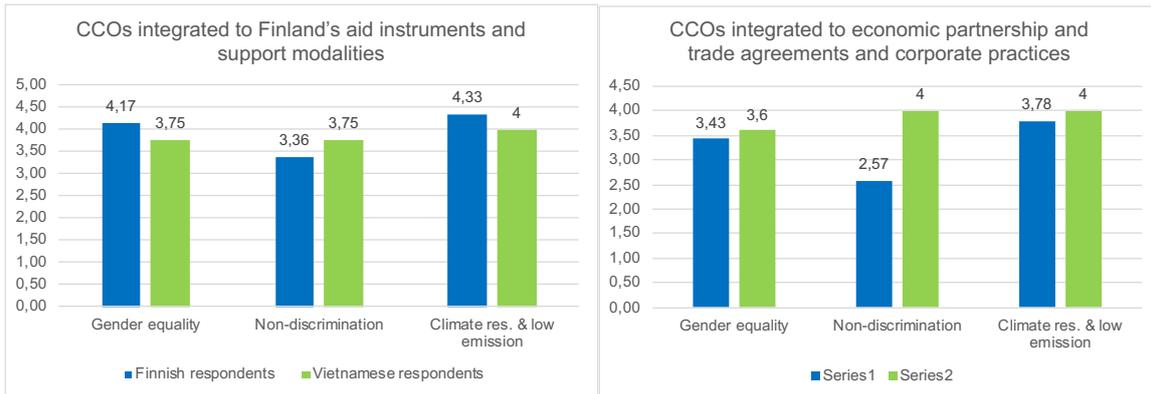
On **specific examples of actions/milestones in applying cross-cutting priorities**, Finnish respondents reported the business sector actors having successfully engaged in a circular economy, renewable energy, energy and material efficiency, waste to energy and, hence, supported transition. In bilateral projects, gender was mainstreamed well, and they have created an electronic platform that significantly improves governance in managing forests (FORMIS). The respondents estimated that the cross-cutting priorities are important to Finland and less so to Vietnamese counterparts.

A Vietnamese respondent refers to FORMIS as a good example for cross-cutting priorities application. It might be specifically the case of the People's Participation in Forest Governance and Poverty Alleviation (PPFG) Project implemented by ActionAid Viet Nam (AAV) with the support of the Ministry of Foreign Affairs of Finland, in cooperation with key technical partners, including the FORMIS project, Viet Nam Forest Administration, Viet Nam Forest Association – VIFORA, FPA Binh Dinh and FINPRO. The PPFG aimed to create an open and interactive space for people from grassroots communities to participate in the national forest management information system



– FORMIS II, supporting ethnic minority communities to deepen connections with their forests, improve the way their forests are governed and contribute to poverty alleviation in Viet Nam. PFG has had good impacts on the participants, especially women, in increasing their access to information on the internet and showing that women can be credible development partners.

The current **Finnish cross-cutting policy objectives** are a) Gender equality, b) non-discrimination, c) climate resilience, and d) low emission development). The following two tables present to what extent the respondents estimate that the current policy objectives are integrated into the Finnish-Vietnamese cooperation and partnership relation.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

Finnish respondents estimate that climate resilience and low emission development have been slightly better integrated into Finland's aid instruments and support modalities, as well as into economic partnership, trade agreements and corporate practices (in comparison to other CCOs). Vietnamese respondents estimate the same. However, non-discrimination is equally well integrated into economic partnership, trade agreements and corporate practices.

On familiarity with Vietnamese key and cross-cutting policy priorities and objectives, 37.5 % of Finnish respondents answered to be familiar with them, 50 % were not familiar, and 12.5 % were not sure. Of Vietnamese respondents, 40 % were familiar, and 60 % were not.

The Finnish respondents elaborated that there are many priorities depending on the sector (although most answers did not specify any). The new draft SEDS and SEDP outline these priorities. Inclusive growth and increasing competitiveness and productivity will remain high on the agenda.

The answers provided by Vietnamese respondents cover a wide range of Viet Nam policy objectives from science, technology and innovation, infrastructure development to poverty reduction, social protection and gender equality.

On examples of **companies that have developed Corporate Social Responsibility Policies** and are applying them actively, the Finnish respondents estimated that large Finnish companies have the best resources to implement their strategies were named to possibly have best practices. S-Group, Kesko, Fortum, Wärtsilä, Finnair, Saitex were named. Environmental responsibility is the most advanced.



There are very few and far examples of companies that have developed and implemented CSR policies in Viet Nam. A Vietnamese survey informant refers to Niras Finland Oy as a good example of this dimension given that Niras served as a lead consultant in collaboration with GFA and Green Field Development to provide technical assistance services for the FORMIS II project. In relevance to this observation, there is evidence from qualitative interviews that some Vietnamese stakeholders in the forestry sector have probably confused the technical cooperation function of Niras with the government development cooperation agency such as the Finnish International Development Agency (FINNIDA).

On the understanding of companies on the cross-cutting priorities which have gone beyond CSR, the Finnish respondents considered that S-Group and Kesko have very elaborate and self-critical CSR/human rights/carbon neutrality programs, and they operate extensively in/buy from Viet Nam. Forestry- and environmental consulting companies have business models contributing to environmental sustainability and climate resilience. UNDP is doing a study on this at the moment: Awareness and implementation of Responsible business practice in Viet Nam.

For the Viet Nam side, there are no descriptive answers to this question.

With respect to the Finnish respondents' **recommendations on how could Finland best support the implementation of the cross-cutting objectives in the new form of partnership with Viet Nam**, the responses included agreeing on them mutually and ensure that all the parties understand what it entails. Partnerships in international forums and projects, political dialogue, trade agreements, ensuring those will be linked to activities and due diligence practices. There could be some extension and introduction of bilateral programmes, especially on gender equality and non-discrimination.

In addition, these CCO aspects might be considered in trade relations, tailoring Finnish SDG-based solutions to the market. Expanding innovation partnerships and knowledge exchange helps enhance Finnish best practices in the government, research, private sector and civil society organisations. At the same time, it is important to support the establishment of an ecosystem for enhancing SDG based business/innovation in Finland and a synergetic set of modalities that come together to support the tailoring of these solutions to developing markets. Moreover, in view of climate-related targets, it is necessary to support investments in renewable energy, specifically biomass and waste to energy.

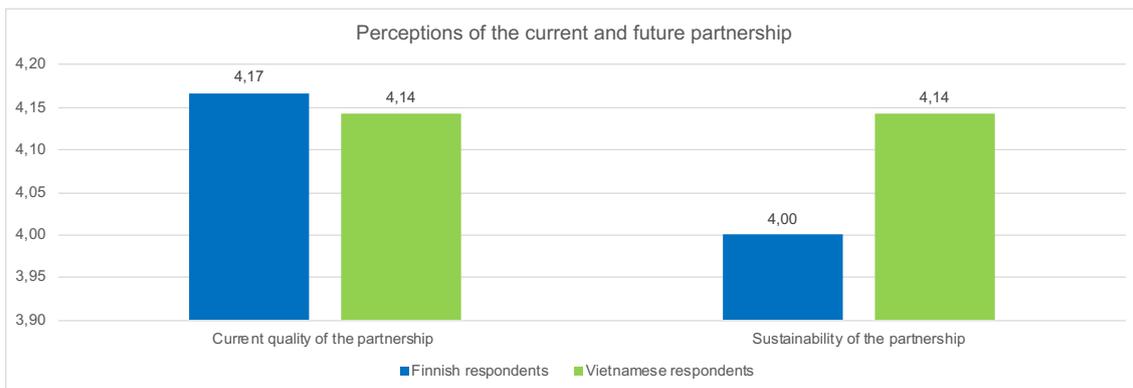
Supports to climate resilience deems essential, according to Finnish respondents, to create information and knowledge dataset on the current situation and future scenarios of the status of forests, disaster risks and relevant business intelligence in these areas; to support interventions and partnerships related to sustainable forest management and substituting fissile fuels with bio-energy.

For the Viet Nam side, there is a general recommendation that private sector and CSO engagement should be promoted in relation to the implementation of the cross-cutting objectives. However, there is no concrete suggestion.



Section 5: Current situation of Finnish-Vietnamese partnership and future needs and expectations

The following table outlines how the respondents assess the **current quality and sustainability of the partnership between Finland and Viet Nam** in terms of political, diplomatic and socio-economic aspects, based on the current situations and directions.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish respondents estimate that the quality is slightly higher than the sustainability, while Vietnamese respondents consider both as equally good.

On **aspects that are particularly satisfying**, Finnish respondents referred to the legacy of a long-term partnership, business, trade and commercial relations, institutional (especially BF, TEM, Sitra) and HEI relations, communications between companies and also with Vietnamese authorities, the political supports from the Embassy in Hanoi as well Vietnamese high-level visits to Finland.

The Vietnamese respondents either give a vague answer or skip the question on this aspect.

On **shortcomings**, the Finnish respondents mentioned the risk of losing good position due to a lack of concrete prospects in mutually beneficial areas, cultural and civil society organization relations, poverty reduction and human rights, the lengthy time-lapse on the establishment of a business partnership, and the risk of fading interest during the process, the overall coordination and communications on the implementation of Finnish transition strategy in Viet Nam and the information-sharing mechanism.

The Vietnamese respondents either give a vague answer or skip the question on this aspect.

In regard to **the future of Finnish-Vietnamese cooperation and partnership with a reduced flow of ODA between the two countries**, as well as on **the current needs and expectations for the future**, some Finnish respondents consider it bright, and others describe it challenging, especially since the collaboration has strongly been grant-based development co-operation against the backdrop of the continuity of grant-based assistance provided by other DAC donors in Viet Nam.

The suggested recommendations include more institutional partnerships, HEI institutions to establish partnerships/cooperation, official visits whenever the COVID-19 situation allows and building on existing networks, reputations and recognised areas of mutual interest that support



Viet Nam's development goals. Supporting business, trade and investments, including ODA funded investments, is needed. Also, it is important to consider funding and Embassy/MFA support/ support mechanisms in the development of business connections, information sharing on the operating environment, providing technical supports on the conduct of feasibility evaluation, business development and business intelligence, as well loan facilities and guarantees for private funding opportunities for the projects.

It has observed that the different funding instruments could be challenging and unfamiliar for small-scale private companies to fulfil. The application process is demanding and time-consuming, while sufficient resources and knowledge do not exist. It was also expressed that it is best to rely on the existing and familiar areas of cooperation but expanding to private sector engagement.

The Vietnamese survey respondents are positive about the sustainability of the partnership. This means they might have adapted to the reality of fewer ODA flows but still a remaining partnership.

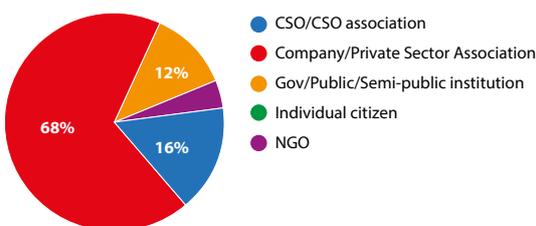
On the **recommendations for further strengthening of the partnership between Finland and Viet Nam**, the Finnish respondents expressed the need to plan the transition at least ten years in advance. Accordingly, there is a need to design projects that have the potential of sustainability of cooperation in the future. There should be in place technical assistance, regular communication with specific sectors, support for industries to enter the Viet Nam market with environmentally friendly solutions, and a more proactive approach in communicating with Vietnamese partners on the modalities of Finnish supports to advance the utilization of these modalities.

There is a suggested recommendation that fostering more policy dialogues and needs assessments for business partnership might help attribute to further strengthening the partnership. This recommendation responds to the need for better information sharing mechanisms or means of communications between the concerned parties.

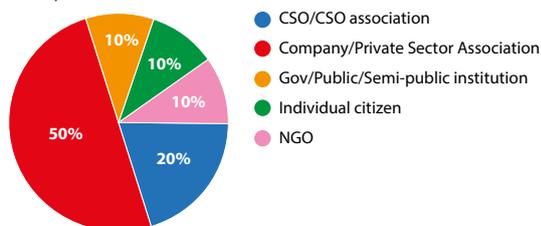
Survey Two on CSO's, Companies and Educational and Social-cultural institutions engaged in partnership and trade relations between Viet Nam and Finland

Section 1 Basic identification data

1. Type of organisation
25 responses



1. Type of organisation
10 responses



In Survey Two, the total number of Finnish respondents is 17, including 11 male, 5 female and 1 not applicable. There are 18 Vietnamese respondents, involving 3 male and 7 female. As indicated earlier in Survey One, the response rates of each section do not correspond to the total number of respondents who answered the questions in terms of nationality because there are a number



of Vietnamese respondents who opted to give their answers in English (i.e., 8 responses given in English by the Vietnamese informants).

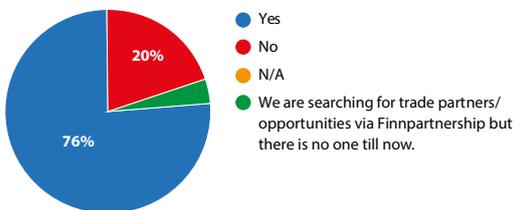
With respect to this sub-section on basic registration data of Survey Two, there are 25 responses received in English, and 10 obtained in Vietnamese as indicated in the pie charts (the left pie chart presents the results of English responses, and the right one indicates the Vietnamese responses). Therefore, the discrepancy of the response numbers shown in the pie charts is related to the respondents' selection of survey language only.

The quantitative results demonstrate a variety of organizational sectors among both the Finnish and Vietnamese respondents. While the majority of Finnish and Vietnamese informants works for the private sector, there is no presence of NGOs on the side of Viet Nam as indicated in the relevant pie chart. This finding is likely to show that the government of Finland has not actively engaged the participation of NGOs in partnership and trade relations between Viet Nam and Finland. This finding is consistent with the information collected from qualitative interviews with stakeholders in Viet Nam indicating a seemingly invisible presence of Finland as DAC donors among NGOs in the country.

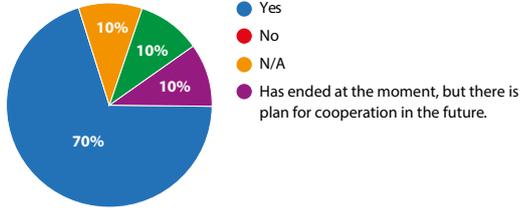
Section 2: History of activities in cooperation/exchange/trade between Finland and Viet Nam

The following graphics show that for the majority of respondents (76 % for Finnish, 70 % for Vietnamese), the partnership is still ongoing. This indicates rather good sustainability.

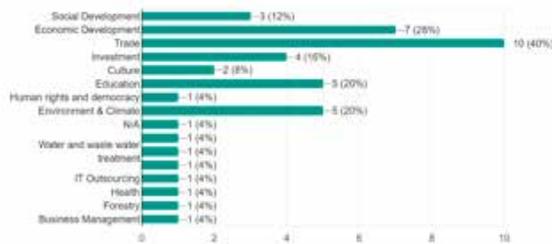
1. Is your partnership activity still ongoing?
25 responses



1. Is your partnership activity still ongoing?
10 responses



2.2. In which sector(s) are you active in your specific Finland-Vietnam relation
25 responses



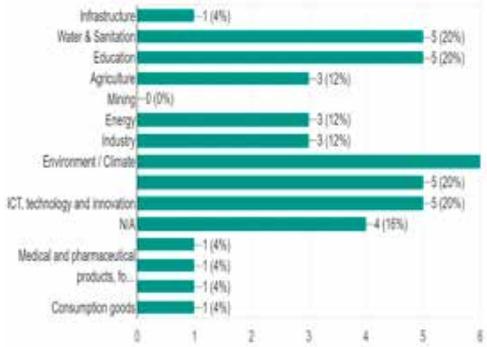
2.2. In which sector(s) are you active in your specific Finland-Vietnam relation
10 responses



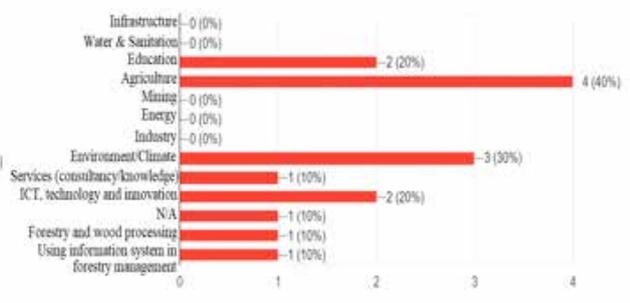
The following graphics illustrate the sector(s) in which the respondents are active in Finland-Viet Nam relation, followed by the key sectors for partners specifically in economic development, trade or investment.



b) If in economic development, trade or investment, can you specify key sectors of your activities/trade:
25 responses



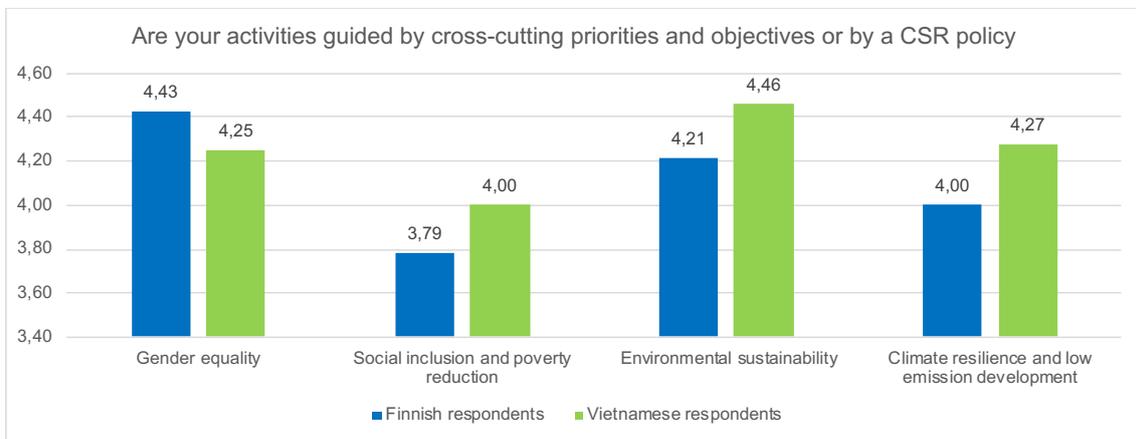
b) If in economic development, trade or investment, can you specify key sectors of your activities/trade:
10 responses



Finnish respondents operate mainly in trade, economic development, education, environment and climate. The partners in trade and economic development focus mainly on environment and climate, WAS, education, ICT, technology and innovation.

On a 5-point scale (3 being neutral), the Finnish respondents estimate 3.50 in the **activities above being guided by cross-cutting priorities and objectives or by a Corporate Social Responsibility (CSR) policy**, while Vietnamese respondents estimate it to be 3.71. It should be noted, however, that there is likely bias due to cultural differences (Vietnamese politeness). Therefore, the Finnish and Vietnamese results cannot be directly compared with each other.

The following table shows how the respondents estimate this guidance/policy/CSR to include different elements.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The table shows that all the cross-cutting priorities' inclusion is rated towards positive rather than negative. Finnish respondents estimate that their activities are guided by gender equality (strongest, environmental sustainability, climate resilience and low emission development, as well as social inclusion and poverty reduction (lowest). The Vietnamese respondents consider gender equality has been the strongest cross-cutting priority to guide their activities, followed by environmental sustainability, climate resilience and low emission development, as well as social inclusion and poverty reduction (lowest).



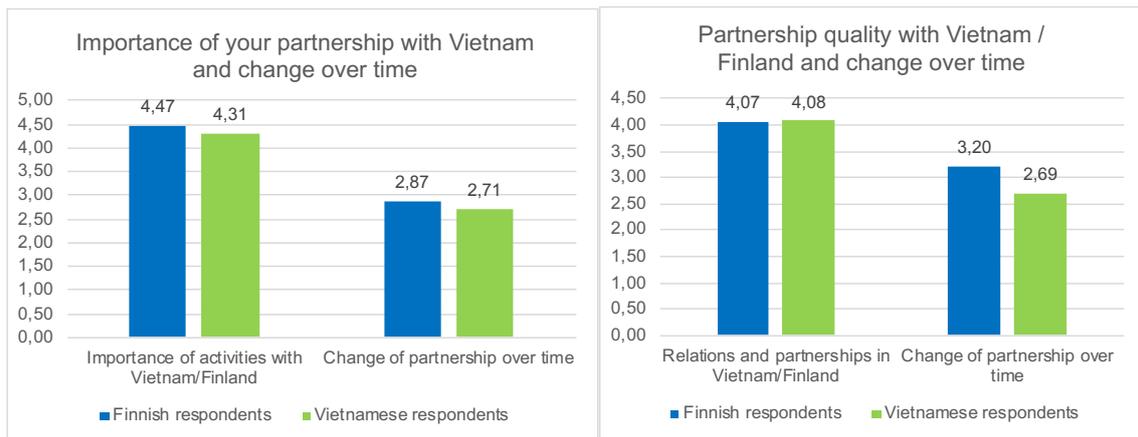
The Finnish respondents estimate that the cross-cutting priorities are seen mostly as important, and to some, they are part of the focus areas in their operations. Considerations included that these should be in-built in the DNA of any company and being part of the market analysis. Existing practices included “turning black into green”, training partners, securing sustainable results which enable profitable business, getting more women employees, customers requiring business contacts who are conscious about the environment and child labour.

Some of the Vietnamese respondents report actively engage with the cross-cutting priorities. Two of them are development practitioners whose organizations have integrated the cross-cutting priorities in different organization’s programs and activities. Even one organization aims to promote an understanding of CSR as shared values that create new business opportunities, new markets, improve profitability and strengthen competitive positioning. One respondent who comes from the private enterprise sector refers to CSR as philanthropic responsibility (e.g., charity donations).

On the relations and activities in the other countries in the South-East Asia region, the Finnish respondents report sales, export, looking for opportunities, but also expansion paused due to the pandemic. The mentioned countries include China, Thailand, Singapore, the Philippines, Cambodia, Laos, and Myanmar.

Most Vietnamese respondents give generic answers to this question. There is a good example of Abilis Foundation, which is a unique actor, channelling funding to projects that are planned, implemented and monitored by people with disabilities in developing countries. In Southeast Asia, such as Viet Nam and Myanmar, Abilis works to empower people with disabilities, to increase their knowledge and skills as well as to support them to discover their own potential, willpower and courage.

On the importance of your relations/activities with Viet Nam-Finland in view of the entire (global) portfolio of activities, the following two tables show that both Finnish and Vietnamese respondents feel that the importance and quality are clearly positive; however, the change of partnership over time is mildly towards a negative trend.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish respondents elaborate that opportunities in Viet Nam are important, good partners have been found in Viet Nam freedom to express, and education/language level has risen, Vietnamese have degrees abroad, and Business Finland Viet Nam office and Finnpartnership have done excellent work with supporting cooperation. However, the market share grows slowly, the waiting



time with the new PIF agreement is rather long, the COVID-19 situation has challenged, and the development and partners are not ambitious or open-minded for innovation. It is also clearly mentioned by several respondents that in South-East Asia, business is built on personal relations, and high-quality business requires high-quality relations. For one Finnish CSO, the importance of local expertise and cooperation attributes to the success of the organization operations in Viet Nam.

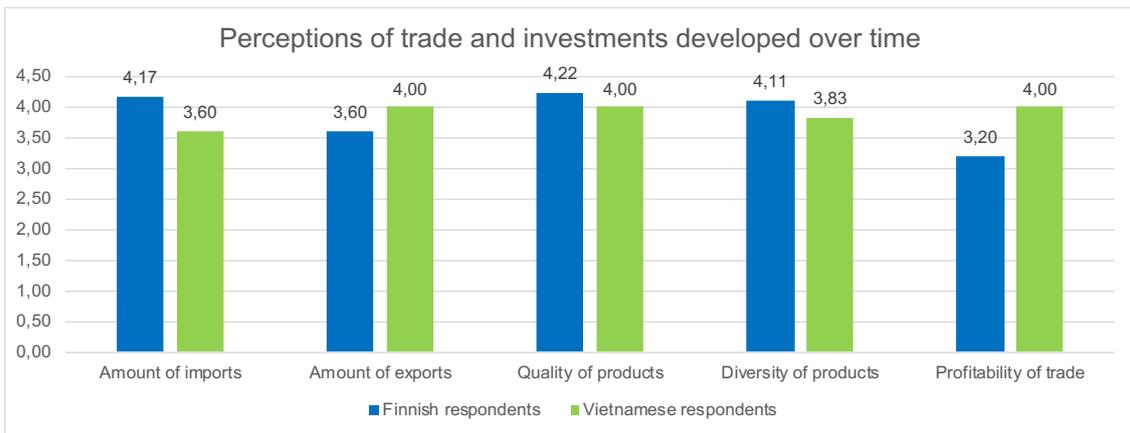
For Vietnamese respondents, the importance of their cooperation with Finland lies in the world-class expertise and reputation of Finland in the fields of hi-tech solutions, forestry and wood manufacturing, and green technology. Vietnamese partners can benefit not only from Finnish expertise and modern technology but also from the international influence of Finland as the member state of the EU. In addition, some Vietnamese place a great value on the importance of the partnership owing to their positive experiences working with Finnish partners (e.g., FinnFund and the Embassy of Finland in Hanoi) over the past years.

The following table show, **in terms of expectations about the future of relation with the Finnish/Vietnamese partners** (regardless of ongoing Finnish-Vietnamese official development cooperation and diplomatic relations) that Finnish respondents value these significantly higher than the Vietnamese. This might also mean that the future of Finnish operations in Viet Nam is considered significantly more positive than the future of Vietnamese operations in Finland or with Finland.



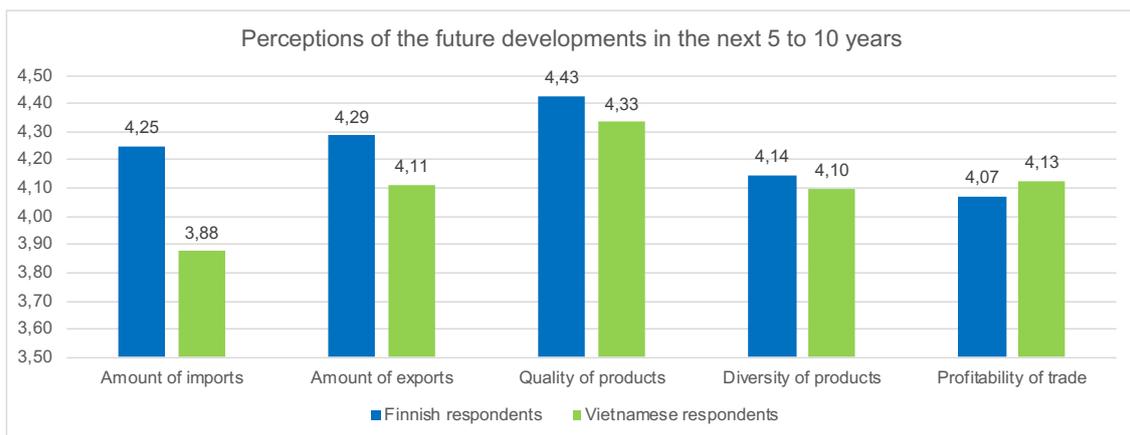
Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish trade and investment partners estimate on **the trade and investments development over time** that the amount of imports, as well as quality and diversity of products, is more positive than the profitability of trade and amount of exports. Vietnamese respondents estimate that the amount of exports, quality of products and profitability of trade have developed better over time, in comparison to the amount of imports and diversity of products (although all have been estimated positive by both Finnish and Vietnamese respondents). Therefore, it could be said that the development of trade from Viet Nam to Finland is estimated more positive by both respondent groups than the trade from Finland to Viet Nam. This is quite surprising as the imports and exports in numbers show the trend reverse.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The following table shows the perceptions of the respondents in the **future of the developments in the next 5 to 10 years**. Both Finnish and Vietnamese respondents see the quality of products as most positive, while the future development of profitability of trade has gained fewer points in the eyes of Finnish respondents and the amount of imports in the eyes of Vietnamese respondents.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

On what and who has triggered the interest in the cooperation, the Finnish respondents mentioned the market with good potential for innovation and improvement of techniques, decades of Finnish government and company's presence, similar approach on key sectors, the needs of Viet Nam in the specific business area, extending market opportunities abroad, looking for a good local partner, support from Finnish side, and a current gap in terms of disability inclusion and participation of persons with disabilities in the society in general and in development in particular. Other companies, Finnish ODA, politicians, Vietnamese success, Business Finland, Finnpartnership, MFA officials, and the Vietnamese people were described to having triggered this interest.

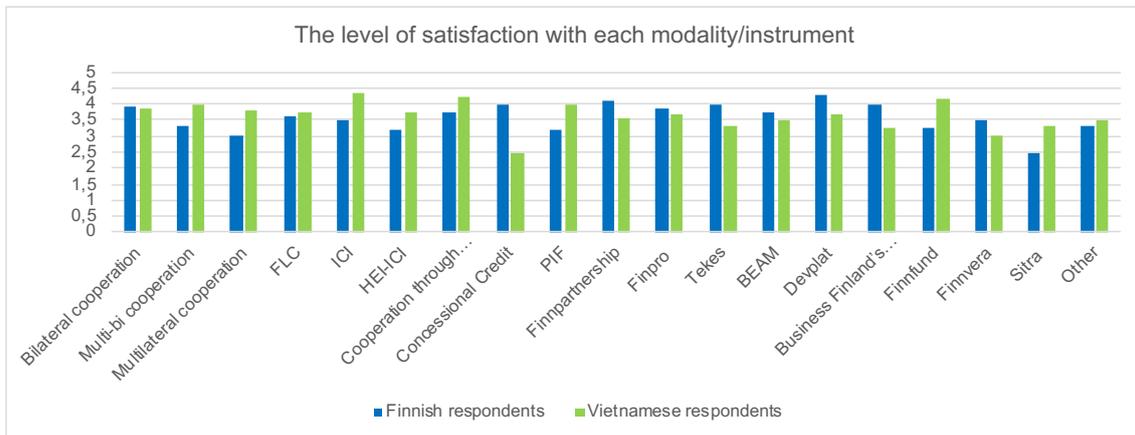
Most Vietnamese respondents refer to Business-to-Business (B2B) matching events hosted by Finnpartnership and the Embassy of Finland in Hanoi as an effective networking funnel and connect more businesses. Some Vietnamese respondents point to the promising market for both sides, such as the huge potential for Vietnamese coffee export to Finland and the transfer of Finnish technology in forest management and utilization to Viet Nam. Two respondents look up to Finland's world-leading education system. The other two respondents draw on the long-lasting



bilateral friendship between the two countries. A respondent who comes from a Finnish organization highlights the need for disability-inclusive development in Viet Nam and the relevance of Finnish disability policy in the development cooperation. There is also evidence on the potential of Vietnamese diaspora communities in creating business and bilateral trade relations. For instance, one entrepreneur respondent got to know Finland education and became interested in establishing a Finnish school franchise in Viet Nam.

Section 3: Your use of support institutions, support modalities and support instruments in building and strengthening your partnership(s) and cooperation or commercial relations between Finland and Viet Nam

On the **instruments/modalities that have been used/benefited from in the past (2008-2020)**, the following table shows that DevPlat and Finnpartnership received the best satisfaction among the Finnish respondents (over 4), while Sitra and multilateral cooperation received less satisfaction (less than 3). The Vietnamese respondents have been most satisfied with ICI, cooperation through civil society and Finnfund (over 4), while less satisfaction was received on concessional credit instrument (less than 3).



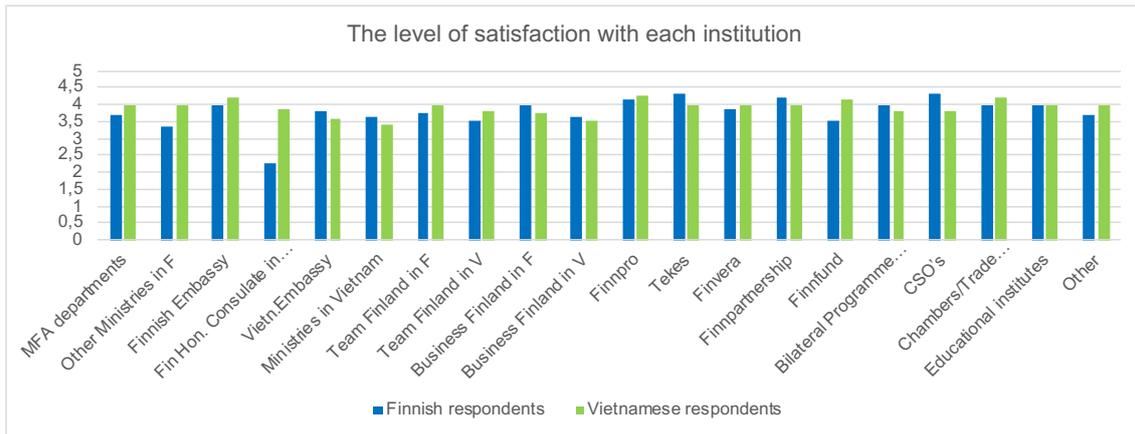
Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

On the **reasons for being satisfied with a specific instrument or modality**, the Finnish respondents mentioned Finnvera due to its support and information sharing, Finnpartnership for its feasibility study, Finpro for opening doors to discussions, PIF for making large scale projects in the public sector possible, concessional credit for being a practical instrument, and bi-lateral water sector project, water utilities and Finnish Water Forum project for having created real linkages between the companies, paving the road for business and partnerships, and linking Finnish knowledge to local needs with interested parties on Finnish solutions. It was also mentioned that the best modalities are the funding sources outside of Finland: the EU and the Dutch government for being flexible and result-oriented. The funding cuts to civil society organisations were described as a negative factor for Viet Nam civil society operations.

The Vietnamese informants reflect that the approaches of Finnpartnership, Finnfund, Finnish Cooperation Development, ICI and Tekes have been very useful in making connections between Vietnamese beneficiaries and Finnish experts. One respondent explicitly points to the important supports for CSOs in Viet Nam.



On the institutions that have provided support/information in the past (2008-2020), the following table shows that civil society organisations, Tekes and Finnpro received the most satisfaction among the Finnish respondents (over 4), while Finnish Honorary Consulate, other Ministries, team Finland in Viet Nam and Finnfund received less satisfaction (less than 3.5). Vietnamese respondents considered that Finnish Embassy, FinnPro, FinnFund and Chambers/trade Associations having been most satisfying to work with (over 4), while Ministries in Viet Nam and Business Finland in Viet Nam not as highly (less than 3.5).



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

On the reasons for being satisfied with specific institutions, the Finnish respondents mentioned particularly the Embassy (several times) and the bilateral programs for having been dynamic and supporting activities, Team Finland for giving information on a regular basis, Finnpartnership, Tekes and CSO Finnish Water Forum projects for having the right attitude and clearly understanding their roles as enablers, Finnpartnership for the high enough volume (although a bit bureaucratic), Chambers of Commerce for being very helpful and supportive, and educational institutions and local CSOs for cooperation. TEKES/Business Finland services were described to possibly having a lack of knowledge about the market, business practices and opportunities, in some cases dismissive attitude towards SE Asia opportunities and cooperation in favour of other countries. It was also recognized that rather than institutions, the success might be up to the human resource at the end as an individual's input is meaningful.

The Vietnamese informants reflect that the Embassy of Finland in Hanoi and other Finnish support modalities such as Finnfund and Finnpartnership play a crucial role in making connections between Finnish and Vietnamese stakeholders. Among these, one respondent highlights the benefits of information sharing and effectiveness of participatory approaches of MFA and the Embassy's supports for Finnish CSOs in Viet Nam.

On a five-point scale from lowest/negative to highest/positive (3 is neutral), the Finnish informants estimate on average 3.24 **having started the activity without the existence and support of these instruments, modalities or institutions**, while the Vietnamese average is slightly higher 3.46 (possibly because of the positive bias). Both are, therefore, slightly more positive than negative.

On how it would have been done without support (vs how it was done now), the Finnish respondents mentioned through local trade partners, investing own money and resources, slower phase, difficulty with local permits, higher risks, or simply "alone in the dark reaching for the wall". Some estimate having done everything in the same way, and some activities were also started before the collaboration with the Finnish instruments.



Vietnamese informants reflect that they might face difficulties in the continuation of their operations without Finland supports. Among them, three respondents would seek development assistance from other DAC donors, especially the EU member states. One respondent would turn to the channel of the Vietnamese diaspora in Finland as an alternative, while two respondents would manage themselves. There is a Finnish organisation that appears to not have any alternative sources of funding.

On a five-point scale from lowest/negative to highest/positive (3 is neutral), the Finnish informants estimate on average 3.53 to **continue the activity without the existence and support of these instruments, modalities or institutions**, while the Vietnamese estimate almost the same, 3.50.

On **how it will be continued without the support**, the Finnish respondents referred to EU, FAO, IFAD, private sector and CSO contacts, as well as with their own investment. It was mentioned by several respondents that government support helps companies to be more competitive. However, there are reportedly companies who joined only for getting the support but do not have the required competency to stay in the market. This means that companies' decisions on establishing themselves in a new market cannot solely rely on government support.

The Vietnamese informants reflect that without Finland support, the Vietnamese respondents are inclined towards a new partnership with other EU member states and DAC donors.

On a five-point scale from lowest/negative to highest/positive (3 is neutral), on **whether COVID-19 is affecting the activities and relationship between Finland-Viet Nam**, the Finnish respondents estimate it to influence on an average of 3.93, while Vietnamese respondents estimate it to impact slightly less with an average of 3.13.

The Finnish respondents mention that the customer contacts are difficult when expanding markets and projects are suspended, for not being able to travel, sign deals and promote activities (important in any business dealings). Technology communication and webinars were not considered the same.

The Vietnamese respondents reflect that due to the COVID-19 social distancing rules, many business activities and institutional operations have been cancelled or shifted to virtual meetings and remote working, which are, however, not effective as face-to-face meetings. However, a respondent indicates that during the COVID-19 pandemic, collaboration and communication, especially between the country office and the Head Quarter in Finland, get richer.

On **suggestions for improvements and changes in instruments and institutions**, the Finnish respondents indicate that a more pro-active approach is needed, bi-lateral projects should have the transition component in the inception phase of project implementation; companies of the sector must be involved in the preparation of the bi-lateral projects to align the project so that it is doing transition with Finnish interest from the beginning. It is also needed to make the instruments feasible to apply and manage on the ground to attract a higher volume of applications from companies who have a keen interest. Clarification on the role of the Embassy is needed for the staff (i.e., priority #1 to support business with "Yes we can!" attitude), treating companies as their bosses and customer. In realities, it has been reportedly a sort of playing the lottery when the staff and mindsets/interests might change at the Embassy. More interactions between business and CSO instruments are also needed. Engaging the private sector part of Team Finland is not necessarily perceived as a competitor to Team Finland. Ensuring disability inclusion in all instruments and giving priority to companies that provide solutions for persons with disabilities are considered essential.



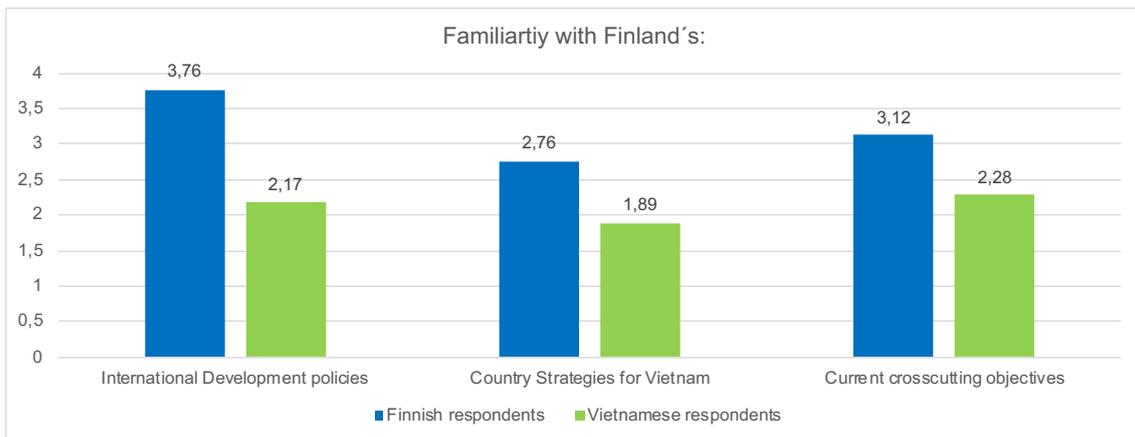
The Vietnamese informants reflect that it is necessary to build effective communication channels in the form of fairs, exhibitions, and B2B matching events, etc., which support Vietnamese SMEs in making connections with potential partners in Finland. Also, there is a need for information sharing mechanisms for Finnish and Vietnamese partners to be equipped with intercultural sensitivity and skills.

On **suggestions for possible new instruments or services**, the Finnish respondents consider less separate instruments and more integrated support to be needed. Project preparatory funding should be made available for companies whose PIF concepts have been approved to the pipeline. There should be supports provided to the business concept development in order to foster collaborative possibilities among CSOs, research and business partners. The instrument approach should have proceeded in a timely manner.

The Vietnamese informants reflect that technology application should be an element to consider in designing the instruments or services or support/investment decisions while ensuring disability inclusion into all instruments. Furthermore, the presence of Finnish organizations in Viet Nam through their country office should be increasingly considered.

Section 4: Your knowledge and appreciation of Finnish-Vietnamese cooperation in the past and the current transition process in cooperation between Finland and Viet Nam

The following table summarizes **the familiarity of the survey respondents with Finland’s development cooperation components**. It can be seen that Finnish respondents are quite familiar with Finland’s international development cooperation policies and, to some extent, on the current cross-cutting objectives, but not so much with the country strategies for Viet Nam. In contrast, the Vietnamese respondents report that they are not very familiar with any of these.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The following three tables summarise how the respondents **assess Finland’s International Development policies, country strategies and CCOs**. Most of the Finnish respondents consider Finland’s international development policies and the current cross-cutting objectives to be clear and useful, while the Vietnamese respondents indicate both to be useful but a bit unclear, and they are not very familiar with them. Most of the Finnish and Vietnamese respondents were not familiar with Finland’s country strategies, but the ones that were considered then to be useful but unclear (both respondent groups).



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish respondents described Finland's International Development policies to follow the international tendencies, useful framework, clearly expressed, openly decided, visible for all to read, but difficult to explain these policies to the local Vietnamese partners. The Finnish schemes provide useful guidance on how the CSO support needs to be directed, but on the other hand, the CSO level expectations start to be at the expectation level of bilateral programs.

The CCOs were also described to follow international tendencies, being clear topics that are part of Finnish core values and therefore easy to agree on, but more specific instructions on their use are needed. Also, considering the funding amounts, the number of cross-cutting issues and what is expected are likely started at an unrealistic level.

On Finland's country strategies with Viet Nam, not much was said, except that Viet Nam is not anymore one of the key targets of Finland, as the weight seems to be likely in Africa.



The majority of Vietnamese respondents appear to be uninformed of both Finland’s International Development policies and Finland’s Country Strategies for Viet Nam due to information unavailability in Viet Nam. Only Abilis Foundation has reportedly benefited from the Finnish development policies, which helped Abilis in setting strategic priorities of its programming in Viet Nam. Abilis indicates that Finland supports for especially non-profit organizations for people with disabilities (PWD) are still needed as PWD are facing exclusion in many aspects of development in Viet Nam.

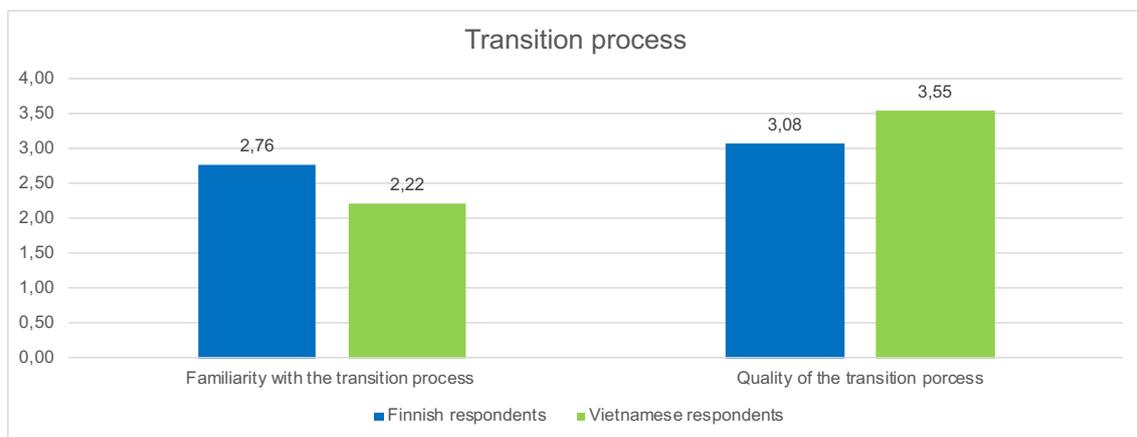
With respect to Finland’s cross-cutting objectives, Abilis Foundation values these objectives and have integrated them as strategic priorities of its programming in Viet Nam. The other four respondents underscore the alignment of these CCOs with the UN SDGs.

On the **familiarity with Vietnamese development policy priorities**, 40 % of the Finnish respondents were familiar, while 59 % of the Vietnamese respondents were familiar.

The Finnish respondents were particularly familiar with the policies of the sector in which they work, as well as on Vietnam’s priority of keeping current continues growth, also to avoid political debates.

All Vietnamese respondents reflect general policies of Viet Nam mentioning objectives of economic growth, trade promotion, science and technology, poverty reduction, social inclusion, gender equality and environmental protection and climate change adaptation and resilience.

The following table summarizes the respondent’s **familiarity with the transition process** of cooperation between Finland and Viet Nam towards a new kind of mutually beneficial partnership. Both Finnish and Vietnamese respondents were not very familiar with the transition process but slightly more positive (or rather neutral on average) about the quality of the process.



Legend: Five-point scale from lowest/negative (1) to highest/positive (5); (3 is neutral)

The Finnish respondents elaborated that it is a natural path considering the economic growth and development pathway that Viet Nam is taking. However, the transition seems to be considered as a separate activity starting from the point where grant funding ends, where it should actually be a gradual process starting from the beginning of the co-operation. Good to transfer responsibility to local actors, but Government policies and reality in the terrain do not meet, and the interest of Finnish companies towards Viet Nam market may reduce. Some respondents did not know where to find documentation on the process.



The Vietnamese informants express their agreement on the transition process, which occurs at a good timing and reflects the global strategic trends towards win-win partnerships.

40 % of both Finnish and Vietnamese respondents considered possessing a **good practice within their organisation/company of how they have been part of the transition process.**

The Finnish respondents elaborated on these initiatives, including a long history of cooperation with Viet Nam and the established good network in the country, the learning attitude, transferring know-how to local partners and introducing forest practices that allow integration of smallholders into forest value chains, allowing more market-oriented actions to be taken.

The Vietnamese respondents indicate their interest and commitment to apply good practices of CSR within their organization.

On the **lessons learned side of the transition**, the Finnish respondents reflected that bi-lateral projects are the only means where the transition can be really completed, but this must be inbuilt into the ODA projects already in the planning phase; Company engagement in the transition process has not been paid attention sufficiently; Government procedures take time and expectations based on pieces of legislation, and this may hinder the achievement of common objectives; Language and culture differences; the different business styles in comparison to the public side; and more communication and monitoring would have helped to avoid some trial and error.

The Vietnamese informants reflect on the importance of strengthening information-sharing mechanisms for business enterprises of both sides. This helps business enterprises to understand better the needs of their potential partners. In this regard, the engagement of Finnish expatriates who have experience of working in developing countries should be promoted.

On further **recommendations for Finland and Viet Nam Governments**, the Finnish respondents referred to clear roles, considering and understanding governments as facilitators for private and CSO sector co-operation, clearer decision on the sectors and the HRBA approach, which then would enable bi-lateral projects leading to a smooth transition and mutually benefitting co-operation. A wish for ODA and bilateral projects continuity was also expressed.

It was also mentioned important to have instruments and more supports to truly enable the collaboration with the private sector companies and enable inclusive economic growth, as well as the importance to hire local representatives by Finnish organizations. It was mentioned that Finland has many innovations for helping Viet Nam, and mutual learning is important.

The Vietnamese respondents reflect that there should be private sector engagement further to enhance resources and synergy for the successful implementation of this transition process. Business matchmaking activities, e.g., virtual B2B meetings within the context of COVID-19, should be promoted and diversified. It is vital to foster bilateral trade relations, promoting Finnish exports such as timbers, hi-tech products, to Viet Nam and Vietnamese agricultural products, textile and garments, furniture, etc. to Finland), and human resources training, culture, education, tourism and people-to-people exchanges. The internalization process for Finnish business enterprises is highlighted with the need for cross-cultural competence and skills, which help Finnish enterprises meet the needs of their clients with different cultural values, habits, and attitudes in a complex international marketplace such as Viet Nam. There is a suggested recommendation on disability-inclusive development programming in the bilateral relation of Finland and Viet Nam.



Annex 15. Cooperation Finland and Viet Nam in the education sector (HEI ICI)

This annex is based on a number of interviews with Key Informants. To ensure confidentiality, references to specific Key Informants are deleted from the text but are available with the evaluation team.

Concluding findings and forward-looking reflections

Transition is new territory to MFA; a learning process, and it should be understood as such also in education, with frequent consultation, and by creating a **unified line with different stakeholders. Development cooperation and commercial sides should overlap longer** for linkages to be actively created, which would also enable learning on how to build a business from development cooperation and how to cover education exports with PSI/public support. A jump to the commercial side is a long road as building the business relationship and creation a win-win situation don't happen overnight. Viet Nam context requires cooperation relations to be constructed, and it requires effort from all stakeholders.

If a transition decision is made with specific goals on trade, the government could be more straightforward with its support on transitioning from development to trade through an enabling ecosystem approach, as well as through specific actions that enable the transition. Examples exist in other countries. For example, Germany and China have included their technologies as part of the development cooperation, donating these technologies and trained the partner country to use them. Once people are familiar with them, it changes to export, and the familiar product has an advantage over others in markets. As HEI and education cooperation have successfully been part of Viet Nam's road towards quality education, Finland has an opportunity to build from this towards the same direction, with an approach that is modified for Finnish perspectives.

Funding instrument in between education and trade would be useful. Overall, **the instruments to enable further cooperation might work better for sectors like education if not having strict categories**; rather flexible and light funding mechanisms that bridge the needs to the offer and enable piloting. This is important particularly in the beginning as market access requires effort; Finnpartnership received positive feedback on how it has worked for smaller items, such as creating a business plan and on a relatively straightforward process. School projects particularly take a lot of **time from inception to operation**, maybe even longer than many other types of (commercial) projects. There is a need to invest sufficient time in the projects.



As the **R&D MOUs may not be the most relevant way of building relationships**, it may be more **relevant to focus on student and staff/research exchange, delegation visits, talent boost, start-up collaboration, and later R&D partnerships in the transition**. However, it is important not to create (too much) competition among Finnish initiatives, but rather to support the already existing ones that are working and growing them into larger cluster approaches, since HEI combines many other sectors of Finnish-Vietnamese interest for (trade) cooperation.

Some ICI projects are also an efficient way, in particular, to support organizational, human resource, legal and regulatory framework development. There is an existing good practice from FMI ICI, which could be used as a learning practice. In case this can also be applied in HEI ICI, it would mean that there is a good case to **make HEI ICI last even after transition**.

The sectoral focus areas of the Finland-Viet Nam partnership would also benefit from wider training and capacity building elements (in addition to HEI also TVET, and other focused forms of training and capacity building). Beyond looking at education as an export product, the combination of education with specific sector focuses and the related cooperation is important from the perspective of **SDG 17**, as well as being in line with the recommendations of some recent evaluations (particularly the PA2 evaluation's recommendation 5 on cross-department cooperation and holistic/ ecosystems implementation approaches). The **cross-linking of education, academia and research with technology and innovation** provide key opportunities in key sectors such as climate, water and energy.

Further to this, Finland understands security as a broad concept, including, for example, climate. Considering the lack of sufficient political commitments globally, in order to reach the goals of the Paris Climate Change agreement, **Finland's added value in climate lies not only in its commitments to the agreements but in the contribution it provides to innovation, technology and information connected to climate. Many of these require HEIs involvement and HEI cooperation**. Viet Nam represents a country with an average rate of development, well suited for this development to be targeted for the context in which the majority of the world's population live in. The solutions for these kinds of contexts play a key role in the future climate debate and related trade, and focus on this in the HEI cooperation side can be a beneficial long-term goal from various perspectives and in many transition contexts.

The previous points lead to the diamond approach, which involves the cooperation of public, private and academia, enabling many forms of cooperation, complementary approach and a big picture future perspective with innovations. In addition, the civil society involvement might bring further expertise in combining the cross-cutting objectives. Some considerations on **how to make this work in practice** include (depending on what is most suitable within the MFA processes) 1) MFA recruiting '**diamond-coordinators**'/'**system-builders**' who would serve as architects of building solutions. It is likely that these kinds of architects are available in Finland, considering the country's focus on innovation. Identifying right partners, mobilizing resources, and in general helping to build the package which would have elements related to the legislative/regulatory environment, policy, testing/laboratory, certification, curricula/training (just to mention a few). 2) As another option, MFA could open a **funding window in an existing instrument** to support any entity which would take the lead in building such package and, in the case of Viet Nam and any transition countries, this might have to mean flexibility with the transition conditions (i.e., for example, the ICI and HEI ICI instruments should stay) because HEI's and public institutions would need to be part of such comprehensive solutions and their staff could typically serve



in putting the comprehensive solutions together. 3) Alternatively, there could be a **completely new instrument** to support all aspects of building a diamond-model based systemic solution.

In the transition, it is also important that **MFA considers strategically how they want to focus on the cross-cutting objectives, vulnerable regions, and other value/ needs-based priorities**. Trade and vulnerability focus are not necessarily an easy combination. While this needs further reflection and decisions from MFA, some future options may be offered through the Ministry of Economic Affairs and Employment of Finland's new project on sustainable development, which has a private sector focus; the academia is also involved in the related export piloting, connected to education.

Higher Education Institutes - Institutional Cooperation Instrument (HEI ICI)

The Institutional Cooperation Instrument (ICI) is used for supporting partnerships between Finnish and developing countries' institutions. The Higher Education Institutions Institutional Cooperation Instrument (HEI ICI) supports cooperation projects between higher education institutions in Finland and the developing world, that are designed to enhance higher education provision in these countries.

MFA provides funding for the programme through its development cooperation funds. The Finnish National Agency for Education (EDUFI) administrates the programme.

Supporting education in developing countries helps them to promote skills development, establish a well-functioning, efficient and equal society, encourage entrepreneurship, drive sustainable development and reduce poverty. The HEI ICI programme is thus in line with Finland's foreign development policy objectives; however, the projects are all designed to reflect each individual country's specific development aims and must be based on the needs identified by the higher education institutions themselves.

HEI has been part of the MFA Viet Nam country strategies through several priorities. These have included HEI as part of "information society and innovation" priority in the 2008 – 2012 country strategy, HEI as part of "knowledge society" in the 2013 – 2016 country strategy, and finally, direct emphasis on HEI through "science, technology and innovation" and "education" priorities in the 2016 – 2020 country strategy.

Overview of the HEI process from Viet Nam's perspective

From the perspective of rapid economic development and Viet Nam's national economic development goals, the **key challenges for Viet Nam since 2008 have been to strengthen economic productivity and competitiveness**; to sustain growth in the future, it is estimated that Viet Nam needs to enhance productivity in all sectors. Developing a better-educated workforce and strengthening its technology and innovation system is a critical aspect of this (MFA, 2008).



Access to education in Viet Nam has improved at all levels, but its poor quality remains one of Viet Nam's key societal challenges, also limiting growth and productivity. Specifically, there is a need for high education institutions in Viet Nam – both public and private – to adapt their curriculum that is at par with that of the international arena and that necessary to the ever-changing skillset in the labour market (MFA, 2008).³² Both SEDS 2011–2020 and SEDP 2011–2015 identify key 'breakthroughs' to be achieved over the next 5 to 10 years, including the development of a well-educated population (MFA, 2013).

The Political Economy Analysis (PEA) conducted by the Embassy in 2019 (Voutilainen, 2019) highlighted that the Viet Nam **Government's commitment** to education is a strong national priority, taking 20% of the Government's annual expenditure. The focus on education is important for several reasons. Viet Nam is trying to avoid the middle-income trap and to move from a low-cost, production-based economy towards a higher value-added, knowledge-based economy in an environmentally and socially sustainable manner. To achieve this, Viet Nam aims to invest in education reform, research and development, as well as taking advantage of increasing trade opportunities in order to enact broad structural reforms (MFA, 2016).

In 2011 and again in 2019, Viet Nam has also emphasized its **interest in developing labour cooperation and exchange** with Finland. Of Viet Nam's population, the majority are young, and Viet Nam is in dire need of repatriated income from workers; The remittances received by Viet Nam have multiplied during the 21st century; while in 2003, the country received \$ 2.1 billion, in 2016, the amount was already \$ 13.3 billion and in 2018 \$ 16 billion. The World Bank estimates that in 2019, remittances consisted of as much as \$ 16.7 billion, accounting for 6.4% of Viet Nam's GDP. Education is an enabling factor for a large part of labour cooperation development. Vietnamese workers also abroad acquire skills that are of use when they return (Lahdevirta, 2011).

As Viet Nam's budget for education has been increased in recent years, **the private sector has been liberalized, and international players have been encouraged to enter the market**. A multi-year education reform project has been launched, for which the World Bank has also provided loan financing. The aim is to reform and introduce the curriculum, including improving the quality of education and introducing new textbook materials and pedagogical methods. The largest foreign investors in the education sector are the United States, Japan and Singapore. Competition is fierce (Oksanen & Korpi, 2020).

The **trend of the increasing internationalisation of higher education** and the many opportunities for international cooperation in higher education highlights the vital role of foreign investment in education to bring the required knowledge and skills to Viet Nam. However, limitations on enrolment for Vietnamese students to attend international schools are in contradiction with the increased demand for international education, making investments in this field less attractive, and the licensing process causes difficulties for investors. Studying abroad gaining popularity. The investment needs in HEI are also limited to selected fields (Voutilainen, 2019).

32 On June 4th 2019, the Government has issued the Resolution No.35/NQ-CP on Strengthening Mobilization of Social Resources to Invest in Education and Training Development for 2019-2025 period that aims to strengthen the mobilization of social resources, creates a substantial transformation to attract, allocates and manages the resources of domestic and international individuals and organizations to invest in and improve the quality of human resources education and training that meets the demand of the industrial revolution 4.0 and international integration. The goal for TVET is to have 35% non-public facilities in 2020 and 40% in 2025.



A Vietnamese study, in particular economics, technology, science, IT and social sciences, showed that only about a third of the more than 1.8 million applicants have enough place at the university each year. The goal is to increase university starting points by 10% per year and develop the higher education system towards international standards. There are opportunities for Finnish actors, especially in textbook and curriculum consulting, in the training of principals, teachers and trainers, and in teaching tools (Oksanen & Korpi, 2020). More Vietnamese students are going to non-public universities (Voutilainen, 2019). A special focus on **enhancing training and retraining of teaching is needed**; however, the requirements for foreign teaching staff are difficult to satisfy (Voutilainen, 2019).

The needs of the education sector in Viet Nam come up in MFA/Embassy – Viet Nam meetings rather frequently. There is a demand for an offer of foreign education. Many countries and companies have already recognized this more than 10 years ago and become active in providing education in Viet Nam (Bunders, 2011).

More recently, Prime Minister Nguyen Xuan Phuc has signed Decision No 130/QD-TTg dated January 27, 2021, on the national programme on high technology development to 2030, which aims to develop and master 20 prioritised technologies in different fields. The programme aims to facilitate and support enterprises to transfer, innovate and perfect technologies; create high-quality products with high added value; promote the transfer of technologies for agricultural development in rural and mountainous areas and regions; and train scientific and technological human resources for technology transfer, renewal and improvement. As part of the overall National Program, MOST is mandated with the development of the National Program on high tech research, application and development, and the development of high-tech products and services. The Prime Minister has agreed to assign the Ministry of Science and Technology to build and deploy a science and technology market development program during the period of 2021-2030, with 3 priorities: 1) Strengthen linkages between institute and businesses; 2) Promote the advance technology transferring from the EU to the developing countries and 3) Build the capacity for organizations and establish networks of technology transfer consultancy brokers. This represents a window of opportunity for Finnish engagement in providing MOST with technical supports on the preparations of this National Program.

Overview of the HEI process from Finland's perspective

Finland has discussed **the labour cooperation** with Viet Nam. The obstacles to increasing the number of the labour cooperation are, above all, in Finland in terms of political will, legislation, resources and intergovernmental agreement. These obstacles in 2019 remained the same as in 2011. At a practical level, progress can also be made directly through regional authorities, educational institutions and companies (Kahiluoto, 2019; Lahdevirta, 2011).

As Viet Nam seeks to increase its quality education for a number of reasons, **Finland's reputation in the education sector has been recognized in Viet Nam**. Cooperation between different educational institutions has been ongoing during the entire evaluation period, supported by development cooperation instruments (Bunders, 2011). The education cooperation between Finland and Viet Nam has traditionally occurred between institutions. **Many projects have been supported by Finnish development aid through institutional cooperation instruments, particularly through HEI ICI since 2010**. An alumni network for Vietnamese citizens who have studied in Finland has also been established (MFA, 2016). The use of ICI projects in 2016 was



estimated to continue also in the future. However, they were classified as subject to availability of funding (MFA, 2013).

The Evaluation of Finland's Support to Higher Education Institutions North-South-South and HEI ICI Programmes (Salmi et al., 2014) from 2014 states that **cooperation between HEIs was identified as an increasingly important modality for cooperation**. This was the case especially in Viet Nam where the country strategy paves the way towards new comprehensive partnerships, away from the traditional project-based cooperation. The HEIs were considered to complement Finnish bilateral cooperation, especially within the Finnish strategy's specific objectives of Increased openness and access to information, knowledge and innovation for all, and an enhanced green economy that creates entrepreneurial activity and decent jobs.

The Evaluation states that both North-South-South (NSS) and HEI ICI programmes have supported highly **relevant activities, although small amounts of support** limit the overall impact of the programmes in transforming the partner HEIs. In most countries, the programmes represent an almost insignificant share of development assistance. This is also true for Viet Nam as the NSS and HEI ICI projects together amounted to less than 1% of annual aid disbursements. The evaluation states that considering that Finland has built its own development on education and continues to value education highly, the small role of education in Finnish development cooperation is surprising and, to a certain extent, disappointing.

However, there have been other forms of Finnish support to education, most importantly in the **IPP**, providing technical support to the Vietnamese Ministry of Science and Technology and supporting for the development of cooperation between institutions and companies (MFA, 2008). IPP had a strong educational component, mainly focused on entrepreneurship training (MFA, 2016).

Education was one of the five priority sectors of the **2016 – 2020 country strategy**. In addition, promoting cooperation between Finnish and Vietnamese researchers, universities and research institutions through networking and thematic events formed part of the *science, technology and innovation sector*, and forest education sector opportunities formed part of the *forestry sector* (MFA, 2016).

As per the Country Strategy, **Finland aimed to become Viet Nam's number one partner in education**. Means of achieving this included active Team Finland engagement with education sector authorities in Viet Nam. Team Finland focuses on broadening the country brand by promoting Finland's advanced technological know-how, its innovative and environmentally friendly solutions, and its expertise in education. Team Finland Growth Programmes (incl. Education Export) are also important to providing support services for Finnish companies interested in Vietnamese markets (MFA, 2016).

The earlier contacts in the field of development education have also created a good basis for commercial cooperation. In 2020, it was stated that the opportunities for education exports in Viet Nam would increase in the near future, and several Finnish universities and companies will be increasingly active in the country. As the country prospers and the development of education is one of the Vietnamese government's priorities, MFA expects Finnish education exports to the country to grow rapidly. The competition is fierce, but the competitive advantage of Finns in Viet Nam is the good appreciation, recognizability and especially high quality of Finnish education, a brand that should be cherished according to the MFA (Oksanen & Korpi, 2020).



The market potential remains considerable. Although education in Viet Nam is very expensive compared to the local price level, there is a great demand for it, and it can be seen in practice (Bunders, 2011).³³ For example, Vietnamese are Finland's second-largest group of foreign degree students (about 2,500); with the introduction of tuition fees at Finnish universities in 2017, the number of Vietnamese students in Finland dropped by only about 100 students (Oksanen & Korpi, 2020).

The transition strategy for the education sector has included continuing to facilitate cooperation between HEI and vocational institutions in Finland and Viet Nam as well as promoting Team Finland services and Viet Nam's market potential to Finnish companies in the education sector. The country strategy 2016 – 2020 recognized that supporting education companies entering the Vietnamese market and intensifying fact-finding efforts aimed at identifying possible business leads (MFA, 2016). It could therefore be said that as part of the transition process, MFA has sought education as an export rather than part of traditional development cooperation. ICI projects, in general, are a way to continue to **engage with the authorities**, also at the local level, and engaging HEI ICI actors, for example, in Team Finland work is important (Kaipola et al., 2019), particularly from the transition perspectives.

Higher education projects between Viet Nam and Finland

In addition to vascular education and lower vocational education, Finland had the following co-operation projects in the field of higher education in 2020 (Oksanen & Korpi, 2020):

- Viet Nam-Finland International School (VFIS): To date, the most significant private cooperation project in the field of education is the Viet Nam-Finland International School (VFIS) in Ho Chi Minh City, which was established under the auspices of Ton Duc Thang University. The school was launched on 12 August 2019, offering grades 1-12.
- FIVIEDU ENGLISH MATHS AND SCIENCE INSTITUTE in Hai Phong school: FiViEdu (Finland Viet Nam Education) cooperates with the Department of Mathematics of the University of Helsinki. It currently serves as additional education for students. As subjects, students are offered English, mathematics, physics, chemistry and robotics. The language of instruction is English, and the Hai Phong School is to be expanded into an international school. Finnish teaching programs (Eduten and Reactored) are in use. The school is run by the Vietnamese company Teddy Viet Nam Ltd. School activities are to be developed into a franchise model, and FiViEdu aims to expand its operations in Viet Nam to other locations in the world.
- Finland Pathway Program: Van Lang University in Ho Chi Minh City is a partner in the Finland Pathway Program, a training program established by Finnish polytechnics and the Finnish Consulting Group (FCG). It is a good example of Finnish HELs entering Viet Nam as a cluster. In collaboration with FCG, Haaga-Helia University of Applied Sciences and Jyväskylä University of Applied Sciences (JAMK), Vietnamese students studying in the coaching program on the Van Lang campus will have access to Finnish polytechnic studies. The program was piloted in the academic year 2018-2019 partly with the funding of Business Finland. The aim of the Finland Pathway program is to

33 There would be demand for international actors in the education sector



pilot new models for international student recruitment and to pave the way for Finnish higher education institutions to international higher education more broadly (which then connects to several other policy priorities of Finland and Viet Nam). The activity is planned to be expanded to Hanoi, which requires finding a suitable partner university.

The **HEI ICI and North South-South Higher Education (NSS) programmes** in Viet Nam during 2008 – 2020 include the following (HEI ICI programme was launched in 2010):

- The HEI ICI projects in 2010 – 2012 included Improving Educational Leadership and Management Capacity of the Quang Tri Teacher Training College, Viet Nam implemented by JAMK; Quang Tri Teacher Training College, Viet Nam; Hue University College of Education, Viet Nam; Haaga-Helia University of Applied Sciences, with a total budget of 324,475 Euros. The project aimed at delivering quality training programs that reflect the local labour market needs and enhance regional integration at Quang Tri Teacher Training College, Viet Nam.

North-South-South (NSS) Family Health and Well Being (2011-2013): NSS has promoted mobility and networking between partner countries and Finnish HEIs since 2004. Initiated through personal contact, the project aims to develop healthcare education by emphasizing the teaching of community healthcare and its significance for the health, wellbeing and increasing equality in the health of the population of Viet Nam and Nepal. The education/training of nurses is a focal point. Hämeenlinna University of Applied Sciences and Seinäjoki University of Applied Sciences led this project, which had three partners: Hanoi Medical University (HMU) as the lead partner HEI, Hue University of Medicine and Pharmacy and Vinh University (Salmi et al., 2014).

The HEI ICI projects in 2013 – 2015 included BOOST: Building Open Opportunities for Students and Teachers in Viet Nam implemented by JAMK; Quang Tri Teacher Training College, Viet Nam; Hue University College of Education, Hue City, Viet Nam; University of Technical Education Ho Chi Minh City, Viet Nam; HAMK University of Applied Sciences (Finland), with a total budget of 499,946 Euros.

The same period also included the Development of Information Technology in Viet Nam. Institutional Cooperation for the Development of Information Technology Education in Viet Nam. University of Turku; Hanoi University of Science and Technology, Hanoi, Viet Nam; University of Danang, Danang City, Viet Nam. The budget was 481,077 Euros. University-industry relations was a core component of the project, as well as the development of IT in Viet Nam where the focus was on enhancing entrepreneurship education to support student employability.

Developing e-learning platforms and skills of teaching staff, as well as new online courses both for staff and students, has been a focus area of many projects. In the BOOST project, the Quang Tri Teacher Training College in Viet Nam has developed strong networks with employers and society and piloted methods of diversifying learning environments through e-learning and cooperation with the labour market. It also improved the ICT and Learning Resource Centre (LRC) facilitated supporting diversification of learning for students. The Training of Trainers (ToT) approach has been used on several projects.



The HEI ICI projects in 2017–2020 included PARFORM: Partnership for Forestry Higher Education Cooperation in Mekong Region. Viet Nam was not part of it as it was not a traditional partner of the cooperating universities.

The HEI ICI projects in 2020-2024 include CLIDEV: Strengthening Climate Change Education for Sustainable Development in Myanmar and Viet Nam implemented by the Helsinki University with Laurea University of Applied Sciences (Finland), Yezin Agricultural University and University of Forestry and Environmental Sciences (Myanmar), Hue University and Viet Nam National University of Forestry (Viet Nam). MFA financing of 1,208,726 Euros.

Agreements between Finland and Viet Nam in Education Sector

The following MoU's have been signed:

- 2008: The Memorandum of Understanding on scientific and technological cooperation between the **Ministry of Science and Technology of Viet Nam and the Ministry of Economic Affairs and Employment of Finland (TEM)** was signed in 2008. This forms a governmental umbrella for all science, technology and innovation projects and collaborative activities between Finnish and Vietnamese companies, universities, research and financing organizations (MFA, 2016).
- 2018: On 16 October 2018 in Hanoi, **Viet Nam's Ministry of Science and Technology and Finland's Ministry of Economic Affairs and Employment (TEM)** signed an **MoU on cooperation in science, technology, and innovation** (Nhân Dân Online, 2018).
- 2009 and 2017: A MOU on education cooperation was signed by the **Ministry of Education of Viet Nam and Finland** and educational institutions of the two countries in 2009 and 2017. Accordingly, the two sides' universities have been implementing joint training programs in a number of fields, e.g., information technology, health, environment, forestry and fisheries. In the context of ongoing education reforms, Viet Nam is also seeking collaboration and lessons from Finland's models of school management, curriculum and textbooks development, teacher training and technology application etc. (MFA, 2008)
- **2016: The Finnish innovation funding agency, Tekes, and the Ministry of Science and Technology of Viet Nam signed a Memorandum of Understanding** to fund Finnish-Vietnamese innovation projects through a Joint Call in March 2016. The Business with Impact programme BEAM was the main funding source supporting the Finnish companies participating in these joint calls for proposals (MFA, 2016).

The Political Economy analysis (PEA) of the Embassy from 2019 (Voutilainen, 2019) reports that **18 MOUs were signed between Viet Nam and Finland universities and education actors.**



Relevance of private sector instruments to education

Finnpartnership's Business Partnership Support is also intended for educational institutions, and it provides financial assistance to Finnish businesses for researching opportunities in developing countries and provides business development services. *The matchmaking service* connects operators in Finland and developing countries. In 2015-2019 Education sector received 10,9 % of all commitments. Within this, higher education received 18% of it, Education facilities and training 17% and Teacher training 15%. Vocational training was the highest with 32% (MFA, 2014).

Finnpartnership was considered handy but very small-scale, while some other support modalities, such as Finnfund and PIF is too large-scale and complicated for HEIs. BEAM fund was received positive feedback.

Analysis on HEI ICI and education

Key strengths

The higher education interests and the complementarity of demand and offer of Viet Nam and Finland are quite **well aligned in theory**, and they support the SDG Goal 4: Quality Education.

The universities are often well aligned with the cross-cutting priorities and objectives of Finland and Viet Nam, and they have a positive approach to SDGs, building on the possibilities of connecting several key sectors of the cooperation to these priorities. Many universities reported already having guidance in place to support human rights and cross-cutting values; some even report making the entire geographical selection based on ethical considerations and value-based approaches. Apart from human rights, gender equality and disability inclusion were mentioned by several key informants. Climate matters are naturally addressed from the university portfolio focusing on the theme (both adaptation and mitigation), and this theme has been applying a need-based approach, as the Viet Nam side has requested to work with climate matters on HEI ICI. As a consequence, the MFA cross-cutting objectives have been relatively easy for the universities to adopt into their cooperation work.

Education has gone to Viet Nam markets at times in **clusters**, which works well in volumes. The BEAM consortia on piloting Finland Pathway is a good and functional example of this, as the consortia originally included several partners.

The **development cooperation and private sector instruments** are considered relevant and necessary for education cooperation. Several universities mentioned HEI ICI to be functional cooperation that creates long-term benefits. Support has been received from the Embassy and from the Chancellor of Education in Singapore, and these were considered as positive support mechanisms.

Main challenges in educational cooperation

The ability and willingness to pay for education services from Viet Nam's public side are limited. There is also a reluctance to use loans, also as ODA funds are still available from some other countries. Overall, the approach of not doing development cooperation but trade is not fully understood in Viet Nam side (also) in this sector. It may be that the Vietnamese atmosphere might



not be ready for higher education as an export. For example, according to the Finnish counterparts, in STI MOST still expects Finland to cover most of the cost; negotiations are long and difficult, and the two organizations' financing cycles are also completely different, which creates further challenges. The one Joint Call between BF and MOST funded approximately ten projects (both collaborative and Finnish company only), but despite BF working quite closely together with MOST, the process was challenging and with limited success. MEAE (TEM) and BF are not planning new Joint Calls (BEAM has ended, and while Viet Nam is a DevPlat focus country, they don't intend to allocate funding through this type of cooperation with MOST).

At the same time, Finland may lack understanding of or ability to **connect development cooperation and export promotion and** how to do **education exports** is still new for Finland. For example, the process that eventually led to the establishment of the Viet Nam - Finland International School under Ton Duc Thang University, Finland needed to ask itself, "if we are to export a whole Finnish school, what in fact are we exporting". There is **neither a consensus**; At least to some extent, the Ministry of Education is against attaching education export elements into HEI ICI funded programming, and the Finnish National Agency for Education's lacks knowledge and understanding of Team Finland. Nowadays, in some Finnish Embassies, there are experts in the field, but they've been planted there more recently.

On the one hand, HEI ICI is too education-focused and not understanding **education as an export**, while the private sector instruments do not necessarily understand the specific characteristics of higher education. **PSIs are not suited** for Finnish 'publicly owned' companies –many companies in (higher) education are owned by education institutes, and because the staff strength of the entire institution is counted as the company's staff, it gets categorized as a large company and can only go for PSIs/PSI conditions for large companies which are basically impossible to meet and access for the de facto small company. The HEI ICI, on the other hand, has not always favoured the transition idea itself, for example, through the goals and selection procedures; business orientation has even come up as negative feedback. The more recent HEI ICI application cycles included more and more transition elements, although it is still difficult to find funding for the transition approach. The difficulty to start with small projects when transitioning from traditional education to education as an export, which would also have been the willingness of the Vietnamese partner, has hindered the possibilities of piloting, which is important in education. A bridge is needed to connect both commercial and education exports when creating education as an export.

It also seems that the link between the domains of STI/RDI, HEI ICI/academic/student exchange, and purely commercial collaboration in the education sector are somehow 'broken' in Finland, as the domains do not necessarily connect as much as the opportunities would allow. The interface between STI/RDI and business development, including labour mobility, is also neglected in Finland. **RDI could easily result in far more exports than it currently does.** The IPP may have resulted in some collaboration at its time, and some Finnish companies may have stayed in the Viet Nam market since. However, there is no entity bridging the Finnish and Vietnamese start-ups, hubs and overall innovation ecosystems now, and Viet Nam's other partner countries have filled the space.

"Labour export" is in Viet Nam's interest from the perspectives of mutual learning, exchange of ideas, technology transfer and other related aspects. **Importing labour**, including from Viet Nam is increasingly in the interest of Finland. Yet, there still seem to be issues hindering it pertaining to political, legal and other reasons at the Finnish side, and the 'broken link' between the domains



of STI/RDI, HEI ICI/academic/student exchange, and purely commercial collaboration does not facilitate overcoming these issues.

Memoranda of Understanding (MoU's) are often mainly ceremonial processes (although some exceptions exist). For example, although connected to work, the MEAE-MOST MoU hasn't played a large role in the operations and could be made useful in attracting Viet Nam students, start-ups, researchers and academics to meet the needs of the Finnish businesses. Many actors are not aware or interested in the MoU's; while there is a collaboration between some Finnish and Vietnamese universities, but they have not linked it to the MOU.

Specific to the HEI ICI **application process, the process was reported to be lengthy**, which might challenge the agreed activity schedules with partners. Also, a lot of the **funds are staying in Finland**, while there is interest from the academic side to make the funds stay in the partner country, as it would be easier to cooperate with the partner and have them more engaged and satisfied with the added value. Finding suitable partners and a qualified workforce in higher education in Viet Nam can also be difficult.

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Annex 16. Case study on the transition process in Zambia

This analysis builds on the Country Case Study Zambia of the recent (2021) Evaluation on Economic Development, Job Creation and Livelihoods, commissioned under the same EMS framework contract as the evaluation of the transition process in Viet Nam. The analysis has been enriched and updated by selected Key Informant Interviews conducted and seeks to focus on the core elements of the transition in Zambia.

Key findings and conclusions

The comparative analysis of the transition in Zambia was to address the *Sub-EQ 6.2.a) What lessons and best practices can be learned from Zambia for future steps in the transition process in Viet Nam and other countries entering transition processes?* Since the transition in Viet Nam is at a much more advanced and mature state than in Zambia were – albeit being in many ways fast – it only started from the latest and last Country Strategy of 2016-2019, the lessons and best practices from Zambia are rather geared towards supporting any future transition processes than that in Viet Nam.

Without an overall ‘transition policy’, or at a minimum a definition of transition, set of well-explained triggers, and some general guidelines about transitioning, the MFA leaves itself and the embassies concerned open to criticism on the decisions to transit, and when it decides to end aid, it risks not making strategic decisions between exiting, phasing out and scaling down.

The Evaluation on Economic Development, Job Creation and Livelihoods concludes that “in retrospect, Finland’s decision to transition to a trade-based relationship with Zambia based on the country’s economic growth appears premature, considering the economic downturn since 2015, including persistent poverty levels, dwindling levels of FDI, escalating indebtedness and the lack of competitiveness of the Zambian private sector”. Still, the transition process has moved faster than planned. Reasons link both to Finland’s experiences in development cooperation with Zambia and its overall policy choices. Linked to cooperation with Zambia, disenchantment due to corruption cases and the lack of/limited tangible results from the interventions have been identified as the key reasons. As for Finland’s ‘internal reasons’, cuts in Finnish development cooperation funds during the previous Government’s era, and a shift in the MFA’s strategic priorities towards more funding through multilateral organisations, and an increased focus of Finnish development aid on fragile states and departure-countries of immigration to the EU played a major role.

In spite of the reasons identified, with the transition decision justified by Zambia’s economic growth, the Evaluation on Economic Development, Job Creation and Livelihoods brought up significant volumes of critical voices questioning the MFA’s decision and its timing. **Basing the formal,**



publicly announced decision on economic growth only provides a transition decision with very narrowly based justification, which is also not in line with the Finnish development policy or the principles of its foreign and security policy. This again leaves the door open for criticism, both well-founded and less so. In the case of Zambia, the volume of Finnish ODA flows to the country only constituted a fraction of the country's GDP, meaning that Finland's withdrawal is not making a major difference to the Zambian economy.

However, as opposed to simply exiting, Finland made a conscious choice to transform its relations with Zambia from having been based on development cooperation for the past 50 years to “economic and trade-based collaboration“. As reported in the Evaluation on Economic Development, Job Creation and Livelihoods, it appears that Finland is among few, if not the only, traditional cooperation partner who has attempted such a transition in Zambia. For comparison, Denmark has phased out development cooperation over a long period with a focus on sustainability and gradual phasing-in of commercial relations in countries where opportunities for Danish business were considered to be substantial, such as Viet Nam and India. In Zambia, however, the Danish exit involved phasing out within a given period with a focus on achievement of outputs but without much efforts to develop commercial relations.

Finland's economic and commercial ties with Zambia are overall far more limited than those with Viet Nam, and the major interest is focused on a sector not needing much of TF/Embassy support (mining). Thus, a question may be raised on the validity of investing, be it very limitedly, into continued post-development cooperation presence in the country. While this evaluation does not seek to answer that question, it is important to point out that while Finland does not have a policy nor a set of guidelines defining transition and establishing a more extensive set of indicators, or triggers, for launching a decision-making process concerning a transition, it also does not have any guidelines for deciding, in ending aid, whether to transit by scaling down or phasing out ODA.

With no strategy to guide transition beyond the Ambassador's Strategic Plan, the Finnish Embassy in Zambia does not have the optimal backstopping and support to draw from the MFA or any wider group of stakeholders.

Since Finnish development cooperation in Zambia is being phased out with the final bilateral programme, Accelerated Growth for Micro, Small and Medium-Sized Enterprises in Zambia (AGS), winding up in 2022 and Zambia is no longer considered a long-term partner country, neither a strategy nor a country programme for development cooperation will be prepared for Zambia. Instead, the country team will make use of the rolling plan of the Ministry (TTS), the Ambassador's Strategic Plan and the Team Finland plan.

By virtue of the decision to transit to “economic and trade-based collaboration“ taken (instead of a decision to exit), the Finnish Embassy in Lusaka has made major proactive efforts to support the transition process and increase interest in the Zambian market among the Finnish private sector. Its possibilities of incorporating best practices and lessons in its approach to transition and for fostering a trade-based relationship have, however, been hampered by the reduction in resources, both human and financial, at the end of most grant-based programming. The Business Finland office in South Africa is not able to provide support to the Embassy.

For the effort of the transition to really have a chance and the post-transition partnering to be as desired, the status of “no country strategy“, or any framework arrangement, may be detrimental. The other reasons for this are outlined in discussing the transition in Viet Nam but the transition



in Zambia assessed as part of this evaluation proposes that such a longer-than-the-term of one ambassador commitment would be welcome also so that the embassy in the transition would not feel that too much of the task, with high expectations, was left to their often very meagre resources only, as perhaps now is the case with Zambia. A longer-term arrangement would assist the MFA departments, Business Finland and other Team Finland as well as other types of Finnish partners to take strategic decisions and commit and plan, including by resourcing their efforts with regards to the country in question properly.

While much of the operations in the Zambia transition is currently based on the AGS programme and the significant efforts by the Embassy, Zambia could next serve as a “test case” for the implementation of Finland’s new Africa Strategy and pilot transition in its context.

While the countries and transitions are completely different, like Viet Nam in IPP, Zambia in the AGS has a promising transition programme, and the Embassy also makes use of the regional programmes EEP Southern and Eastern Africa and Southern Africa Innovation Support Programme (SAIS) in the transition. The Embassy has also actively promoted collaboration between development cooperation projects, Team Finland efforts and PSIs.

With the AGS scheduled to end in August 2022, should Finland continue to pursue the transition to economic and trade-based collaboration with Zambia, since Finland’s new Africa Strategy would, in any case, provide the overall framework for the relations with Zambia, perhaps the Zambian transition could in this context be given some additional focus as a “test case for a transition in the implementation of the Africa Strategy”. There are elements in the objectives and intended implementation approaches of the Africa Strategy that lend themselves well to support the transition. Among others, these include the strong focus on trade, the multi-stakeholder approach, and the emphasis on EU-level collaboration.

The decision to transit and implementation of the decision

A premature decision based on limited developmental indicators

The Evaluation on Economic Development, Job Creation and Livelihoods concludes that “in retrospect, Finland’s decision to transition to a trade-based relationship with Zambia based on the country’s economic growth appears premature, considering the economic downturn since 2015, including persistent poverty levels, dwindling levels of FDI, escalating indebtedness and the lack of competitiveness of the Zambian private sector”.

All interviewed stakeholders at the MFA agree that the decision to transition to a trade-based relationship with Zambia based on the projection that the country was “about to reach middle-income level” was overly optimistic in light of the economic downturn that has followed. While reconfirming the transition decision officially made in 2015, the last Country Strategy (2016-2019) also recognized that there were still serious challenges to achieving middle-income status, including heavy dependency on revenue from copper exports and lack of economic diversification, persistent and widespread poverty and increasing inequality despite the economic growth.

Transition decision and the Zambian point of view

The decision to phase out development cooperation in Zambia was first agreed upon as a principle in the 2010 bilateral consultations between Finland and Zambia, and the Zambian Government



has been keen on promoting “equal partnerships” with cooperating partners and welcomes a trade-based relationship and foreign direct investments. Yet, the decision to transition was, as per the interviews carried out in the Evaluation on Economic Development, Job Creation and Livelihoods of both the MFA and the Zambian Government, ultimately unilateral on Finland’s side.

The Evaluation on Economic Development, Job Creation and Livelihoods found that transition to a mutually beneficial trade-based relationship is in principle desirable for the Zambian government if it results in increased trade, foreign direct investment and tax revenue. Zambia’s critical developmental constraints will, however, still require major efforts that the country itself will be unable to finance through its budget. While the Zambian government has the main role to play in fiscal adjustment and stabilizing its economy, the financing gap has widened further in the context of covid-19 as a result of severely reduced exports and domestic revenue collection in the mining sector. Efforts to increase trade between Finland and Zambia only just begun in the last CS 2016-2019. Whether or not the Finnish-Zambian relations will be able to contribute to Zambia’s economic development after development cooperation is phased out is yet to be seen.

Finnish ODA and trade with Zambia

As in most of Finland’s partner countries, the volume of Finnish ODA flows to Zambia only constitute a fraction of the country’s GDP, meaning that its withdrawal will not make a major difference to the Zambian economy. Yet, the impact of development cooperation can be greater than the volumes of funding.

There is a rather stark difference in both Zambia’s economic development as well as Finnish development cooperation in Zambia compared to Viet Nam. In Viet Nam, development cooperation continued eight years after the country had reached middle-income status with an ODA budget amounting to an average of USUS\$10 million per annum still in 2017-2018 and, compared to many other developing markets, a high level of interest from Finnish companies towards the Vietnamese markets. In contrast, Zambia graduated to lower-middle-income status in 2014 based on its GDP, but poverty levels are still very high and economic growth has furthermore slowed down significantly since then. Finnish ODA funding has in the transition swiftly significantly reduced since development cooperation between the two countries peaked in 2013. Zambia was the second-largest recipient of Finnish ODA in 2013 with USUS\$38 million, but by 2018 it had dropped to USUS\$6 million, and with only one grant-based bilateral program in operation, since it has continued to decrease. While interest by Finnish companies in Zambia is on the rise, owing much to the successful campaigning and support work by the Finnish Embassy in Lusaka, the AGS programme and Finnpartnership (FP), judging based on indicators such as applications for FP Business Partnership Support and Finnish exports, Finnish commercial interest in Zambia is at present far from what it was in Viet Nam and less than what it currently is in, e.g. Kenya, where the 2016-2019 Country Strategy also envisaged shifting focus to commercial relations. For example, Finnish exports (including both services and goods) to Viet Nam amounted to EUR 187.7 million in 2019 compared to 63.9 million to Kenya and 28.6 million to Zambia. The difference is even bigger for imports to Finland from these countries. It should be noted, however, that in southern Africa, companies tend to operate through sister companies in South Africa and do not show in Finnish export data.

Reasons behind the decision to transit

The reasons for the decision to transit appear to have been more political and administrative, and because of them, the transition process has moved faster than planned. These political and



administrative reasons include cuts in Finnish development cooperation funds during the previous Government's era, disenchantment due to corruption cases in Finland's development cooperation with Zambia and limited/a lack of tangible results from the interventions, and a shift in the MFA's strategic priorities towards more funding through multilateral organisations and an increased focus of Finnish development aid on fragile states and departure-countries of immigration to the EU.

Yet, as opposed to simply exiting, Finland made a choice to transform its relations with Zambia from having been based on development cooperation for the past 50 years to “economic and trade-based collaboration“. Based on research done in the context of the Evaluation on Economic Development, Job Creation and Livelihoods, it appears that Finland is among few, if not the only, traditional cooperation partner who has attempted such a transition in Zambia. For comparison, Denmark has phased out development cooperation over a long period with a focus on sustainability and gradual phasing-in of commercial relations in countries where opportunities for Danish business were considered to be substantial, such as Viet Nam and India. In Zambia, however, the Danish exit involved phasing out within a given period with a focus on achievement of outputs but without much efforts to develop commercial relations.

Transition process and perspectives

Should Finland continue the process of establishing the new relations?

Why should Finland stay, in spite of limited business interests (at least without strong, deliberate attempts to build the interest) is by MFA interviewees to this evaluation justified by reasons pertaining to (1) not wishing to “leave the playing field to others” only; (2) interest in the context of Finland's new Africa Strategy; and (3) Zambia still being a plausible case for building – and testing – Finland's transition experience. The not leaving the playing field to others only refers to both the realized and anticipated (thought the AGS, PSIs and Embassy's efforts) contribution Finland has made in improving Zambia's business environment and building the capacities of Zambian businesses to better be able to collaborate with Finnish companies, and to the realization that the more the European values, approaches and ways on conducting any affairs leave countries like Zambia (by closing Embassies), the more the influence by other types of values, approaches and conduct, notably in the form of China, take over space.

As the findings of this evaluation show, while the IPP in Viet Nam was effective in helping to start and build the Vietnamese innovation eco-system and levelling the playing field as well as starting partnerships between Finnish and Vietnamese companies, those partnerships have only sustained in a very limited scale and other countries may now be reaping many of the benefits of the rapidly advancing Vietnamese innovation field. Specific efforts were made in the context of the IPP to build commercial and other partnerships with Finland, and when the IPP was still in operation, new relations started to form. However, not so many of those relations and partnerships have matured or remained, particularly because most of the Finnish companies that went to Viet Nam supported by the IPP were small and did not have the human and other resources to establish themselves in the demanding Vietnamese market. Instead, companies from countries like Israel, Singapore, the USA, Russia, Korea, France, Germany, and Australia have moved into the Vietnamese innovation space, helped to develop by the IPP. In Viet Nam, in spite of this, there is still a lot of Finnish business interest and gains to be made; for the Finnish-Zambian business relations to have a chance to flourish, making every gain made as a result of the development programming and PSIs to fundamentally contribute is a key.



Noted in the Evaluation on Economic Development, Job Creation and Livelihoods, Zambia presents a good case in point for understanding Chinese influence in African countries and its potential consequences. There is no solution to Zambia's debt crisis that does not involve China, but collaboration between the western donor community and China is challenged by conflicting approaches and values. Antipathies among Zambians towards the Chinese have risen along with public debt to China and Chinese companies entering the Zambian markets, but at the same time, Chinese investments and funds have been instrumental for many essential large-scale infrastructure projects, and the Zambian government has a very close relationship with China. It is hard to find meeting points for China's and the western donor community's approaches and values to cooperation with Zambia. The conflicting approaches and values in terms of human rights, corruption, transparency, etc., have been a major hindrance to collaboration.

Finland today is more interested in Africa than ever before, and the new Africa Strategy (2021) is not only focused on development cooperation but on developing and diversifying political and economic relations between Finland and African countries. The strategy is a Government strategy and expected to be implemented in close cooperation with all relevant Ministries and also other stakeholders. The new Africa Strategy will, in any case, provide the overall future framework for the relations with Zambia, and the Zambian transition could in this context be given some additional focus as a "test case for a transition in the implementation of the Africa Strategy". There are elements in the objectives and intended implementation approaches of the Africa Strategy that lend themselves well to support the transition. Among others, these include the strong focus on trade; the multi-stakeholder approach; and the emphasis on EU-level collaboration, also in financing for activities. The Finnish Embassy in Lusaka notes the multiple individual level positive relations between Finns and Zambians, owing to the long history of development cooperation, as providing a basis for strong ties.

Transition's strategy and resources

Since Finnish development cooperation in Zambia is being phased out with the final bilateral program (AGS) scheduled to wind up in 2022 (because of initial delays in implementation, the request has been made for an extension of one year, though) and Zambia is no longer considered a long-term partner country, neither a strategy nor a country programme for development cooperation has been prepared for Zambia since the lapsing of the last CS 2016-2019. Yet, like in Viet Nam after the last CS 2016-2020, other funding instruments have still been in use since 2019. Instead, the country team makes use of the rolling plan of the Ministry (TTS), the Ambassador's Strategic Plan and the Team Finland plan. In the absence of a portfolio of bilateral programmes guiding the focus-sectors, the Embassy in Lusaka has in their 2019 Political and Economic Analysis (PEA) of Zambia (MFA, 2019), identified the following sectors for cooperation based on their assessment of supply (offering and interest of Finnish expertise) and demand (sector-specific characteristics): mining, agriculture and forestry, energy, infrastructure and construction, and consumer markets.

The 2016-2019 Country Strategy did not set a timeframe for the transition process but stated that its longer-term vision was to transform Finnish-Zambian relations into economic and trade-based collaboration through a gradual process facilitated by continued development cooperation. Hence, the Country Strategy itself and interviews conducted in the Evaluation on Economic Development, Job Creation and Livelihoods with MFA staff involved in its development and implementation indicate that the 2016-2019 Country Strategy was not originally meant to be the very final strategy for Finnish development cooperation in Zambia. The swifter-than-expected phasing out



of development cooperation has been the result of a combination of other contributing reasons discussed in the previous section of this annex.

Nevertheless, for the Embassy, as per the Ambassador's statements, even without a specific transition strategy, what and how to do is clear. They focus on political relations, advancing the Team Finland agenda, and the implementation of the Accelerated Growth for SMEs in Zambia (AGS) Programme. Emphasis on the latter two aspects, the Embassy invests considerable effort into direct contacts with Finnish businesses; working in collaboration with the AGS, particularly in connecting Finnish and Zambian business (a notable effort is the Finnish Business Week every spring in Lusaka); and advancing Finnpartnership's and Finnfund's programming as well as liaising with and through the EEP Southern and Eastern Africa and Southern Africa Innovation Support Programme (SAIS). Throughout this evaluation and the Evaluation on Economic Development, Job Creation and Livelihoods, representatives of both the MFA, PSIs, and the AGS characterised the Finnish Embassy in Lusaka as very proactive in promoting business relations between Finland and Zambia. Based on the evidence gathered, it really seems that the Embassy has done as much as it can within the reduced human and financial resources to support the transition process.

Yet, for the Embassy to proactively build up business partnerships and trade between Finland and Zambia (and, as it should be since they cover these countries too, also the Democratic Republic of Congo and Zimbabwe), the current human resources available are insufficient. The transition process has meant that development cooperation resources at the Embassy have been reduced, but resources to support the objective of building up business partnerships and trade between Zambia and Finland have not been strengthened. Taking into account that the Business Finland office in South Africa is not able to provide support to the Embassy in Lusaka and that increasing interest from Finnish businesses towards Zambia as well as maintaining broader relations with Zambian stakeholders and identifying business opportunities for Finnish companies is labour intensive work, the resources with the necessary expertise and skills are limited compared to the tasks.

Since the conduct of the Evaluation on Economic Development, Job Creation and Livelihoods, the Embassy in Lusaka has started to consider the development of a transition strategy more favourably than before. They support the view that a longer-than-the-term of one ambassador commitment would be welcome also so that the Embassy would not feel that too much of the task, with high expectations, was left to their often very meagre resources only. A longer-term arrangement would assist the MFA departments, Business Finland and other Team Finland, as well as other types of Finnish partners to commit and plan, including by resourcing their efforts with regards to Zambia properly. Eventually, with Finland's recent Africa Strategy referred to earlier providing the overall future framework for the relations with Zambia, should the Zambian transition serve as a "test case for a transition in the implementation of the Africa Strategy", any further transition strategy for Zambia should also be the implementation plan of the Africa Strategy for the country.

Political and diplomatic relations in the transition

In Finland's political relations with Zambia, the role of the Delegation of the European Union to Zambia (EUD) is important. However, stated by the Finnish Ambassador to Zambia, this has been so even before the transition, and there is no significant change as a result of the transformation of the Finland-Zambia relationship. Over the recent past, much of the EUD's focus has been on the negotiations between the EU and the Organisation of African, Caribbean and Pacific States (OACPS) to reach a political deal on a new agreement that succeeds the Cotonou Partnership Agreement. Marking the end of the negotiations, the 'post-Cotonou' agreement was initialled on 15 April 2021.



The new agreement lays down common principles and covers the following priority areas: democracy and human rights; sustainable economic growth and development; climate change; human and social development; peace and security; and migration and mobility. There will be a regional protocol for Africa, with a focus on the region's specific needs. The European Commission's and the European External Action Service's vision of the future Africa-EU partnership is, however, already outlined in the Joint Communication "Towards a Comprehensive Strategy with Africa" and proposes to work together on five key global trends which partially overlap with the priority areas of the 'post-Cotonou' agreement, and are: Green Transition and Energy Access; Digital Transformation; Sustainable Growth and Jobs; Peace, Security and Governance; and Migration and Mobility.

Bilateral consultations between Zambia and Finland are no longer focused on development cooperation, but the Memorandum of Understanding between Finland and Zambia to replace the bilateral agreement for development cooperation is not yet finalized with delays much owing to the temporary halts over the past year in nearly all political and diplomatic processes in Zambia caused by the covid-19. Finalization of the MOU and related consultations is expected to result in the Embassy's dialogue partner changing from the Zambian Ministry of Finance to the Ministry of Foreign Affairs, this being Zambia's usual practice in "normal" (as opposed to development cooperation-based) relations.

To the Embassy's regret, there have not been high-level political visits between Finland and Zambia during the current Ambassador's time (since 2018). These would be important to consolidate the new relations and advance mutual commitment to the new trade-based relationship at a high level. Again, with the 2021 Africa Strategy eventually transforming the increased interest by Finland in Africa into an earnest attempt to increase trade as well as political, academic, civil society and other ties, should Zambia continue to be of interest to Finland, high political level visits could also be expected to take place.

Trade and economic relations in the transition

As part of the MFA's objective to transition from development cooperation to a trade-based relationship in Zambia, the Embassy has actively promoted collaboration between development cooperation projects, Team Finland efforts and the private sector instruments (PSIs). The AGS programme is unable to provide funding for Zambian companies but strengthens their capacity and coaches them in order to qualify for funding from regional matching grant funds such as EEP or SAIS or other donor-funded programmes. AGS can also identify and build the capacity of suitable MSMEs to match with Finnish companies through, e.g. Finnpartnership. Finnfund, on the other hand, provides the kind of investments and loans that no other Finnish instruments are able to offer.

In order to increase interest in the Zambian market, the Embassy has taken a proactive approach to promoting business opportunities for Finnish companies since 2018 through, among other measures, a "boots-on-the-ground" approach. The approach involves the proactive promotion of business opportunities in Zambia to Finnish companies by phone calls and e-mails, as well as linking interested Finnish companies to two Zambian consultants who assist in finding suitable Zambian business partners and navigating the local business culture and regulations. The approach was developed by the Embassy's advisor in charge of Team Finland at the time based on best practices and lessons from similar efforts by Denmark in Kenya and Viet Nam. If measured against the Team Finland indicator of "number of companies supported", the approach has been successful. Before launching the approach, the Embassy supported, according to its estimates, some 60 Finnish MSMEs annually. In 2019 and 2020, the equivalent number has risen to an estimated



100 per year. The Embassy estimates active Finnish companies, including MSMEs in Zambia, to be around 20. Outcome-level information on if and how the operations by these companies and the Team Finland efforts have contributed to trade, or economic development and job creation in Zambia is, however, not available.

While not directly within the MFA's control, the Embassy in Lusaka has consistently pursued to deploy PSIs to support the MFA's ambition to transition Zambia's and Finland's collaboration onto a trade-based relationship. In recent years, all of the MFA's private sector development instruments except PIF have made decisions for interventions in Zambia. *PIF is not available for Zambia, apparently due to the country's credit risk classification, which does constitute an obstacle for full utilisation of the PSIs to support the transition.*

As part of its objective to strengthen business partnerships and economic relations between Zambia and Finland, the AGS programme and the Embassy's Team Finland staff coordinate and collaborate regularly. The AGS programme shares Finnpartnership's ambition to link up Finnish and Zambian businesses. In order to strengthen these synergies, Finnpartnership joined the programme's Steering Committee in 2020; Embassy-AGS-FP collaboration has been strong in the organization of the annual Finnish Week of Business (FWB in Lusaka; and the AGS and FP jointly organize various workshops and events outside the FWB too. FLC funding was also targeted at social enterprises and MSMEs, but efforts to link them up with Finnish companies did not produce any results.

Accelerated Growth for Micro, Small and Medium-Sized Enterprises in Zambia (AGS)

The ongoing bilateral Accelerated Growth for Micro, Small and Medium-Sized Enterprises in Zambia (AGS) programme with a budget of EUR 9 million (bilateral funding) combines the objectives of accelerating growth among Zambian MSMEs through business development services, acceleration programmes, access to finance and access to markets, as well as transitioning to a trade-based relationship by facilitating business linkages between Finnish and Zambian companies. AGS focus sectors are agribusiness, forestry, renewable energy, circular economy, and mining services, as well as ICT and Education as cross-cutting sectors.

As noted in the Evaluation on Economic Development, Job Creation and Livelihoods, given its pioneering nature as a pilot for transition programmes and considering that the MFA is soon embarking on transition also in other partner countries, the AGS programme has the potential of generating valuable lessons in terms of what the MFA's regulatory framework and institutional culture can allow in terms of private sector development in bilateral programmes and whether or not (or under what conditions) such a programme is able to increase interest from the Finnish private sector towards new markets and generate sustainable business partnerships while simultaneously strengthening MSMEs in the partner country. The remaining implementation period is, however, short, and without an extension, achieved results are likely to remain at the output level.

The MFA considers the AGS programme to be somewhat of a pilot for bilateral programmes that serve to bridge the transition period with a partner country. After much back-and-forth during the design stage, the AGS programme became a package that tests what kind of financial instruments can be applied within the limitations of Finnish legislation and what the MFA is willing to do in a government-led project to enable private sector operations. Other country teams in the MFA could learn from the AGS experience. Due to the delays during the inception phase, the AGS programme would, however, need more time for supported MSMEs to grow and for the programme to ascertain whether this can actually contribute to increased linkages between Finnish and Zambian



businesses. The end date is August 2022 would mean that the implementation of activities would end shortly after 2021. Based on their experiences from past similar efforts in Zambia, interviewed stakeholders, including the implementation team to this and the Evaluation on Economic Development, Job Creation and Livelihoods, agree that five years to be a more realistic timeframe for the programme's theory of change. Supporting and coaching identified MSMEs to mature to a level where they could be successfully matched with suitable Finnish business counterparts or companies that would warrant more time to ensure sustainability and best practices. Particularly in the case of micro and small enterprises in their early stages, there is a need to first focus on improving their internal capacities to adequately prepare them for business linkages along the value chain.

Status and outlook of the trade and economic relations

The proactive efforts in recent years and current instruments available to the MFA have not yet resulted in increased trade between Finland and Zambia. A prosperous, mutually beneficial trade-based relationship between Finland and Zambia will require long-term efforts. The Zambian market is relatively small (and significantly smaller than the Vietnamese) in terms of the size of the populations, and while bordering eight countries, Zambia's landlocked location is a challenge for logistics. The fact the Zambian economy has been struggling with increased indebtedness, rising inflation, a dwindling exchange rate, and a rising cost of doing business for some years now is not helping to attract foreign investment or trade.

Well-established, large Finnish companies have long been operating independently, mainly in the Zambian mining sector and in general, in Southern Africa, interest from Finnish businesses has been strongly focused on South Africa, where Finland also has a Business Finland representative. The proactive work of the Embassy in Lusaka to promote Zambia as a potential market to Finnish companies has been more recent and may take longer to produce tangible results. Since 2016, Finnpartnership has, according to the MFA's records and FP's reporting, funded four business partnership projects in Zambia. One of the objectives of the AGS programme is indeed to collaborate with Finnpartnership to increase successful business partnerships between Finnish and Zambian companies. Since the programme's implementation phase only began in March 2020, such efforts cannot yet show in 2016-2020 statistics.

Be it there, the potential increase in trade in the short- or medium-term is likely to mostly involve Finnish exports to Zambia. Currently, most Finnish businesses operating in Zambia are selling a product or service, which does not directly generate jobs or income for Zambians or revenue for the Zambian government. While representatives of the Zambian government interviewed for the Evaluation on Economic Development, Job Creation and Livelihoods welcomed the idea of an equal, trade-based relationship between Finland and Zambia, nearly all Zambian stakeholders (both government and private sector) raised concerns as to whether the Zambian public and private sectors are in fact ready to benefit from such a change. The competitiveness of Zambian MSMEs is not yet at par with Finnish companies, and Zambia lacks the kind of trade promotion instruments that, e.g. Team Finland and Business Finland, provides to Finnish MSMEs. Zambian exports (goods) to Finland have been fluctuating between EUR 34,000 and EUR 969,000 annually for the past ten years, averaging some EUR 400,000 per year and comprising almost entirely of food products in 2018 (99.6%). The AGS programme also notes in its programme document that penetration of Zambian businesses to the Finnish markets is challenged by restrictive EU trade regulations, high volumes required by Finnish and other EU companies, logistical challenges and the fact that Zambian products tend to be more attractive in southern Africa.



Any growth in trade between Zambia and Finland in the short- or even medium-term is thus likely to be mostly one-way from Finland to Zambia. This, of course, has the theoretical potential of being beneficial to both parties if it results in, e.g. more business investments in Zambia, Joint Ventures and other commercial partnerships, as well as deepening trade between the two countries, translating into increased tax revenue for the Zambian government, business for Zambian companies or job creation for Zambians. This would, however, require that Finnish companies also establish and register companies in Zambia. This is currently not usually the case, since larger Finnish companies tend to operate through sister companies in South Africa or as suppliers of equipment or technology, and business linkages facilitated by the Embassy as part of Team Finland work are usually between MSMEs, mostly involving Finnish companies selling a product or service. Sectors emerging in interviews with AGS stakeholders as having the most immediate potential for mutual benefit and business partnerships include agriculture, renewable energy and mining.



Annex 17. Comparative study on Denmark's and the Netherland's transition process in Viet Nam

Summary: key findings

The experiences of the Netherlands and Denmark in transitioning in partnership relations show that bilateral programme support to Viet Nam has largely been phased out. However, at the same time, ODA remains important in the partnership with Viet Nam and is channelled through a range of private sector instruments and facilities and institutional cooperation modalities. In the current situation, it is common that support is not directly channelled to Viet Nam but through home-based private sector companies and institutions in partnership with their Vietnamese counterparts. Investment support through loans and guarantees schedules and with equity to Viet Nam has remained strong, and these services also consume ODA funds. The support to multilateral organisations, IFI's and CSO's of Denmark and the Netherlands are also continuing to provide substantial ODA support to Viet Nam though this support is not always clearly visible in ODA reporting to OECD.

The Netherlands and Denmark have established comprehensive partnership agreements with Viet Nam that have served as guiding frameworks for continued partnership relations. Denmark has chosen for a comprehensive partnership agreement, while the Netherlands has chosen for sectoral partnerships in specific sectors. These partnership arrangements are based on undersigned mutual agreements, and these arrangements have a long-term perspective.

In the transitioning of the development relations with Viet Nam (and also other countries) Denmark and the Netherlands have been more explicit in acknowledging that they also have home-grown self-interests in the partnership. This acknowledgement is included in the development policies of both countries. This is a clear change in mindset and communication style compared with the era of "traditional development cooperation" in which self-interests and 'tied aid' were commonly not accepted, though in practice still quite common. The formal recognition of self-interests in a cooperation relation provides another starting point to develop partnerships that need to serve the interest of all partners in the partnership, and it also matches better Viet Nam's own growth ambitions and status as a MIC.

The partnerships of the Netherlands and Denmark have clearly established a strong focus on key economic (top) sectors in which these countries have comparative advantages and commercial interests. The focus on these top sectors allows for more cost-efficient use of staffing and resources at the Government and Embassy level.



The selection of the top sectors of Denmark and the Netherlands show some overlap and areas of possible competition, and in some of these sectors also Finland is investing. This is particularly in the case of the water, energy and agricultural sectors. While within these sectors, specific focuses are chosen and also considering the fact that Viet Nam is a large country with many demands, in practice, in spite of competition in specific sectors, there is quite a bit of 'space' to operate, though such space with increasing competition might decrease. There is limited dialogue and coordination between the different countries in further developing these sector-focused approaches.

In the transition process, the Netherlands has clearly focused on the private sector as the key actors in shaping future development relations, though several of the instruments seek to bring partners together in broader multi-stakeholder partnerships (of private, public, civil and academic actors). Denmark has combined support instruments for the private sector with specific instruments to support public partners (the strategic sector partnerships), recognising the importance of eco-systems approaches for social-economic development. Although private sector involvement was planned in the strategic partnerships, this has not yet materialised. Both approaches show a trend to bring multiple partners together in multi-stakeholder partners. This is done with the vision that multiple stakeholder partnerships are more effective in addressing key development challenges.

Related to the above, the Netherlands and Denmark also attach high importance to the SDGs to guide their social-economic interventions and also here attention is given to bring partners together in addressing SDG challenges. Both countries have specific SDG-partnership support modalities in place.

The institutional set-up of support structures for the private sector is quite different between Denmark and the Netherlands. Possibly the Netherlands has achieved a stronger synergy between different private sector support modalities by bringing them together under one roof (RVO Netherlands), with a kind of 'one-stop shop' approach. Yet, in both countries, the amount of specific subsidy and finance arrangements is big. Both Netherlands and Denmark have contracted their Development Finance Institutions to host and manage several specific sectoral and thematic investment instruments.

The support channels existing for Multilateral Organisations, CSO and Education sector cooperation are largely functioning as separate and, to some extent, stand-alone channels with limited cross-linkages, although the focus in some of these channels is aligned with the focus on specific sectors at the comprehensive partnership level.

Both the Netherlands and Denmark have historically invested in establishing strong relations between educational institutes in their countries and Viet Nam. Support modalities for educational exchange have also remained during and after transitioning, and education institutes also show a strong internal drive to continue this international exchange and cooperation.

Most support modalities in the Netherlands and Denmark targeted international relations and trade of their national organisations and companies with a primary focus on what these countries can offer in terms of expertise and competencies to their Vietnamese counterparts. The international cooperation and partnerships in these countries, as a result, have been quite export-focused, and opportunities to also benefit from Vietnamese expertise and competencies have been limited. Some support, though, is provided to Vietnamese to enter the Dutch and Danish market by the



commercial desks of the embassies and consulates in Viet Nam and by the Dutch organisation for the promotion of imports from developing countries (CBI), though this organisation has a focus on the EU market as a whole.

The Netherlands has had a strong focus in its private support instrument on SME's engaged in international trade and investment. The modalities and instruments have been tailored to their needs. The Netherlands also has a specific sectoral organisation in the private sector focusing on international corporate social responsibility of SME's in (inter)national business. This means that also as sector SME's have organised themselves as a partner of the Dutch Government in international entrepreneurship.

During and after transitioning, the civil society organisations in the Netherlands and Denmark have become clearly less visible in cooperation activities with Viet Nam and Vietnamese civil society. This decline of CSO activity in Viet Nam is likely to be caused by two key developments: a) decreased availability of funding and restrictions in funding to CSO's to be spent in Viet Nam as a Middle-Income Country and b) reorganisation of the SCO sector decentralising presence more to countries in the developing world, including in Viet Nam. Fundraising has become more regionalised. Some larger international SCO's networks, as well as Multilateral organisations, seem to dominate the scene in Viet Nam. There is a reason for concern that decreased funding to CSOs, during and after transitioning might go at the cost of strengthening a home-grown SCO sector in Viet Nam and the values they promote.

History and background, and key data on ODA flows to Viet Nam

This section is based on data provided on international Official Development Assistance (ODA) flows provided by OECD-DAC (Compare your country, n.d.) in March 2021. The OECD-DAC website shows historical data on ODA flows worldwide and to Viet Nam over the past decade.

Trends in ODA

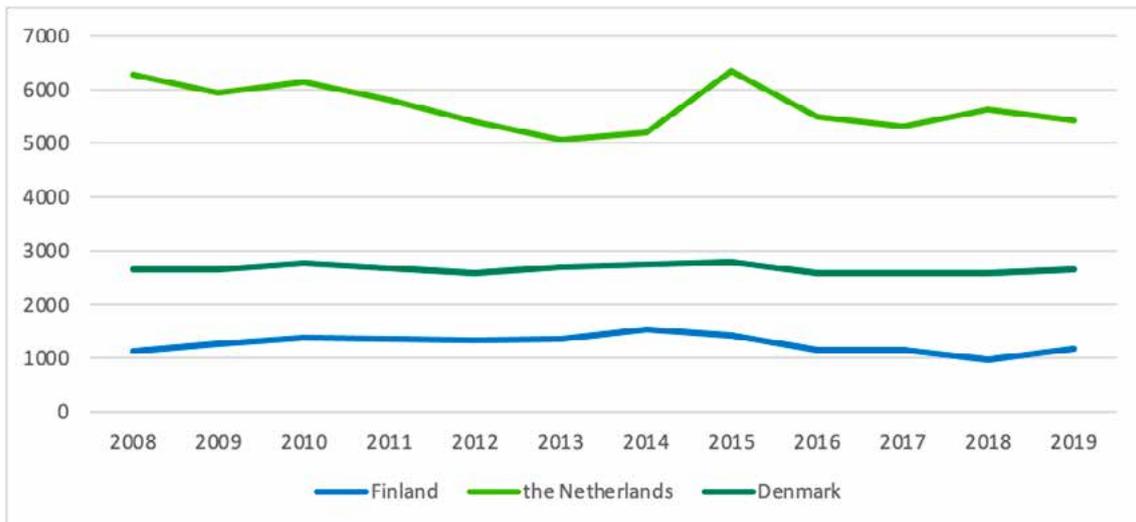
While ODA provided by the international aid community to Viet Nam steadily increased over the period 2010-2014 from 1.67 Billion USD in 2010 to 2.35 Billion USD, a steady decrease kicked in from 2015 to 2019 to a level of 730 Million USD in 2019, only 25% of the amount in the top year of 2014. Particularly in 2018, the decrease was steep, stabilising somewhat in 2019.

The significant drop of ODA flows to Viet Nam in the second half of the previous decade (2015-2020) is a reaction to the successful economic growth of Viet Nam and its gained status as a Lower Middle-Income country in 2009. According to World Bank figures (Wikipedia, 2021), Viet Nam has further progressed in the league of Middle-Income Countries in subsequent years, and in 2019 it was listed 137 on the income per capita level with 2,540 USD per capita/year, 22 places short of entering the Upper-Middle Income countries league above 4,000 USD per capita/year. This is an ambition of the Vietnamese Government for the coming decade.

The total ODA to the world from Finland, the Netherlands and Denmark, the three countries in this peer review, show the following pattern over the period 2008 – 2019.



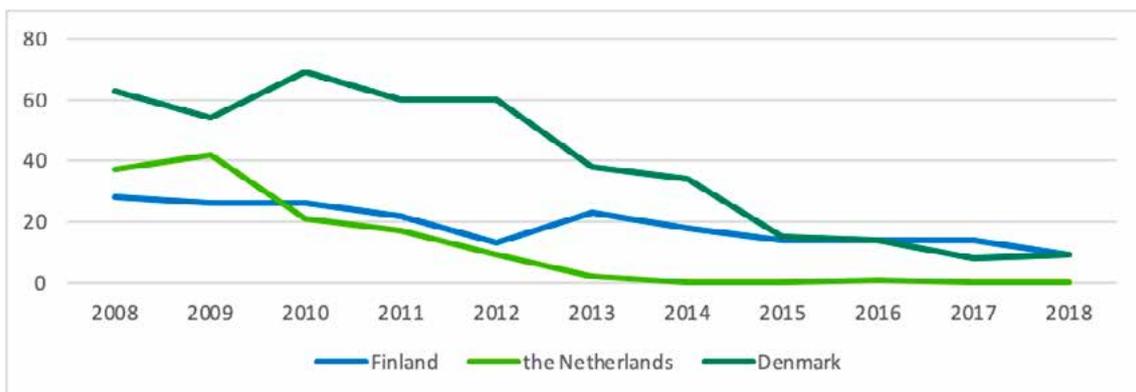
Figure 4 Overall ODA flows to the World from Finland, the Netherlands and Denmark 2008-2019 (in M USD) (OECD, 2021)



The Netherlands' ODA flows to the world show a steady decline (only interrupted in 2015) from 6,3 Billion USD in 2010 to 5,4 Billion in 2019, while Denmark shows a steady flow in the entire period, around 2,6 Billion USD per year. Finland's ODA flows to the world showed an increase from 2008 (1,1 B USD) to 2014 and a decrease in the next four years until 2018, increasing again in 2019. Looking at the entire period, Finland is the only country with increased levels of ODA in 2019, with 5% more ODA than in 2008, with Denmark with a 1 % decrease and the Netherlands with a 13% decrease in ODA flows.

On specific ODA flows to Viet Nam from these three countries, data are available until 2018, and these show a significant decline of ODA to Viet Nam from all three countries over a ten-year period.

Figure 5 ODA flows to Viet Nam from Finland, the Netherlands and Denmark 2008-2018 (in M USD) (OECD, 2021)



The Netherlands shows clearly the steepest decrease from 42 M USD in 2009 to 0 in 2014, and in subsequent years no Netherlands' ODA was reported anymore to Viet Nam. Denmark has been the biggest ODA provider of the three countries, increasing its support until 2010, amounting to 69 M USD, but after this year steadily dropping its ODA until 2017 to an amount of 8 M USD in



2017, and a small increase to 9 M USD in 2018. This shows that currently, the ODA of Denmark to Viet Nam is still ongoing, though only at 14% of the amount a decade before.

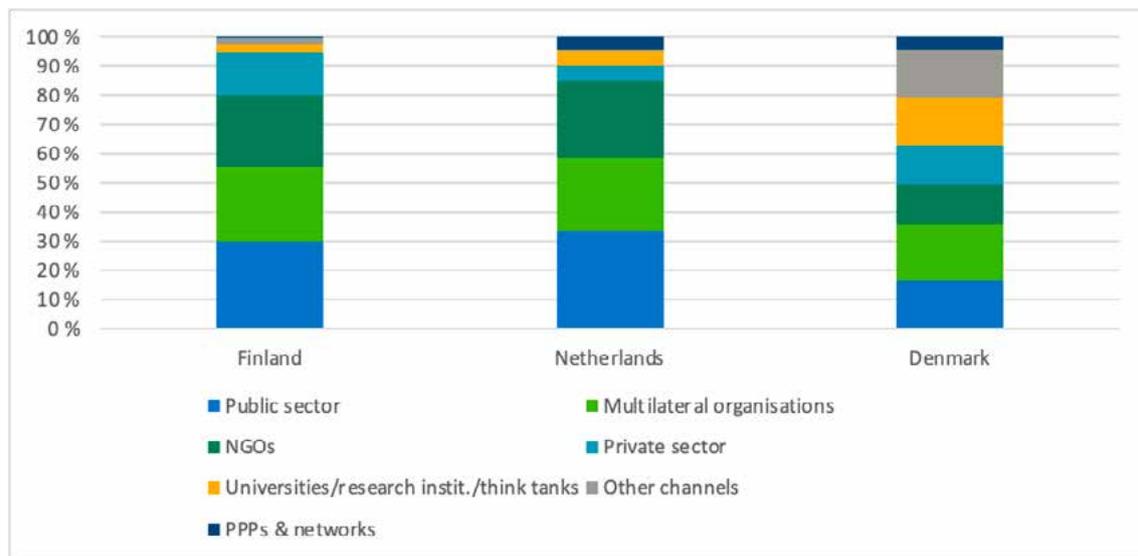
Finland's ODA support to Viet Nam historically has been at a lower level than the other two countries, which is in line with the size of its economy. In spite of the steady process of decrease from 28 M USD in 2008 until 9 M USD in 2018 (only interrupted in 2013), the Finnish ODA flows to Viet Nam remained much more significant than the other two countries at 32% of the 2008 Finnish ODA amount still disbursed in 2019.

These data show a general trend that the Netherlands has been most drastic in decreasing its ODA support to Viet Nam and that it has also embarked upon a process of phasing out ODA from this country earlier and more systematically than Denmark. Denmark followed the Netherlands's trend of phasing out mainly in 2012, and Finland started a year later, though at a much slower pace.

We will see in the subsequent sections that these ODA flows largely follow policy and strategy intentions from the three Governments, though it can be observed that Finland has been less consequent in applying its policy intentions.

Forms of channelling ODA

Figure 6 Composition of ODA flows from Finland, the Netherlands and Denmark in 2018 (OECD, 2021)



The largest receivers of ODA funds are the governments of bilateral partners and multilateral organisations. Both categories combined receive above 55% in Finland and the Netherlands. From Denmark, however, both categories receive significantly less, only at 35%. NGO's, particularly in Finland and the Netherlands, received a significant share of ODA. The three categories together absorb 79% of Finnish and even 86% of Netherlands' funds. In Denmark, the aggregate amount of the three categories is still below 50%.

The general composition of ODA flows of the three countries to Viet Nam shows that, by far, the largest part of their ODA flows directly to Viet Nam while also a small part of the ODA flows through multilateral organizations. ODA flows to Viet Nam through soft and hard earmarking of support to



multilateral organisations, and this also happens through sub-regional allocations of regional and international programmes of multilateral organisations. Denmark has not provided ODA through multilateral organisations to Viet Nam. The Netherlands, in earlier years, provided a significant part (until 30%) of its ODA to Viet Nam through multilateral organisations. For Finland, the ODA provided to Viet Nam through multilaterals has remained around the 5% range until 2013, and in later years, no ODA was channelled to Viet Nam anymore through multi-lateral organisations.

In addition to the ODA flows reported above, all three countries have used and are still using **other channels** to provide support to Viet Nam. For example, ODA to Viet Nam can also flow through support to Finnish, international and Vietnamese **CSO's** that receive programme and project support from the Governments. As it is not possible to find reliable and comparable data on these ODA flows, these are not further investigated in detail in this peer review.

Data on the OECD-DAC website on the more detailed composition of ODA at the global level in 2018 show some light on the relative importance of different channels. Although the data are not specific on ODA flows to Viet Nam, this figure below might be indicative of how different countries have diversified their ODA support in the past years and also in Viet Nam.

The Private Sector is a more important recipient of ODA funds in both Finland and Denmark, while in the Netherlands, this sector receives only limited ODA support. This is a remarkable difference between the three countries, showing that substantial support to the private sector from the Netherlands' Governments for doing international business does not include ODA grants.

Denmark also channels a significant amount to **universities and research institutes**, while this sector is smaller (but still relevant) in both the Netherlands and Finland. Public-Private Partnerships and Networks are clearly a newer recipient of ODA funding and still not strongly developed in particularly Finland.

On the composition of the ODA portfolio, it can be observed that Denmark has achieved the most balanced and diversified mix of channels, followed by Finland and the Netherlands. Denmark has a significant amount of ODA that is provided through the category of "other channels", though no specific information is available on these other channels.

Two ODA channels provide direct support private sector (private sector and PPP's), but here it should be remarked that the picture is blurred as other forms of support to the private sector, not being ODA-grants, are not included in the picture. It seems that the Netherlands has gone furthest in exploring and developing private sector support modalities with non-ODA sources. This will be further explored in the following sections.

Development finance support

Development Finance has also been provided to Viet Nam. Development Finance, to a different extent, is counted as ODA, though it also contains Non-ODA as return on investments is reinvested in development investments. The European Development Finance Institutions (EDFI) consume (limited) ODA amounts to cover administration, costs of guarantees and, in some cases, interest subsidies.



The EDFI's provide financial support to developing countries in the form of equity and quasi-equity, loans and guarantees. In some countries (as in Finland), running costs and capitalisation of the Development Finance Institution (Finnfund) is counted as ODA.

All EDFI's together manage a portfolio of 46 Billion Euro in 6380 investments in 2019 (EDFI, n.d.). Key sectors are infrastructure (power and other; 36%); Finance (32%), and Industry and Manufacturing (11%). A clear geographic focus is on Sub-Saharan Africa (33%). Other regions are quite balanced in the portfolio: Latin America (18%), South Asia (14%) and South-East Asia (11%), consuming 43% of the funds.

Data from the three EDFI's in Finland (Finnfund 2020, 2019 Annual Review), Netherlands (FMO 2020, FMO 2019 Annual Report) and Denmark (IFU 2020, 2019 IFU Annual Report) show a significant variety of scale of EDFI's investment activities and degree of involvement in Viet Nam.

Table 14 Basic characteristic Investment portfolios of EDFI's in Finland, Netherlands and Denmark

	Total portfolio active in 2019	Portfolio in LICs 2019 %	# Investments in Viet Nam	# and % of EDFI's portfolio in Asian region	
Finnfund	617	35%	1 (1 in process)	174	28%
FMO	10400	28%	9	2600	25%
IFU	1505	?	6	453	30%

Note: Amounts in Million Euro

FMO and IFU, in addition to managing their own investments, also manage a number of dedicated Government investment funds in specific sectors, such as energy, climate, SDGs.

Focus on Lower Income countries is significant, though most investments are made in middle-income countries, and between 25% and 30% is invested in Asia. The EDFI's prioritise investments in Africa, though Latin America is also a significant destination. FMO and IFU have a sizeable portfolio in Viet Nam, and Finnfund had one until 2019, but recently in 2020, a second investment was approved.

Viet Nam for the three EDFI's is not a very important investment destination. The relative weight of EDFI investments in Viet Nam for IFU is the highest.

The EDFI's usually take a minority share in investment projects, and this means that amount mentioned above are leveraging a substantial additional investment amount from other investments partners. Regularly multiple EDFI's pool resources in their investment projects.

The Nordic countries (including Denmark and Finland in this review) have established the Nordic Development Fund (NDF), which since 2009 has a focused mandate on investing in climate change mitigation and adaptation projects, focusing on the nexus between climate and development, particularly in Lower-Income Developing Countries. NDF combines grant-giving with loans and equity. The total current portfolio value of NDF, with a recent capitalisation in 2020 is approximately 350 M Euro. Although this amount of capital is substantial, it is relatively small in comparison with the EDFI's (NDF, 2021).



NDF, since 2009, has supported four activities in Viet Nam:

- Innovative and Climate Resilient Housing in the Mekong Delta (0.5 M Euro)
- Nordic Partnership Initiative Pilot Programme (1.5 M Euro)
- Transport Connections in Northern Mountainous Provinces - Integrating Climate Change Adaptation to Transport (2.0 M Euro)
- Support for the National Target Program on Climate Change (2.2 M Euro)

In three of these investment projects, NDF pools its resources with the Asian Development Bank. The host country, in some cases, has also provided a contribution.

Human exchange: diaspora, migration and international travel

Since the Viet Nam war, the Vietnamese diaspora in Europe has become sizeable and has further grown in the past decades. It is the largest group of South-East Asian people living in Finland in the three countries in this peer review this is also the case. According to Statistics Finland, in 2017, there were 10,817 people with a Vietnamese background living in Finland, and most of them reside in the urban regions of Helsinki and Vantaa. This number represents 0,20% of the total population. According to Wikipedia, approximately 23.500 Vietnamese live in the Netherlands, and they represent 0,14% of the total population. In Denmark, these figures are approximately 8.500, representing 0,15 %.

In the three countries, the Vietnamese diaspora constitutes a relatively very small group, though, within the diaspora group, it is one of the largest communities originating from Asia. The relative size of the Vietnamese diaspora in Finland is slightly larger, and they also are more visible in representative organisations and also in informal organisations.

The largest and most visible organisations of Vietnamese in Finland is the Vietnamese Entrepreneurship Society (VietES, 2021). This organisation represents Vietnamese expatriates, and it supports its members, particularly in economic activities and starting up businesses. Recently the Society has decided to expand its mandate and not only focus on the Vietnamese diaspora but also other diaspora groups. While in Finland, the Vietnamese diaspora has self-organised, organisational forms in Denmark and the Netherlands are slightly different. The Danish Vietnamese Association is established as a CSO, and it is providing support to projects in Viet Nam. While Vietnamese persons in Denmark are involved in the organisation, it is not a representative organisation of Vietnamese in Denmark. The same situation exists in the Netherlands. The most significant Viet Nam oriented organisation is the Netherland-Viet Nam Medical committee (recently with a change of name and broader geographic mandate, see also further below), focusing on supporting medical projects in Viet Nam. And in the business community, there is a Netherlands-Viet Nam Chamber of Commerce, with Dutch and Vietnamese members and focusing on trade and not representation.

The Vietnamese diaspora in Finland, therefore, is not only more sizable, but it is also more strongly organised as a diaspora group. It is also more recognised as a specific interest group, as can be illustrated by a recent study conducted by the Ministry of Economic Affairs and Employment of Finland in 2019 that was looking at the specific situation of Vietnamese in Finland (MEAE, 2019).

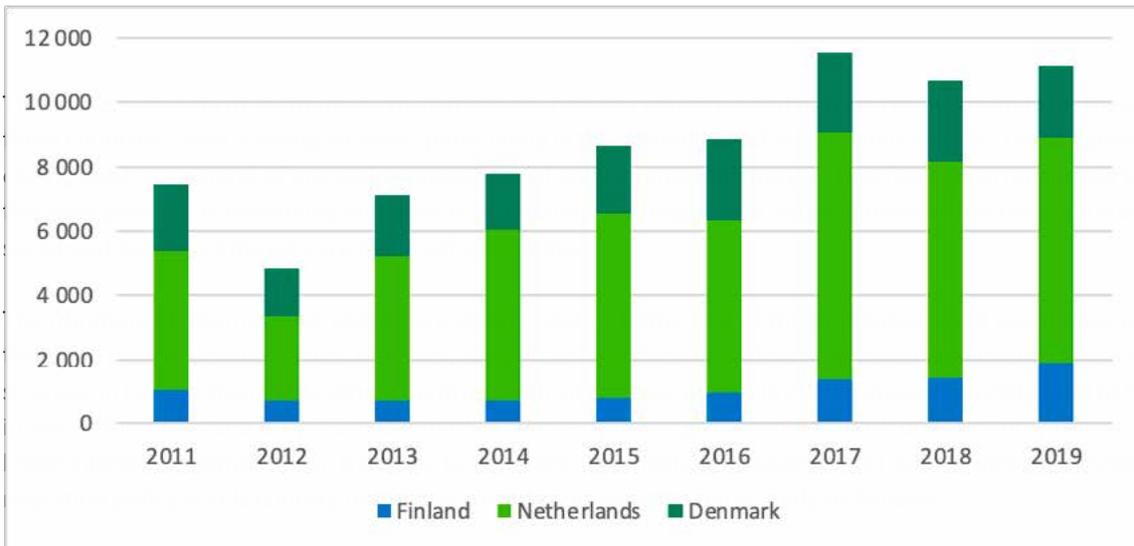
The significant (though still relatively small) Vietnamese diaspora groups in Finland, Netherlands and Denmark generate sizable travel between Viet Nam and these countries.



Travel of Vietnamese to Europe

The figure below shows the development of international travel of Vietnamese to the three countries in this peer review. This travel includes business travel, education exchange, family visits and tourism.

Figure 7 Visa applications of Vietnamese for travel to EU at the Finnish, Netherlands and Danish Embassies and consulates in Viet Nam (2011-2019) (European Commission, 2021)

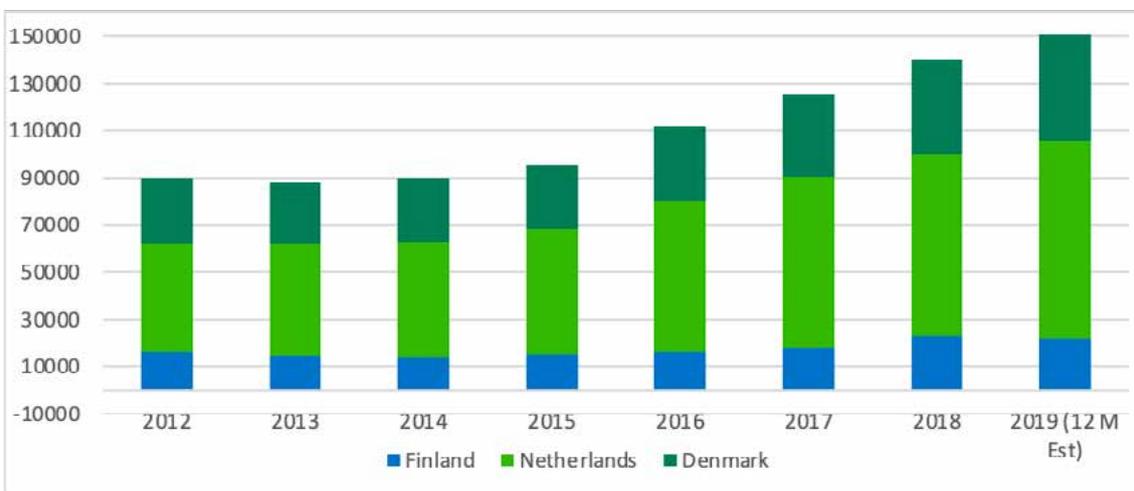


This interest is mutual, as also international travel from the three countries to Viet Nam has grown significantly over the past decade, as is shown in the section below.

International Travel to Viet Nam

Viet Nam has grown quickly as a tourism and business destination for international tourists and business people. The figure below presents comparative figures for the three countries in this peer review:

Figure 8 International arrivals in Viet Nam from Finland, Netherlands and Denmark (2012-2019) (Viet Nam Tourism, 2021)





Growth in international travel to Viet Nam has been strongest in The Netherlands with a growth of 82% in 2019 since 2012, against 61% in Denmark and 31% in Finland.

Cooperation and partnership between the Netherlands, Denmark and Viet Nam and key characteristics of transitioning processes in cooperation in the period 2010-2020

The Netherlands

Viet Nam and the Netherlands established diplomatic relations on April 9, 1973, and the Netherlands was one of the first Western European countries to establish diplomatic relations with Viet Nam after the signing of the Paris Peace Accords (1973). Since then, the Dutch cooperation relation with Viet Nam can be roughly divided into three periods:

a) Focus on development cooperation: 1980-s to 2010:

Viet Nam has been a long-standing partner of the Netherlands in development cooperation. Bilateral and (Earmarked) multilateral support to Viet Nam was substantial, and cooperation between CSO's and Academia was strong.

In 2010, the Netherlands had announced the intention to scale down its ODA to Viet Nam and to change its focus from a broad partnership based on a wide portfolio of bilateral, multilateral and CSO support modalities and programmes to much more focused and commercially oriented strategic partnerships in specific sectors: Agreements were signed for cooperation in Climate Change and Water Management (2010) and in Sustainable Agriculture and Food Security (2014). In these sectors, the Netherlands has remained a prominent international partner of Viet Nam, building further on historical interventions.

In 2010, the transition facility was established as a mechanism to transition from broad-based development cooperation to more focused and business-oriented cooperation in key sectors. The transition facility was open for Viet Nam until mid-2014 and for Colombia and South Africa until 2015 (MFA of the Netherlands, 2017). Supported projects under this facility have continued until 2019, and the transition facility underwent a final evaluation in 2020

The priority sectors for support under the transition facility included the strategic partnership sectors identified for the partnership agreements with Viet Nam: a) Climate change adaptation and water management; b) Agriculture and food security. Additional sectors were identified and could also be supported under this facility; c) Energy; d) Marine economy and transportation services; and e) Smart cities.

b) Transition period (2011- 2015)

With the reduction of Dutch international ODA support in 2010 (see above), for three countries of special economic, social and cultural importance to the Netherlands, Colombia, South Africa and Viet Nam , a special transition facility was established to prepare these countries for a post-ODA



and bilateral development cooperation era. More broadly relevant, in this same period, the structuring of the Government's support to international businesses experienced a significant change in set-up. In 2014, this resulted in the merger of two institutions previously under the Ministries of Foreign Affairs (Agency NL) and Economic Affairs (Service Regulation) into one agency for "Entrepreneurial Netherlands" (RVO, see further below), following a design of a 'one-stop shop' for all businesses, particularly SME's, in the Netherlands. With these changes, the Netherlands has been clearly preparing for the post-transition period.

c) After the closure of transition facility and current situation (2016-present)

After the closure of the transition facility, no more direct Netherlands' ODA support was provided to Viet Nam though, through other channels, cooperation of the private sector and academia continued, still consuming ODA, though less visible in official ODA reporting. And a (smaller) number of Dutch CSO's remained active in Viet Nam through sustained with other funding sources.

The changes in the cooperation and partnership relation between the Netherlands and Viet Nam should be seen in the context of changes in the Netherlands international development policies that have introduced a new focus in international relations over the past decade. The most recent Netherlands' international development policy document (MFA of the Netherlands, 2018) presents an integrated policy of the Government in which international trade and development cooperation are combined. International Development and Trade are also united within the Ministry of Foreign Affairs under a second Minister at this Ministry. The Policy (Government of the Netherlands, 2019) embraces the United Nations' 17 Sustainable Developments Goals (SDGs) for 2030 as the guiding principles for Dutch development cooperation and has the following overarching goals:

- Preventing conflict and instability
- Reducing poverty and social inequality
- Promoting sustainable, inclusive growth and climate action worldwide (water security, sustainable farming, sustainable energy or circular economy are mentioned as specific sectors)
- Enhancing the Netherlands' international earning capacity
- And additionally, a cross-cutting goal is included in the policy: Gender equality and the empowerment of women and girls

The increased geographic concentration of the Netherlands' Development cooperation has already started before 2010. In a letter of 18 March 2011³⁴, the Minister for Development Cooperation in the Ministry further decreased the number of partner countries from 33 to 15 for the next period. In previous decades the Netherlands had far more partner countries. The current development policy doesn't state a specific number of partner countries. It has changed into a combined regional and country approach, though still with a strong focus on a limited number of countries. The policy mentions the following regions and countries: West Africa focusing on the Sahel region, the Horn of Africa, the Middle East and North Africa. In several of these regions, important initiatives are related to humanitarian crises, refugees and migration, with Syria, Lebanon and Iraq as important priority countries. Furthermore, emergency aid and the reception of refugees in regions of origin

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can be deployed in different regions, though mainly in the regions mentioned above. Aid in Asia is limited to Afghanistan and Bangladesh.

Sectoral priorities in the Dutch development policy worldwide currently are education and particularly TVET, climate mitigation (Including an important new Climate Investment Fund), investments of businesses and knowledge institutions in developing countries in Dutch priority economic sectors. This focused approach on economic sectors was named “the top-sector” approach. The top sectors are Agriculture & Food; Chemical; Creative Industries; Energy; High Tech Systems & Materials; Horticulture & Raw materials; Life Sciences & Health; Logistics; and Water. Support in these sectors is provided to Dutch businesses, with a specific focus on SME’s. For a considerable period, private sector and civil society support instruments could be deployed in a more extensive number of countries, and this is currently still the case, allowing private and civil organisations to also provide ODA support outside the core partner countries of the Dutch Government.

The Dutch Government is explicit in acknowledging the interests of the Netherlands in international relations, and in the current policy, this has even become an explicit objective. Also important is to acknowledge specific Dutch interests to fight radicalisation and to stem migration, which can clearly be seen in the core regions of the Netherlands’ international cooperation.

The Ministry of Foreign Affairs developed specific Theories of Change in 2018 for a number of key areas/sectors in its development cooperation. However, no single generic ToC was developed. The ToC’s include: Humanitarian Assistance; Climate change; Migration; Private Sector Development; Sexual and Reproductive Health Rights; Security and legal order; Food security; Women’s rights and gender equality; and Water. Many of these ToC link up with SDGs, strongly tying the Dutch development interventions and relations with the UN Agenda 2030.

A key finding in the Dutch process of redesigning its development cooperation is that in most countries, it has been largely phasing out of ODA, with the exception of three countries (including Viet Nam) where the need for a phased approach was clearly felt because of historical, and socio-economic ties between the countries. However, the end result of the process is clear. Partnerships remain, and trade and commercial relations continue, and the Netherlands Government and Embassy in Viet Nam continue to facilitate this, though the state itself does not participate as a partner. Support modalities are increasingly against cost-recovery, and investments are supported with loans, guarantees, or equity (FMO) though not anymore with grants, thus drastically reducing the use of ODA.

The Dutch transition facility in Viet Nam (as in the other countries) was explicitly directed to phasing out of the Netherlands as a development partner, though with continued interest in facilitating economic ties between the two countries, recognising the great potential of Viet Nam as an import and export market and also a gateway into South East Asia. This makes Viet Nam a successful example of increased Netherlands earning capacity (the fourth self-interested goal of the current Dutch international development policy) thanks to a vibrant economic partnership relation. Viet Nam has remained an important country in Netherlands international activities and also as an ODA receiving country, even though this is not visible in ODA reporting figures, as support to Viet Nam is not earmarked anymore in this reporting.

Denmark

Denmark and Viet Nam established diplomatic relations on November 25, 1971. On April 1, 1994, Denmark established an embassy in Hanoi, and since August 12, 2000, Viet Nam also has an



embassy in Copenhagen. In addition to the embassy, there is a Danish Economic Cooperation Office (DECO) in HCMC, similar to the Netherlands and Finland. This presence in HCMC also illustrates that while political and diplomatic relations are mainly occurring in Hanoi, the centre of economic and commercial activities is in HCMC.

Denmark has had a long period of cooperation with Viet Nam with a significant contribution of ODA over the past decades until the end of the first decennium of 2000, after which ODA was rapidly decreasing in the next decade, to remain at significantly lower levels at the end of the decade.

The process of scaling down ODA in Viet Nam should be seen against a larger background of a process focusing on Danish development cooperation to a significantly smaller group of partner countries.

Denmark, in its current development strategy, identifies the following categories:

- *Poor, fragile countries and regions characterised by fragility:* core countries are Afghanistan, Burkina Faso, Mali, Niger, Palestine and Somalia. There are also regional efforts related to Danish humanitarian, development and stabilisation efforts, such as in Syria and its neighbouring countries, the Sahel and the Horn of Africa;
- *Poor, stable countries:* core countries are Bangladesh, Ethiopia, Kenya, Myanmar, Tanzania and Uganda. The majority of these countries are expected to be phased out if growth and political stability can be secured.
- *Transition and growth economies:* Ghana, Indonesia, Pakistan, South Africa, Ukraine, Georgia, Viet Nam, Egypt, Brazil, Colombia, China, Mexico and Turkey. Within this group of MIC's, Danish missions have continued, and these can facilitate new forms of partnerships and instruments, such as the initiative 'Partnering with Denmark, Danish authorities in international cooperation and the partnership instrument.

In addition to these country-level relations (and the regional humanitarian support), Denmark has also developed regional approaches in two programmes: EU Neighbourhood Programme and the Danish-Arab partnership.

The process of focusing on Danish Development cooperation has thus been less strict than was the case in Netherlands' development cooperation. Also, the possibility to use ODA resources in MIC's has remained more substantial than in Dutch development cooperation. Both Denmark and the Netherlands have increasingly embarked upon regional approaches, with a more flexible presence in specific countries.

The interest of Denmark in maintaining partnership relations with its traditional partners, such as Viet Nam, has remained and this is also reflected in new partnership agreements and cooperation modalities that are introduced further below.

Viet Nam was one of the first partner countries in the new millennium, with whom the Danish Government has gradually scaled down its traditional ODA based cooperation. The decision to scale down ODA in Viet Nam was made in 2007. After 2010, other partner countries followed, such as Bolivia, Mozambique and Nepal. Together with Viet Nam, the transition and phasing out of ODA-based cooperation was submitted to a comprehensive study at the country level and at the meta-level (DANIDA, 2018).



This meta-study shows that Denmark has completed a major process of restructuring its development cooperation, roughly in the period 2007-2017.

This period of transitioning and change has led to Denmark defining its current development strategy as documented in “The World 2030: Denmark’s strategy for development cooperation and humanitarian action (Danish Ministry of Foreign Affairs, 2017). In the current strategy, the following four strategic aims are included:

1. Security and development: Peace, stability and protection. Denmark invests in peace, stability, protection and increased resilience in the developing countries. This also concerns Denmark’s own security, targeting internally displaced people, refugees and local communities to alleviate pressure on Denmark’s borders;
2. Migration and development. Denmark contributes to countering irregular economic migration and to addressing the root causes of migration;
3. Inclusive, sustainable growth and development. With a focus on energy, water, agriculture, food and other areas where Denmark has special knowledge, resources and interests.

Freedom and development: democracy, human rights and gender equality. Denmark invests in activities that promote human rights, democracy, the rule of law and gender equality (MFA of Denmark, 2021).

The development strategy does not have a strong focus on the private sector, but under partnerships, the private sector is seen as a key partner. Under sustainability and inclusive economic growth, the private sector is also seen as a prominent partner. The Danish Government has developed specific support instruments and facilitation services for private sector companies.

With the publication of the Danish new development strategy in 2017, the relation with Viet Nam still exists, with Viet Nam as a category three country: transition and growth economy. Although the levels of ODA are significantly lower, partnerships are still strong, and there is also significant support to facilitating economic relations between the two countries. Danish Ambassador Charlotte Laursen, in an interview in 2016, celebrating 45 years of relationship, stated: “We have managed to transform our relationship from development partners to a broader, and more mutual and respectful partnership, with a focus on commercial, political, cultural and environmental issues. I think Denmark has succeeded in our transition here in Viet Nam due to the economic development in Viet Nam but also due to the very strong partnership and friendship we have between our two countries. Viet Nam is no longer a priority country in an ODA sense, but is a very important commercial priority in Southeast Asia for Denmark; it’s an interesting market for Danish companies, and in that aspect, the transformation to a closer partnership in trade and investment is very important,” (Persson, 2016).

The new partnership relations between Denmark and Viet Nam are grounded in a Comprehensive Partnership Agreement (CPA) that Denmark and Viet Nam signed in 2013.



This document presents the pillars under the partnership for the following years:

- Politics and Diplomacy;
- Investment and Commerce;
- Climate Change, Energy, Environment, and Green Growth;
- Education and Research;
- Culture and People Exchange.

The agreement included **developing biannual plans** to operationalise specific actions on the pillars of this agreement. The most recent action plan 2019-2020 includes a number of specific actions under these pillars, with specific attention to priority economic sectors, where Denmark private sector companies have particular comparative advantages:

- The Danish Energy Partnership Program 2017-2020 (DEPP) was continued in this new period;
- P4G - Partnering for Green Growth and the Global Goals 2030 that started in 2017 is also continued and will run until 2022.

Within the strategic partnership, there is a strong focus on trade and investment, and since the start of the CPA, the total value of bilateral trade in goods more than doubled. Denmark is among the largest EU exporters of goods to Viet Nam per capita. More than 135 Danish companies have established themselves in Viet Nam. The volume of Vietnamese exports to Denmark has increased by about 75% since 2013 at the start of the 2019-2020 planning period. The commercial and trade relations are supported with specific instruments and facilities (see further below) and by the Danish Economic Cooperation Office in HCMC and by the embassy in Hanoi.

The Danish government is also continuing to invest in cooperation with the Vietnamese Government, and it does so with the vision that Governments play an important role in facilitating and supporting social-economic development and exchange of private and civil actors, and at the same time, it acts as a partner in broader partnerships. This is an important element in the Theory of Change of Denmark on nurturing partnerships in the longer term in transition and post-transition countries that are of economic importance to Denmark. This cooperation is embedded in Strategic Sector Cooperation (SSC) partnerships between a Danish public authority (DPA) and its Vietnamese Government partner institution. The Danish partners (DPA) with expertise and facilitate the transfer of Danish know-how and experience relevant to local priority issues, local conditions, and needs. The aim of the SSC is to promote sustainable and responsible growth, jobs and prosperity in Viet Nam and eventually create opportunities for Danish businesses. There are four such SSC's in Viet Nam that will be further introduced in the following section.

In conclusion, we can say that Denmark, with significantly lower volumes of ODA, is still engaged in specific strategic partnerships at the Government level with the primary goal to build and strengthen enabling and supporting ecosystems for prospering economic, commercial, social and cultural exchange between the two countries. The Danish Embassy and DECO play an important facilitating role. In addition, the mutual embassies in both countries and the Governments invest in dialogue and diplomatic relations through regular visits and trade missions.



Development portfolio's, sectors and (cross-cutting) priorities of the Netherlands and Denmark in Viet Nam

The Netherlands

The transition facility in Viet Nam (2010-2014, project implementation ongoing still for several more years)

The Mid Term Review of the transition facility conducted in 2017 (MFA of the Netherlands, 2017) states that its “launch of followed the recommendation by the Netherlands Scientific Council for Government Policy (WRR, 2010) to involve the Dutch business community in the development process in an ‘aid and trade approach’ and was instrumental to the Ministry of Economic Affairs’ policy to intensify public support to Dutch international entrepreneurs and to small and medium enterprise (SME)- starters in international trade and business.”

The final evaluation (MDF, 2020. Final Evaluation Transition Facility, Final Report) of the Transition Facility indicates that the overall budget (for all three countries) was 41 M Euro, of which only 34 M Euro was actually disbursed, indicated that the facility was not used as planned. Approximately 400 projects with an average size of 85,000 Euro were supported, greatly varying in type and size.

In a programme document (Netherlands Government. 2012. Colombia, Viet Nam and South Africa. In the transition from aid to investment), the purpose of the Transition facility is explained: “The Dutch government uses the transition facility extensively in the transition countries to improve the business climate and remove obstacles that pave the way for Dutch businesses. This in order to increase the volume of trade and investment between the transition countries and the Netherlands.

The TF presented two main objectives: 1) enabling the shift from a bilateral development relation towards a mutually beneficial economic cooperation; and 2) improving the business climate in sectors with opportunities for Dutch enterprises (MDF, 2020). These objectives show that the ambition of the Dutch transition facility is very similar to the Finnish vision on transitioning.

With regard to the first objective of pursuing interests of Dutch companies in the three transition country target markets, a key finding of the external evaluation (MDF, 2020) was that impact on actual sales growth of companies have been limited, with trade with Colombia performing somewhat better. In general, the evaluation found no strong relations between the implementation of the transition projects and trade volume, though, in some specific projects, trade was generated through the initiatives. In Viet Nam, relatively strong growth of Dutch FDI could be noted, but this could not be attributed to the transition facility.

With regard to the second objective of Improved Business Climate, the evaluation concludes that little effects on business climate can be noted and that this climate has been more contextual to the transition facility than core to its supported interventions. This is also because only a minor part (5%) of the projects targeted Governments to influence the business climate. The evaluation states that reforming the business climate requires more traditional development cooperation



interventions and grant financing, and while this was possible during the transition facility, in the subsequent non-ODA stage, this objective becomes out of reach. Over the period of the transition facility, Viet Nam (and also Colombia) showed improved ranking on the WB's Doing Business indicators, though this improvement could not be related to the Dutch cooperation with Viet Nam.

The Transition Facility identified priority sectors for Viet Nam in which at least 80% of the funds had to be deployed. These sectors were: agriculture, water, energy, maritime industries, logistics and finance. No cross-cutting priorities on gender, human rights and sustainability were included in the document (Knapen & Bleker, 2012)

The eligible activities for funding from the TF are listed below:

1. Demonstration studies to demonstrate a product or technology in one of the target countries, thus convincing potential clients;
2. Feasibility studies, a subsidy for a study into the technical or commercial feasibility of a project in one of the target countries;
3. Advice;
4. Trade fairs and trade missions: the government supports presentations at international exhibitions and provide you with the right information;
5. Seminars;
6. Government to Government support;
7. Fact-finding, as assistance to the design of a project.

The TF integrated a special facility (the DKI facility) that provided subsidies to SME's to conduct feasibility studies, market exploration and prepare investments. This facility was open for more emerging economies, and it was demand-oriented. The DKI facility was reformed in 2016 into a new facility (DHI) open for all countries of interest of Dutch SME's also beyond emerging economies and as such not an ODA facility. The DHI facility has continued as a global facility of the Dutch Government, administered by the shared Government Service for Dutch entrepreneurs (RVO) of the Ministries of Economy and Foreign Affairs (see also further below).

The transition facility in Viet Nam ended earlier than in the other countries, and in the first years of its existence also still considerable ODA was available for Viet Nam. This caused a relatively abrupt end of ODA support to Viet Nam in 2015, and the final evaluation observed this was commented negatively by many stakeholders.

Currently available modalities, facilities and instruments, available to Viet Nam

The most government-funded (semi/public) institutions for international relations and cooperation and partnerships in Middle-Income countries based in the Netherlands are:



RVO Nederland and private sector support instruments

The State Service for Entrepreneurial Netherlands, RVO: This institution was established in January 2014 as a merger of Agentschap Nederland (Agency the Netherlands) under the Ministry of Foreign Affairs and the Service-unit for Regulations under the Ministry of Economic Affairs. This new entity is subordinated to the Ministry of Economic Affairs.

RVO Nederland functions as a ‘one-stop shop’ for Dutch Entrepreneurs in addressing challenges in:

- Sustainable businesses
- Agricultural businesses
- Innovative businesses
- International businesses

RVO Nederland, therefore, has a clear focus on the private sector and combines Dutch and International challenges of this sector. In addition to information provision and advisory services, RVO also handles all Government subsidy arrangements and modalities of different Ministries, including the Ministry of Foreign Affairs for the private sector, and it also implements European Union subsidy arrangements. Some institutions that were previously directly under the Ministry of Foreign Affairs and later under the Agency NL, such as the Centre for Promotion of Imports from developing countries (CBI), are now also housed within RVO.

On international business, RVO, on its website (www.rvo.nl), provides tailored information services and links on Viet Nam targeting entrepreneurs from Viet Nam and Dutch Entrepreneurs active in Viet Nam such as:

- Business Opportunities: information on key economic sectors of Dutch activities in Viet Nam: agri-food and horticulture; wind energy; water management and wastewater, smart cities, maritime industry, transport and logistics, and recently also information on Covid-19 and international business, specific travel advice to and from Viet Nam;
- It provides links to IFI’s, where companies can search for support, and it has an online subsidy dashboard, where entrepreneurs can search for subsidy arrangements that are open for Viet Nam;
- Links to the Netherland’s Embassy in Hanoi and the consular post in HCMC
- Specific information is also provided on the recent Trade Agreement Viet Nam – EU;
- Links to specific services related to Responsible Entrepreneurship (‘MVO’) are provided, including to some specific organisations in the Netherlands active in this area, such as the Institute for Sustainable Trade (IDH) and MVO-Nederland
- Information and invitations for international trade missions and trade fairs. In 2018 a Dutch Prime-Minister level trade mission was conducted to Viet Nam and more recently (12 October 2020) there was a virtual mission to ASEAN (Viet Nam Singapore, Malaysia, Thailand; Indonesia) and a conference;
- Information on product and market requirements, export regulations, payment requirements (also CBI maintains a dedicated website with information on EU markets).



Over the past decades, there are many subsidy arrangements open for the private sector to engage in international business, including with and in Viet Nam.

At present, the number of subsidies open for business is still sizeable and still includes some possibilities for businesses active in Viet Nam.

In March 2021, the Subsidy and Finance dashboard of RVO (<https://www.rvo.nl/subsidie-en-financieringswijzer>) in total showed 302 entries to subsidies, combined for the home market and international business. One hundred twenty of these subsidy arrangements were recently closed, and 182 subsidies are still available to the business community in the Netherlands.

A number of these subsidies is still open to Viet Nam, and these subsidies are open to most countries, while 166 arrangements had a stronger focus on only the home market or a restricted set of international countries. The 16 arrangements that are (almost) open to Viet Nam: DHI subsidy (see above); SIB (Starters International Business) voucher; Fund for combating child labour; SDG-Partnership facility (SDGP); Partners for International Business (PIB) (also for knowledge institutions: SIB coaching voucher; FVO (Fund for Sustainable Entrepreneurship) cooperation partnerships; DRIVE (development-oriented Infrastructure projects); Young Experts Programme (YEP) Energy; SIB Individual participation on Fairs; Dutch Good Growth Fund (GGF) (Finance); SIB Knowledge voucher; SIB Mission voucher; kickstart voucher for internationally active entrepreneurs; FVO – IMVO (international Socially Responsible Entrepreneurship) Covenants Subsidies; Partnering for Green Growth (P4G) – PPPs on SDGs.

Recently closed facilities for Viet Nam are Fund Life Sciences & health for development; The Transition Facility (See above); ORIO (followed up by DRIVE) Development oriented infrastructure development; Facility Sustainable Entrepreneurship and Food Security (FDOV); Private Sector Investment Programme; Fund Sustainable Water (FDW); Partners for Water (urban Delta's). Some of these facilities were phased out globally as well, such as the Transition Facility, ORIO and FDOV.

The SDG Partnership Facility (SDGP) is an important facility that focuses on specific SDG and sustainability in a large number of countries, including Viet Nam. Although Viet Nam is not a focus country of the SDGP, it is eligible. The SDGP focuses on SDG 2 (end of hunger), 8 (employment and growth) and 17 (partnership). In addition to attention to the SDGs, many instruments that target the private sector and dedicated institutions (such as MVO and IDH) have a clear sustainability focus and stress the importance of CSR.

Nuffic – The Orange Knowledge Programme

Nuffic is a long-standing organisation funded by the Dutch Government to support international support to educational institutes in developing countries. It supports institutional cooperation and training programmes, currently named the Orange Knowledge Programme (OKP, previously known as Niche) and Tailor-Made Training (TMT). The OKP is open for many developing countries, worldwide including Viet Nam. It regularly publishes calls for proposals for eligible regions and countries. In 2020, Viet Nam was included in a call for proposals.

The Orange Knowledge Programme's general aim is to contribute to a society's sustainable and inclusive development by offering access to education and training to professionals and organisations.



The OKP has specific sectoral focuses, and for Viet Nam, the current focus is on Sustainable Integrated Water Resource Systems and inclusive agriculture, which contribute to ecologically sustainable food security systems.

The priorities identified in the OKP in Viet Nam coincide with the Netherlands top-sector approach (see above).

Nuffic has established a Netherlands' Education Support Office (NESO) in Viet Nam. This office is the official representative of Nuffic in Viet Nam for all matters concerning Dutch higher education, and it facilitates access of Vietnamese scholars to more than 2100 study programmes taught in English in the Netherlands. At the time of conducting this peer country study, there were signs that the NESO representation in Viet Nam might be terminated in the near future.

Netherlands' support structures and services in Viet Nam:

International support structures for international businesses have been established in many countries.

The most important support structures are the Dutch Embassy and consulates. In Viet Nam (as mentioned above) there is both an Embassy in Hanoi and a Consulate in HCMC that is dealing with particularly economic relations and trade and investments in this economic centre of Viet Nam.

In selected countries of particular Dutch interest, Business Support Offices were set up, quite similar to the Finnpro/Business Finland national representations. The Netherlands has 11 such offices in 11 countries; 4 in Europe (UK, France, Spain, Germany); 3 in Latin America (Brazil, Mexico, Argentina); USA; 3 in Asia (China, India and Indonesia). No such office is established in Viet Nam.

RVO and the Netherlands' Embassy and consulate in Viet Nam have links with several trade- and investment facilitating partners:

- Viet Nam Trade Promotion Agency (VIETRADE): Vietnamese Government Institute for trade and investment promotion, providing services to international and Vietnamese businesses;
- Vietnamese Chamber of Commerce and Industry (VCCI): services to Vietnamese businesses (e.g. 'Certificates of Origin');
- Investment and Trade Promotion Centre (ITPC) of Ho Chi Minh City (facilitating trade and investment in this hub);
- Foreign Investment Agency (FIA) as a department of the 'Ministry of Planning and Investment' responsible for (FDI).

And a number of Network partners:

- Netherlands-Viet Nam Chamber of Commerce (NVCC);
- The Dutch Business Association Viet Nam (DBAV);
- European Chamber of Commerce in Viet Nam (EuroCham Viet Nam), established in 1998, and with offices in Hanoi and HCMC, with more than 9.000 affiliated businesses;
- The EU-Viet Nam Business Network (EVBN) established in 2014 and co-financed by the EU. This Network focuses on SME's.



Other Netherlands' organisations that are still engaged in Viet Nam

CSO's

An important development of the past decade is the reshuffling of the CSO activities in the Netherlands and globally. While in the past with development cooperation funds, a significant amount of Dutch CSO's was active, the past decade, due to decreased funding sources and restrictions for the use of government funding for CSO's in Lower-Income countries, only a small number of dedicated CSO's have remained, and some of them have expanded their mandate to the regional level to be able to also remain active in Viet Nam. The most important historical CSO has been the Medical Committee Netherlands – Viet Nam (MCNV). This organisation now broadened its mandate to South East Asia. Some other smaller dedicated CSO, such as Foundation Viet Nam Nederland, remain active, though with their own funds.

Other CSO's have opted for internationalisation and have established themselves as actors in Viet Nam, the largest CSO's being, International Red Cross, Plan International, Oxfam and Action Aid. Also, The Netherlands Development Organisation (SNV), which was originally linked to the Dutch government as its technical service, has developed into an independent international organisation and is currently still active in Viet Nam (and also in Cambodia and Lao). These organisations have drastically changed their fundraising strategies and source their funds at the EU or multilateral organisations and private funds to remain active in Viet Nam.

A specific CSO is the Dutch Initiative for Sustainable Trade (IDH), which receives still significant government funding from the Dutch Government to promote and develop sustainable trade relations. IDH is still maintaining a project relation in agriculture in the Central Highlands of Viet Nam. The IDH is closely cooperating with national and international companies, and therefore is close, if not within the private sector.

Academia

Academia has been active in international cooperation for a long time and still remain doing so. Apparently, they are less affected by the transformation process, and it should also be recognised that the Nuffic Orange Knowledge Programme (see also above) is also still open in Viet Nam. However, it is important to recognise that particularly Universities have other drivers to maintain cooperation. The most active Universities in Viet Nam are the Universities of Wageningen Groningen, Maastricht and Delft (VINWATER partnership)

Business Community

The Business Community has its own organisations and networks to maintain and strengthen its commercial relations with Viet Nam. These organisations are self-funded, though they, and particularly, their membership, uses the subsidy and loan facilities provided by the Dutch Government, referred to above. The stronger and more vibrant networks focusing on Viet Nam are the Netherlands- Viet Nam Chamber of Commerce and the Dutch Water Forum (a broader network that has been set up and supported by the Dutch Government in the water sector at the global level is the Netherlands Water Partnership).

An interesting initiative within the business community is the Fair Wear Foundation that in the garment value chain, works on CSR and sustainability. It does so with Trade Union Centrals in



the Netherlands and with international companies and partners. This initiative is funded through a CSO-funding channel of the Government with a focus on Lobby and Advocacy. The Fair Wear Foundation is still active in Viet Nam.

Specific sectors in the business community that are quite active in Viet Nam are:

- Travel Agencies focus on bringing Dutch Tourist to Viet Nam, a fast-growing sector in Viet Nam (but suddenly halted by the Covid-19 crisis);
- Banks and Financial institutions, related with the significant amount of Dutch trade and investments in Viet Nam this sector has a significant presence;
- Consulting companies, providing advice and support in project development and funding strategies.

At the individual company level, the most significant Dutch investors and trade partners active in Viet Nam are Heineken, Unilever, Royal Dutch Shell, Akzo Nobel, Philips, De Heus and Friesland Campina. Also, the Port of Rotterdam is an important investor in Viet Nam.

Development Finance Institutions

FMO, the Dutch Development Finance Institution, is co-owned by the Netherlands' Government (51%), Netherlands Banks (42%) and Employers' and Workers' Organisations and corporate and individual investors (7%). FMO, with a total committed portfolio of over 9.3 Billion Euro in 2020, is a key instrument for the provision of loans and equity to private sector investments, and it is active in Viet Nam (FMO, 2012. 2020 FMO Annual Report). Under section 1, specific data on volumes and the number of investments of FMO were already provided.

FMO, in addition to providing loans and equity from its own investment capital, is also administering a number of earmarked investment funds of the Netherlands Government. Its current additional investment funds are:

- MASSIF: provision of finance to finance providers to the SME-sector
- Building Prospects: investments in agricultural value chains
- Access to Energy Fund: investments in private sector projects to improve access to energy;
- Dutch Fund for Climate and Development (DFCD) focuses on investments in climate change adaptation and mitigation projects and is a partnership with the Netherlands Development Organisation (SNV) and the World Wildlife Fund for Nature (WWF), and climate fund managers.

With a European Commission guarantee, FMO has set up the NASIRA fund for young female and migrant entrepreneurs in Africa and the FMO Ventures programme.

In addition to these investment funds, FMO also manages a Capacity Development programme that provides grants to strengthen the organisational capacities of FMO clients and can also capacity development grants in climate sectors with the support of the EC and the Green Climate Fund.



Multilateral organisations

It is difficult to discern and describe in detail how and how much Dutch ODA support is reaching Viet Nam through earmarked and core funding to EU, UN organisations and International Financial Institutions (IFI's). This would require a focused, in-depth study. However, there is no doubt that at the regional level in South East Asia and at the national level in Viet Nam a substantial amount of ODA and financial support is provided through international partnerships.

ODA to Multilateral organisations is 25% of the total Dutch ODA support, but in the scope of this review, no attempt was made to obtain a more detailed image of funding flows. From interviews with key informants, support to the following organisations is considered relevant for ongoing Dutch relations and activities in Viet Nam: ILO (in the area of labour issues and CSR); UNWOMEN (women's rights); UNICEF (Education and Children's rights); IFC (technical assistance and project preparation), WTO (Trade issues).

For the Netherlands, the cooperation, dialogue and coordination with these multilateral organisations in Viet Nam are important, and the multi-lateral channel remains, without doubt, an important channel to continue to reach out to Viet Nam although the national visibility of the Netherlands as funds provider to these multilateral organisations is limited.

Denmark

Some of the key instruments and modalities of cooperation of Denmark in its relations with Viet Nam have been gradually phased out or scaled down. Some large and important programmes in the recent past were:

- **Good Governance and Public Administrative Reforms (GOPA I and II):** This programme focused on Public Administration Reform (PAR), supporting public administrative reform initiatives in remote provinces and, and there was a component of Human Rights & Education, supporting the strengthening of the National Assembly as well as human rights research and education. In the second phase, a CSO support grant component was added to strengthen the public accountability in this programme;
- **Legal and Judicial Reforms:** Denmark has been a long-term supporter of legal and judicial reforms since 1997. From 2010 until 2015, Denmark pooled resources with Sweden in the **Justice Partnership Programme (JPP)**
- **Programme on Strengthening the Comprehensive Capacity of the Inspectorate Sector (POSCIS)** was co-funded by Sweden, Norway (only at the start), the Netherlands and Canada, and was implemented from 2006 to 2014. The programme aimed at building an inspectorate sector that is ethical, consolidated, step-by-step, professionalised, modern, and capable of effectively implementing inspection, complaint and denunciation handling and anti-corruption tasks.
- **The Climate Change Adaptation and Mitigation Programme (CCAM)** focused on the capacity development of the Vietnamese Government in climate adaptation and mitigation. The programme run from 2009 to 2015.
- **Culture programme:** This was a programme to support Vietnamese people to have access and participate in diversified cultural and artistic activities that ran from 2011-2015.
- The **Danida Business Partnership (DBP)** programme has been suspended since 2014. It was a business-to-business programme, but its effects on job creation and sustainable growth in developing countries were not sufficient.



These programmes show the historically high priority of the Danish Government given to Peace, Justice and strong institution and sustainability and climate change. These priorities have remained important during and after transitioning, as can be seen in the different cooperation modalities of the Danish Government that currently still are in place in Viet Nam.

Key ongoing Danish cooperation modalities with Viet Nam

Strategic Sector Partnerships (from Government to Government)

Denmark has introduced a new facility that is targeting partner countries in a transition process to higher-income status and phasing out of Danish bilateral cooperation. However, on some occasions, the facility is also used in ongoing partner countries and also in non-partner countries.

The new facility is called “Strategic Sector Partnerships” and provides targeted support to Government institutions in Denmark and partner countries in a technical exchange and twinning relation in specific sub-sectors. This is done with the goal to contribute to inclusive, sustainable growth and development in partner countries by supporting conducive framework conditions for

the fulfilment of the Sustainable Development Goals (SDGs) and to strengthen and expand relations between Denmark and partner countries. It is also conceived to engage the Danish private sector in delivering solutions to the SDG challenges in partner countries in these partnerships, though according to a recent evaluation of the facility (MFA of Denmark, 2020), this is not yet sufficiently well developed.

The facility supports technical exchange and no direct transfer of funds to partners in the partner country. Although ODA is involved, it is not transferred to the partner countries.

During and after transitioning, the Strategic Sector Partnerships have become one of the key most important Government support modalities still available for cooperation with the public sector in Viet Nam. There are currently four of these partnerships:

- Education: Technical and Vocational Education and Training Project (TVET)
- Health: Strengthening the Frontline Grassroots Health Worker – Prevention and Management of NCDs at the Primary Health Care Level.
- Food Safety: Strategic Sector Cooperation on Food Safety in the Pork Value Chain
- Statistics.

The multi-stakeholder partnership focused facilities

Other instruments and modalities have remained available to Viet Nam, reflecting specific Danish sectoral and cross-cutting priorities. These facilities are either directed to broader multi-stakeholder partnerships. Key modalities in Viet Nam are:



P4G and State of Green

P4G (Partnering for Green Growth and the Global Goals 2030) was set up in 2018 as a global forum for developing concrete public-private partnerships at scale to deliver on the SDGs and the Paris Climate Agreement. It brings together business, government, and civil society organisations in public-private partnerships in five key areas: food and agriculture, water, energy, cities and circular economy.

Denmark is one of the funding partners of the P4G Partnership Program in September 2017, in line with its own priorities. Denmark also became the first host of the international P4G conference. Other government partners are The Netherlands and Korea as Nordic High-Income countries, and there are higher middle-income countries, such as Chile, Colombia and Mexico. Other MIC's are Indonesia, Kenya, South Africa and Viet Nam, and Lower Income countries are Bangladesh and Ethiopia. And the partnership is a real multi-stakeholder partnership that also includes international organisations (such as G40, GGGI, IFC, World Economic Forum), the private sector (among which the Viet Nam Chamber of Commerce and Industry) and CSO's (such as the Climate Policy initiative, Dunchurch aid, Danish Refugee Council).

Although the composition is very mixed and international, there is a strong initial role of Danish partners in the P4G as the taker of the initiative following up on the Global Green Growth Forum (3GF) initiative by prompting more definitive action that facilitates sustainable growth, while resolving gender disparities and global poverty.

Denmark's P4G platform is facilitated by the State of Green, a public-private partnership connecting international and Danish stakeholders within the energy, environment, water and circular economy. The State of Green is harnessing connections between the Danish private sector, research community, ministries and agencies, municipalities, civil society, and organizations at the forefront of the green transition.

These partnerships have a clear and strong focus and are linked with past and current policy priorities of the Danish Government cooperation with Viet Nam as well as adherence to key SDGs and sustainability and climate action that are core to the Danish development strategy.

In addition to these broader specific partnership facilities were established in key economic sectors in recent years:

Energy Partnership Programme 2017-2020

The intention of the Danish Energy Partnership programme 2017-2020 (DEPP) is to assist emerging countries, including Viet Nam Mexico, China and South Africa, on their transition to a low carbon economy and support them in the implementation of the Paris agreement.

The aim of the partnership programme with Viet Nam is to help Viet Nam with long-term policies to reduce dependence on fossil fuel, especially coal, by integrating more renewable energy into the power system and promoting energy-efficient use. This support is based on Denmark's long-term experience with energy transition from a fossil fuel economy to extensive use of renewable energy. It also includes specific to offshore wind energy (see also further below)



In Viet Nam the programme focuses on three key areas of cooperation:

- Capacity development for long-range energy sector planning: develop and analyse different energy long-range scenarios with a focus on an increased share of renewable energy in the supply side.
- Capacity development for renewable energy integration into the power system: enhance the capabilities on forecasting of demand and renewable energy generation as well as securing the availability of ancillary services to ensure the stability of the power system and well-functioning of the power market.
- Low carbon development in the industrial sector: possible adjustment and implementation of the Energy Efficiency and Conservation law at both national and local level in order to facilitate the adoption of cost-effective opportunities for low carbon transition in Vietnamese industry.

Private sector-focused facilities

Danida Market Development Partnerships

The overall objective of Danida Market Development Partnerships (DMDP) is to contribute to sustainable economic growth and employment in developing countries. This is done by supporting partnerships that combine knowledge and resources from several actors and engage the private sector in development cooperation. The aim is to contribute to developing more sustainable markets that promote the achievement of the UN Global Goals for sustainable development.

The programme is available in Denmark's priority countries and in countries with a GNI per capita below the World Bank limit of lower-middle-income countries and with a Danish representation. In addition, it is available in selected focus countries in regional initiative and countries under particular strain with a Danish representation. Viet Nam is among 26 countries that are qualified for receiving the programme.

In Viet Nam, key sectors identified for cooperation are food production, renewable energies, creative industries that also Denmark to increase its presence in Viet Nam. A specific initiative is of the Danish Energy Agency and the Vietnamese Electricity and Renewable Energy Authority to an Input to Roadmap report for offshore wind development in Viet Nam.

Danida Business Explorer

Danida Business Explorer (DBE) is one of the initiatives in the Government Strategy on Export Promotion and Economic Diplomacy, launched in May 2014. DBE aims to help Danish companies take the first steps into new markets, and it contributes to sustainable growth and employment in developing countries, including the global goals for sustainable development.

DBE is available in countries eligible for Danish development cooperation, i.e. with a GNI below USD 3,300 per capita in 2015, with a Danish representation, and where there are opportunities for facilitating private sector development. Currently, DBE operates in 21 countries, including Viet Nam.



Danida Business Finance

The Danida Business Finance (DBF) programme offers interest-free loans for infrastructure projects in Viet Nam. A typical loan has ten years' maturity and is issued in USD or EUR. The DBF-subsidy consists of up to three elements:

- Payment of interest - in full or in part.
- Payment of the export credit premium and other financial costs.
- Cash grant to reduce the principal of the loan if the above does not amount to the subsidy level required by the ruling OECD agreement. The grant element is 50% in the Least Developed Countries (LDC) and 35% in other countries.

DBF loans are to help mobilise funds for projects that are financially 'non-viable' and, therefore, would not be carried out without financial subsidies. Priority sectors for the DBF are green growth, water, renewable energy, food, education, healthcare and agriculture.

The Mixed Credits scheme provides concessional loans to development projects in Viet Nam. Since 1995 20 projects have been and are being implemented with a total value of approximately USD 120 million, and ten other projects are in the pipeline. In late 2003, an untied facility was introduced, and one project has successfully applied this new facility. The focus of the mixed credit support has to a considerable extent, been on water and sanitation projects with others projects within fishery, agriculture and media.

In the coming strategy period, efforts will be made to broaden the sectoral coverage of mixed credits. Public health and vocational training are among the potential new areas of support. There will also be an emphasis on increasing the interest of the business sector in these soft loans.

Danish SDG Investment Fund

The Danish SDG Investment Fund is a public-private partnership to contribute to fulfilling the 17 UN Sustainable Development Goals (SDG) through private sector investments. The fund offers advice and risk capital for projects supporting the development in strategic sectors in developing countries. This includes climate, agribusiness and food, the financial sector, water as well as production and infrastructure. The Danish SDG Investment Fund offers advice and shares capital to investments in developing countries in Africa, Asia, Latin America and parts of Europe. To qualify for investment, companies must be commercially viable, and the activity must support the fulfilment of the UN Sustainable Development Goals. The fund has a specific strategic focus on renewable energy and climate, agribusiness and food, the financial sector, water and industry and infrastructure. The SDG investment fund is managed by IFU.

Academic cooperation:

Danish and Vietnamese Universities have a long-term relationship, and this relationship has continued throughout different periods of development cooperation. The Danish Ministry of Higher Education and science³⁵ states that Viet Nam is a growth and transition economy in rapid devel-

35 see Viet Nam



opment, and the country is increasingly investing in research and education. This development forms the basis for strengthened collaboration with Denmark.

Higher education institutions in Denmark have, in recent years, had an increasing focus on Viet Nam. It is expected that even more Danish students will seek future study or internship in Viet Nam and that more Danish institutions will form partnerships in the country.

Several Danish higher education institutions, in particular university colleges, have already well-established partnerships with Vietnamese educational institutions. One example being University College Nordjylland (UCN) who in 2014 established a “Global Office Viet Nam”. The office is intended to be the focal point for UCN’s internationalisation efforts in Southeast Asia within the areas of study and internship, curriculum development and other educational collaborations. In 2017, UCN also established a Danish accredited Bachelor programme in Architectural Technology and Construction Management in cooperation with the University of Architecture in Ho Chi Minh City.

The ongoing cooperation between Denmark and Viet Nam in education is formally embedded in a Memorandum of Understanding (MOU) of January 2017. This agreement covers elementary education, youth and vocational education, as well as higher education and encourages both countries to enhance cooperation between Vietnamese and Danish educational institutions and authorities. In Denmark, the agreement has been signed by the Ministry of Higher Education and Science and the Ministry of Education, and in Viet Nam, it has been signed by the corresponding Vietnamese authorities; the Ministry of Education and Training and the Ministry of Labour, Invalids and Social Affairs.

In addition to research activities financed via the sector programmes and other projects under the country programme, support for research and research capacity-building projects can also be provided by the Danish Council for Research and Innovation Policy (under the Ministry of Higher Education and Science).

The Danida Fellowship Centre

Since 2017, the Danish research cooperation with Viet Nam has been closely linked to the Strategic Sector Cooperation (SSC). Research grants are applied for by Danish universities and research institutions together with research partners in Viet Nam within themes relevant to the SSC projects in Viet Nam. The Danida Fellowship Centre (DFC) manages annual application rounds and grants to research collaboration projects on behalf of the Ministry of Foreign Affairs of Denmark.

Danish Development Research Network

The academic community has set up a network, the Danish Development Research Network (DDRN), with individual and institutional members. Over 2.400 researchers and practitioners from Denmark and many other countries are organized in this network. DDRN promotes the use of research and knowledge in development and has embraced the SDGs as a key focus for its international research activities. The network also includes members in Viet Nam.



Danish support structures and services in Viet Nam

Important support facilities to the Business Community are the Commercial Section of the Embassy in Hanoi and the Danish Economic & Commercial Office (DECO) in Ho Chi Minh City. These offices assist Danish exporters and investors in business activities in Viet Nam and provide information to Vietnamese companies looking for Danish collaboration partners or suppliers. Typical services are Market analyses and market monitoring; Partner identification and screening; assistance in legal and tax-related issues; trade fairs and missions; seminars, and training. A key aspect of service delivery is Corporate Social Responsibility (CSR) to support companies to comply with ethically and environmentally responsible behaviour. DECO provides specific services in this area. Partner Search is also an important service provided to support companies in entering the Vietnamese market. The Danish Embassy also helps in travel, residence and visa arrangements to international (business) travellers.

The Danish Investment Fund for Developing Countries (IFU), in addition to managing its own funds and investments, also manages a number of funds available to the private sector from the Ministry of Foreign affairs, such as the Danish SDG Investment fund (see also above).

The Danida International Fellowship Centre (based in Copenhagen) provides information and support to international students, and it manages annual application rounds and grants to research collaboration projects on behalf of the Ministry of Foreign Affairs of Denmark.

Other actors/support channels still active in Viet Nam

CSOs

Many larger CSOs in the past decade have internationalised and established themselves in developing countries. Ibis is now part of the international Oxfam family, and Oxfam is established in Viet Nam. Other similar CSO's are CARE, Save the Children, Action Aid.

Larger Danish CSO such as DanChurchAid and the Danish refugee council are active in Viet Nam and can mobilise themselves, particularly in situations of humanitarian crises and natural disasters.

Some CSO's have a specific dedication to Viet Nam, such as the long-existing Danish-Vietnamese Association that promotes friendship and cross-cultural activities for Vietnamese and Danes. In Viet Nam, it runs two care and health facilities. ADDA is also an older Danish CSO active in rural development in Cambodia and Viet Nam although it recently has also expanded its focus to Africa (Tanzania). The CSO Fontana is engaged in health care and child protection.

Culture

Culture and cultural exchange have been a priority area for the cooperation of the Danish Government with Viet Nam, but Government support was phased out in 2016. The embassy still can facilitate cultural exchange, though this depends on citizens' initiatives and resources.



Business Community

According to the Embassies records, there are approximately 135 Danish companies active in Viet Nam. Companies are organised in business associations and councils. The most important association supporting business relations between Denmark and Viet Nam are:

- The Nordic Chamber of Commerce Viet Nam; Nordcham. This business community is not exclusive to Denmark; it also includes members of other Scandinavian countries, including Finland.
- The Denmark Asia Business Alliance is a partnership between 12 Danish chambers of commerce and councils across Asia to build bridges across countries and chambers in the region for knowledge sharing and to strengthen Danish business operations in Asia. This Alliance includes Viet Nam.
- The Danish Water Forum is a network organisation to promote cooperation and knowledge sharing in the water sector. The network aims at spreading information about Danish water technologies and expertise globally. While it is primarily a network of private sector actors, such as contractors and manufacturers and water companies, it also includes civil organisations and Government institutes and research institutions. The Water Forum is also active in Viet Nam.

Specific sectors in the business community that are quite active in Viet Nam are:

- There are a considerable number of Travel Agencies that offer trips to Viet Nam , and Viet Nam is rapidly growing as a tourism destination for Danish travellers;
- Danish logistic services and shipping companies;
- Danish consulting companies are providing technical assistance, training and evaluation services to a number of international clients with interests in Viet Nam.

The largest and most well-known individual Danish companies active in Viet Nam are Maersk, Mascot, Hempel, ECCO, Orana, Novo Nordisk, Carlsberg and Howden.

Development Finance Institutions

The Danish International Development Finance Bank, IFU is Established by the Danish Government in 1967, and it is 100% owned by the Danish state. IFU is active in Viet Nam (see also section 1), and it provides finance and equity to international, Danish and Viet Nam business. IFU manages its own investments funds and also manages funds from the Danish Government: The Danida Sustainable Infrastructure Finance (DSIF, previously Danida Business Finance) and the Danish SDG Investment Fund.

IFU also acts as a fund manager of a number of specific investment funds based on capital provided by the Danish Government and private investors:

- Danish Climate Investment Fund (DCIF);
- Danish Agribusiness Fund (DAF);
- IFU Investment Partners (IIP)
- Investment Fund for Central and Eastern Europe (IØ).



Moreover, the Danish Government has also provided a state guarantee for IFU through “Denmark’s Green Future Fund” to loan additional finance funding of DKK 1 billion for investing in projects supporting the green transition in developing countries

In addition to these investment funds, IFU also provides technical assistance to prepare and develop investment projects.

Denmark, with Finland, and three other Nordic countries, is co-owner of the Nordic Development Fund (NDF) that has a specific focus on investing in climate change mitigation and adaptation. (see also section 1).

Multilateral organisations

Denmark provides support to Multilateral organisations through the core and earmarked support. With 19% of the ODA portfolio (see Section 1), support to Multilateral organisations is the largest consumer of ODA funds. Some of the core and earmarked support is likely to reach Viet Nam , although no specific data are available. As with the Netherlands funding of multilateral organisations, this would require a dedicated in-depth study. The key Danish multilateral partners are UNDP, UNFPA, UNHCR and UNICEF. And additionally, World Bank and EU are important multilateral actors through which support is provided. Key informants in interviews indicate that relations with multilateral organisations are important and instrumental to remain involved in developing dialogue and cooperation, particularly in the Danish key strategic sectors.

Bilateral and EU level dialogue and partnership arrangements in the current era

The Netherlands’ and Danish partnership arrangements with Viet Nam

The Netherlands’ and Denmark have developed new partnership arrangements to follow up the earlier stages of programme-based development cooperation.

The orientation of these partnerships is strongly focused on specific sectors, where the Netherlands and Denmark have strong competitive advantages, knowledge and expertise and also a long history of cooperation relations in the past. As such, the new partnerships provide continuity in the dialogue and cooperation between the countries. The partnerships are also providing a framework to orient other more specific support modalities and instruments in the current phase.

The Netherlands has signed two important partnership agreements with the Vietnamese Government. A first partnership agreement on Climate Change and Water Management was signed in October 2010, and a second partnership on Sustainable Agriculture and Food Security was signed in June 2014.

These partnerships serve as an umbrella for other more specific support modalities and channels that are lined up to contribute to the broader goals in this partnership, such as the Nuffic Orange Knowledge Programme that provides support in the two sectors of these partnerships and support provided to Sustainable agriculture by IDH.



Under the Climate Change and Water Management partnership, in 2013, the Netherlands and Viet Nam published a delta plan for the Mekong delta, and this plan was supported and implemented by the partners in the Partners for Water programme (see above). Another initiative under this partnership is to work within a Work Bank programme on a Master Plan for the management of the Mekong Delta. Financing modalities and Private Sector Support are also available to enable private companies to develop initiatives in the areas of strategic partnerships.

Denmark has chosen to develop a broader overall cooperation and partnership arrangement. In 2013, the Comprehensive Partnership Agreement (CPA), as the cornerstone of cooperation between Denmark and Viet Nam, was signed. This partnership agreement is operationalised in biannual action plans. This broader agreement and the biannual action plans serve as the broader umbrellas for other more specific partnership agreements and instrument.

Denmark has introduced the Strategic Sector Cooperation partnership in four sectors (see above) to continue dialogue and cooperation between the Danish and Vietnamese Government. In this case, the partnerships are more focused on public-sector cooperation, although the ambition is also to develop these partnerships as multi-stakeholder partnership modalities.

Denmark has also engaged in specific sector partnership agreements in the area of climate change and mitigation and (renewable) energy and wind energy, quite similar to the strategic partnerships of the Netherlands. These partnership agreements are also operationalised through specific MoU's with Danish and Vietnamese Ministries (Industry and Trade; and Construction)

Both the Netherlands and Denmark also have specific funds to support partnership initiatives to contribute to the achievement of SDGs, bringing partners together in specific initiatives.

As these partnerships channel funds to specific initiatives, these partnerships allow the Netherlands and Denmark to remain at the table of dialogue with the Vietnamese government. The difference with the past may be that the dialogue is now more focused on a small number of specific sectors.

Quality and intensity of policy dialogue

The ongoing policy and strategic dialogue between the Netherlands and Denmark with Viet Nam are also reflected in the staffing at the Embassies in Hanoi and the economic office and consulate in HCMC. While staffing since the phasing out of bilateral programmatic cooperation has decreased, the staff is now focused on more specific sectors and on economic and commercial cooperation. In the light of post-Covid-19 expected strong recovery of international trade and investments, the Netherlands is considering extra staff at the Consulate in HCMC.

Both Denmark and the Netherlands recently (in 2016 and 2018 respectively) have celebrated 45 years of diplomatic relations with Viet Nam, and during these celebrations, the Governments of these countries have confirmed their interest and commitment to continue the mutual relations at a high level in specific sectors.

The Governments of Denmark and the Netherlands have also illustrated this high-level commitment to continue support to facilitating international commercial relations by the participation of the Netherlands Prime Minister in trade missions to Viet Nam in 2014 and 2019. And the Danish Minister of Agriculture led a trade mission in 2015.



The Netherlands and Danish Embassies remain engaged in policy dialogue at the sector level and participate in sectoral working groups with other development partners, UN organisations and IFI's. Staff at the embassies indicate that possibly their influence in policy dialogue at the general level might have decreased because of decreased flows of funds, but they indicate that in the specific sectors selected for ongoing cooperation, their influence is still strong.

Key informants in the Netherlands and Denmark, during interviews, also indicated that they see particular importance of Viet Nam within the regional context of South East Asia. Viet Nam within this region is one of the fastest-growing economies, and because of its size, it is influential in the region, and the country can be a stabilising force in the region in balancing influences of China, particularly in the Mekong region. In the economic sphere, a shift of production and processing industries from China to Viet Nam can be discerned. Viet Nam has been a reliable and stable counterpart in these processes of change. This indicates that the interest in the partnership relationship is not only economical but it is also addressing international security concerns.

Both countries also indicate that their bilateral relations with Viet Nam remain important, even though multilateral organisations and IFI's become increasingly important, as these organisations maintain present in Viet Nam with project and programme support. However, the visibility of specific bilateral partners through UN support remains limited.

An important new development that will influence bilateral cooperation and partnerships with Viet Nam is the recent ratification of the EU-Viet Nam FTA (EVFTA), and this will be specifically addressed in the next section.

The EU-Viet Nam Free Trade Agreement (EV-FTA)

Trade and investments of Europe in Viet Nam have grown significantly over the past years. The EU Guide to the EU-Viet Nam Trade and Investment Agreements (EUD to Vietnam, 2019) provides some interesting figures on the development of investments and trade in the past decade.

Imports from Viet Nam by the EU have increased from 7,9 B USD in 2007 to 42,5 B USD in 2018, and the EU's exports to Viet Nam have increased from 3,56 B USD in 2007 to 13,8 B USD in 2018. These figures show that the EU imports more goods from Viet Nam than it exports. The EU is the second most important regional export market for Viet Nam, receiving 17% of its total export value and. This is roughly equal to China. Only the USA (with 19%) is a larger export market for Viet Nam.

Cumulative Foreign Direct Investment of EU member states in Viet Nam by the end of 2018 reached a total amount of 23,93 B USD, and with this amount, it's the 5th largest foreign investor in Viet Nam. The Netherlands is the largest individual EU investor with 9, 33 B USD, followed by France and UK with significantly lower amounts. Denmark is investing 0,42 B USD (nr 8 on the list of EU member states), and Finland is investing 0,03 B USD (nr 18).

Viet Nam, in the past two decades, has increased its effort to sign FTA's in the Asian region (particularly in the first decade of this millennium), and more comprehensive FTA's were signed in the second decade, such as the Viet Nam-Japan EPA (2008); Viet Nam-Chile FTA (2011), Viet Nam-Eurasia Economic Union (2015), Viet Nam -South Korea FTA (2015); and Transpacific Partnership (CPTPP) (2018).



The most recent FTA signed by Viet Nam is with the EU, the EU Viet Nam FTA (EVFTA) in 2020, and it went into force on 1 August 2020.

The EVFTA's key objective is to improve mutual market access. The EVFTA foresees full dismantling of nearly all tariffs except for a few tariff lines that are subject to duty-free tariff rate quotas in a period of 10 years. A kick-start was made by, with the entering into force of the EVFTA, to already allow 65% of EU exports to Viet Nam coming in duty-free. 99% will enter duty-free after seven years.

Customs duties will be removed over a transitional period of 10 years so that domestic producers can gradually adapt. Consumers from both sides will benefit from lower prices and exporters from strengthened competitiveness. Special provisions are made in the agreement on agricultural products, remanufactured goods, marking of origin, eliminating export duties (Viet Nam) and export subsidies, and more transparency of import and export licensing procedures. (EU Delegation to Viet Nam 2019. Guide to the EU-Viet Nam Trade and Investment Agreements. EUD Viet Nam updated March 2019).

As the EVFTA is very recent, it is too early to assess its effects and impact, and this is further distorted by the Covid-19 pandemic of 2020-2021. However, expectations are generally high, and it is believed that trade between Viet Nam and the EU will further intensify, and this will also intensify the EU-Viet Nam relations and, at the same time, the relations between the individual member states and Viet Nam (see also the section above). It is highly unlikely that the increased engagement of the EU and its delegation in development and trade and investment relations will go at the cost of bilateral relations. On the contrary, the intensification at the EU and bilateral level is likely to go hand in hand. Some key informants interviewed in this peer country comparative study, however, indicated that there might be an effect on ongoing development relations (and ODA flows) that might move more from the bilateral to the EU level, and this could also be reflected in roles and task divisions between the EU delegation and bilateral Embassies in the future. If and to what extent this will occur can only be assessed in about 3 to 5 years from now.

With the EU-level trade relations, the importance of the European Chamber of Commerce in Viet Nam (EUROCHAM), which was established in 1998, has also become increasingly important. EUROCHAM, among its membership now also has the Dutch Business Association in Viet Nam (DBAV) and the Nordic Chamber of Commerce (NordCham). EUROCHAM and The Viet Nam Chamber of Commerce and Industry (VCCI), immediately after ratifying the EVFTA, have taken the initiative to establish the European Union - Viet Nam Business Council (EVBC). This will be a cooperation mechanism between the two organizations to effectively implement the EVFTA, support enterprises of the two sides to make the most of the opportunities brought by the Agreement and at the same time further strengthen the trade and investment cooperation between Viet Nam and the European Union (EU).

To what extent this EU level cooperation mechanism between the EU and Viet Nam Chambers of Commerce will replace bilateral relations with the VCCI, remains yet to be seen, though it is likely that some reshuffling of relations and activities will take place. This will likely influence ongoing relations of the Netherlands, Denmark and Finland chambers with the VCCI. And at the same time, changes are likely in the trade and investment support institutions of the three countries in HCMC, most likely in the direction of increased activities and tasks as the increase of EU-Viet Nam trade will increase demands for services and support at the bilateral level. The Netherlands is anticipating already increased trade dynamics caused by the EVFTA and also by the post-Covid-19 recovery by strengthening its consular office in HCMC.



Key findings from relevant evaluations on Netherlands' and Danish transition processes and partnership relations with Viet Nam

Netherlands

The MTR of the Dutch Transition Facility (MFA of the Netherlands, 2017) produced the following relevant recommendations for transition processes:

- 'making a difference' when transitioning into bilateral economic relations requires substantial volume (both in numbers and financial resources available) combined with (geographical, sectoral) concentration;
- More focused studies about specific components, amongst them the sustained effects of public sector support to the implementation of the 'strategic partnerships' and particularly the position and role of SME's requires more attention, as their commitment and engagement is not a given;
- Disentangle objectives of supporting the Dutch business community in international commerce from the improvement of the business climate. Subject relevant public institutions and local private sector organisations should be (more explicitly) involved in the design and implementation of interventions:
 - The effects of current TF supported projects can be enhanced by supporting Dutch companies in follow-up activities;
 - The effects of current TF interventions aimed at the improvement of the business climate can be further enhanced by mechanisms to support the improvement of the regulatory framework and/or business enabling environment, such as technical assistance on legal issues.

The final evaluation of the Transition Facility (MFA of the Netherlands, 2020) further recommended:

- In future cross-government programmes, replicate approaches such as the Transition Desk that facilitate a smoother collaboration between BZ, Embassies, and also other Ministries, especially the Ministries in charge of top sectors, such as the Ministry of Economic Affairs and Climate Change for programmes supporting Dutch companies abroad.
- Set more realistic objectives at the programme level, with achievable and measurable targets that are regularly monitored;
- Explore coordination with complementary investments (e.g. multilateral development banks, other donors) to access funding to ensure that all relevant market conditions (e.g. access to finance, infrastructure) are in place for business success in a given sector;
- Continue building the relationships successfully established in the countries after the formal end of the transition. Strengthen G2G relationships through economic diplomacy, as well as capacity-building support where required;
- Ensure the opportunity to quickly adapt transition programmes, in case of substantial changes in the enabling factors and barriers to expanding Dutch trade in particular countries, ensuring that there is a pathway back to development cooperation as well as a pathway forward to trade and investment.
- Reform the project identification requirements of future and current programmes involving Dutch business in economic diplomacy to be more mindful of contextual opportunities and challenges that could affect project proposals. Ensure that market analysis and discussions with local partners are conducted;



- Establish a transition policy, if possible, for countries that graduate from development assistance without forcing the transition for reasons connected only to Dutch politics. Establish programmes that are able to respond to reversals in-country conditions (economic or political crisis).
- In programmes with a double objective, the development outcomes would have to be more clearly incorporated into programme objectives,
- In addition to prescribing adherence to CSR standards, actual company implementation and performance on environmental and social standards would need to be tracked over time; for example, through related company plans and grievance mechanisms;
- Establish a robust Inter-Ministerial and Inter-agency governance structure for cross-government programmes that is above the operational level.
- Strengthen coordination with other donors. Before transitioning, assess the remaining international offer of aid funds from other countries, understand whether other countries will follow the transition, and what risks moving first in the transition may pose.
- Without jeopardising access of SMEs, select fewer but longer-term, more strategic, larger-scale commitment (e.g. higher budget caps) projects to address systemic market barriers and increase business impact;
- Introduce innovative and robust M&E instruments that are linked to decision making at the strategic level. Missing M&E elements are: 1) setting a baseline, 2) establishing M&E instruments and procedures at the outset that allow collecting qualitative and quantitative data and information on the contribution factors at play, 3) conduct annual monitoring 4) and have annual discussions on progress and lessons learnt.

Denmark

Evaluations of the transformation of the partnership between Denmark and Viet Nam

The evaluation of the transformation of the partnership between Denmark and Viet Nam (DANIDA, 2017) produced the following key recommendations:

- Make available small grant funds under the new Comprehensive Partnership Agreement to support strategic interventions in the governance (including economic governance), human rights and culture sectors with the aim of maintaining impact, visibility and leverage in these fields;
- Both MFA and the GoV should initiate high-level discussions for exploring how to attract Danish investors in the W&S and Green Growth sectors into an increasingly more level playing field and a stronger institutional framework. These discussions should also include mechanisms that could be developed to help ensure that there is sufficient capacity for delegating FDI at the provincial level to support investors' needs;
- Create a Sector-specific Knowledge Dissemination Facility: Following the need for sector-specific information on market conditions and opportunities, the partners should immediately examine the feasibility and potential effectiveness of developing a cloud-based Knowledge Facility;



- Examine the steps required for harmonising disjointed interventions and creating project synergies within current and future climate change envelopes into a more clearly articulated partnership framework;
- Danida should ensure that phasing-out strategies for other countries follow the Danish-Vietnamese model of communicating Denmark's intentions and plans well ahead of the actual termination of the ODA relationship.

In 2018, the Danish Government commissioned a comparative study on its development cooperation with four countries (DANIDA, 2018). That includes the earlier cited report on Danish-Vietnamese transition relations. Also, the comparative study on Nepal bears relevance to Finnish transition processes from traditional development cooperation.

This evaluation presented the reflections for the future of Danish partnerships on five key fields of interventions: a) state-building; b) managing conflict and peacebuilding; c) private sector development and engagement; d) environment and climate change; Cross-cutting issues of gender, human rights and poverty reduction. Below some of the most relevant findings of this interesting study are summarized:

- National contexts can change dramatically and therefore need to be analysed and monitored;
- Danish priorities need to be negotiated with transition countries and subsequently carefully managed;
- State-building has been important Danish partnerships, though it could be more demand-driven
- Targeting of Danish development assistance is important for effectiveness though should be carefully analysed and management to avoid exclusion of groups and sectors;
- Technical assistance has been important in Danish cooperation though the added value is not always secured;
- Gender and human rights are well embedded and articulated in policies but in practical implementation these lag behind;
- Danish support to decentralisation processed has been effective in reaching poor and marginalized groups;
- Private sector development (through ODA and TA) and fostering commercial relations need to go hand in hand;
- Denmark has always been a strong advocate of international principles in ODA
- Based on these findings, the following reflections and recommendations were given:
- More attention is needed to M&E and knowledge management of partnership development and close relation between the MFA and the Embassies;
- Flexible programming and implementation of partnerships requires strong capacity at the embassy-level;
- There is a need to understand how targeting can be a stronger instrument in Danish partnership development;
- Fewer and more focused interventions can lead to increased effect and leverage



- Danish bilateral aid remains needed to maintain a bilateral relation, which is not possible in multilateral support. Bilateral relations can be based upon particular strengths of Denmark in decentralisation, governance, renewable energy, education, health, environment and climate change. In these areas, Denmark can engage in partnerships in ways that multinational programmes cannot;
- Future evaluations could prioritize thematic areas rather than single countries;
- Country programming should continue to have a strong relevance by ensuring a long-term and persistent presence in partner countries. At the same time, it is clear that a more adaptive and flexible approach to country programming is required than that currently being practised.

The Danish Strategic Sector Cooperation (SSC) facility (2015-2020)

A specific instrument to engage in cooperation relations with transitioning countries with a MIC status, has been the Strategic partnership cooperation facility.

This facility was also open to Viet Nam in four specific sectors (as described above). A recent evaluation (MFA of Denmark, 2020) conducted in 2019 and 2020 has produced a number of relevant findings and recommendations:

Within the short period of its existence, the SSC has mobilised Danish public sector expertise,

which would not have been accessible on commercial terms or otherwise and initiated relevant contributions to the 2030 Agenda for Sustainable Development. Most SSC projects contribute to conducive SDG framework conditions by supporting policy implementation and institutional strengthening. A particularly strong and possibly underrated feature of the SSC Initiative is its ability to empower partner authorities beyond the formal objectives of a project cooperation

SSC has contributed to stronger bilateral relations and cooperation between Denmark and SSC partner countries. This is particularly evident in transition economies, and in MIC countries without

Danish bilateral development support. The contributions to partner authorities support diplomacy and dialogue between Governments and Embassies by providing support at a specific sector level.

The SSC projects have not established a clear with private sector engagements and also not clarified how this can be facilitated by the Danish authorities and embassies. Although the evaluators don't state this, it could be that SSC becomes a new phase of bilateral support at the sector level, supported in the long-term by ODA. This is a risk identified in this meta-review by the current evaluation team. The SCC main focus is to improve the enabling environment for the private sector, whereas private sector contributions on commercial terms are considered a more long-term outcome. However, these links are not sure and strong, although collaboration with the Trade Councils (TCs) exist. This shows a risk of SCC's becoming a separate cooperation modality from the private sector instruments.

The selection of sectors with strong Danish expertise and international reputation is a key factor for success. The ability of SSC projects to showcase and disseminate Danish sector experiences, PPP solutions and leading technologies enhance the relevance of SSC contributions and underpin the credibility of Danish authorities and Denmark.



The flexibility of the SSC framework underpins adaptive programming and successful partnerships and allow projects to adapt to local processes and customs without insisting on a rigid 'one size fits all format.

One of the key findings of the evaluation is the need for more policy dialogue and exchange of experience to proceed with the SSC Initiative and ensure programme coherence. Partners and actors in Denmark found that it is time to discuss the direction of the programme and to consolidate the guidance and the international work of Danish authorities through more regular meetings between partners and stakeholders.

In Danida, priority countries with multiple development programmes, and additional coordination exists with the country programme would likely facilitate the harvesting of the full value of the SSC Initiative. This last finding is less relevant where bilateral, and ODA based cooperation is scaled down or phased out.

As the facility is still new, the recommendations of this evaluation are mainly operational, some key recommendations, relevant in the context of this comparative analysis are:

- Strengthen programme coherence and coordination by more exchange of programme and project information, knowledge, experiences, and lessons learned between partner authorities. This should also include more interaction with private sector organisations;
- Formulate a programme-wide ToC for the SSC Initiative that describes how the programme and its partnerships contribute to the programme objectives and the broader development outcomes associated with the achievement of the SDGs.
- Develop a toolbox on SSC engagement with the Trade Council to provide stronger guidance on private sector engagement.
- MFA and Danish authorities should promote recruitments of Sector Counsellors to build a larger resource base for the SSC initiative and retain in-house international expertise.

Swedish, Netherlands' Danish transition and exit processes prior to 2010

A while ago, in 2008, an extremely interesting peer-review study on transitioning efforts of the Swedish, Danish and Netherlands Governments in a number of countries was conducted (Slob & Jerve, 2008) that, even though it is old and did not include specific lessons on Viet Nam is relevant to consider in this peer review.

The evaluators developed a typology for exit (or transitioning) processes in different country contexts:

- Exit from a graduating country that remains an important bilateral partner for a donor (i.e. South Africa and India);
- Exit from a graduating country that is a less important bilateral partner for a donor (i.e. Botswana);
- Exit from a poor, aid-dependent country with a relatively limited number of donors (i.e. Malawi);
- Exit from a fragile country or a country in conflict (i.e. Eritrea).



This typology might also be considered in Finnish transition strategies.

The evaluation identified a number of critical factors for successful exit management

- The way the exit decision was conveyed to the partner country influenced the handling and outcome of the exit process. The level (political or administrative) used to deliver the message mattered. In some cases, politicians took the responsibility to communicate exit decisions. Although the partner country did not welcome the decision, it welcomed this way of conveying the message – in contrast to the cases where it was left to civil servants of different ranks to convey the news. Early warnings of exit decisions were rare. Indeed, in several cases, the exit decision came as a surprise to the recipients. Most exit decisions were communicated by the donor as a fait accompli and also perceived as such by the partner country.
- The degree of participation of stakeholders in the planning and implementation of exit processes was found to be a good indicator of their success.
- A realistic timeframe proved to be another critical factor. In short phase-outs – i.e. less than two years – hardly any attention was paid to participation and consultation of stakeholders. Force majeure situations in particular severely limited the scope for cooperation. This involved long-term planning, careful consultation of all stakeholders and good monitoring of results.
- The fulfilment of ongoing commitments is an important factor determining success, especially in aid-dependent countries. It was found that respecting legal obligations is not enough. The donors' renunciation of commitments made in extensive planning processes, not yet formally agreed, also affected recipient institutions negatively;
- Flexibility on the side of the donor to adopt the budget for supported activities was shown to be another important factor in good exit management. This implies going beyond the 'natural phase out' approach to identify needs for adjustments in current agreements with a view to sustainability concerns. As the example of Denmark's exit from India shows, the consequence may be a temporary increase in the volume of aid. There are examples of donors taking proactive steps to assist the recipient in securing alternative funding, but in most circumstances, other donors did not easily come forward;
- Institutional capacity on the recipient side is a key factor determining the success of exit processes. Lack of capacity posed challenges to both the partner country and the donor. It appears that donors tended to underestimate the capacities of the recipient and, in most cases, did not carry out institutional assessments to identify needs for building capacities that would enable the partner country institutions to cope with the exit.
- Donor capacity has been a weak point in many exit processes. This has three aspects: there has been scant attention to institutional learning on how to manage aid exit and transformation; aid exit is often perceived as a negative process in which there are few rewards for good management; and exit decisions are often accompanied by immediate downsizing of embassies or, in some instances, even closure.

The evaluation identified different strategies: a) phasing out of 'traditional' development cooperation; b) phasing in of new forms of ODA-financed activities more apt to fostering bilateral relations based on mutual interests; c) and phasing in of new types of broader or broad-based non-ODA cooperation, be it political, commercial, scientific or cultural.



Looking at the Finnish transition process, it seems that the third strategy is most relevant. To this respect, the evaluation reports some important findings:

- Phasing in new activities tended to receive more attention than phasing out. This is inter alia reflected in the staffing of embassies;
- Although India and South Africa (as well as Botswana) were/are able to cope with aid exits at a state level in budgetary terms, sustainability at the institutional level is more challenging. This entails attention to the phase-out of technical assistance and institutional cooperation arrangements, as well as the funding situation of individual organisations not directly funded through the state budget;
- The issue of using ODA-funding for activities to promote broader bilateral cooperation has proven to be quite sensitive. The question is whether the use of ODA to promote bilateral relations based on mutual interests – e.g. through the involvement of institutions from the donor country – is in line with the principles of aid harmonisation and untying of aid.

Successful exits were reported in India and Botswana, countries no longer dependent on aid. At the time when donors exited from Botswana, activities were already managed by the government, though with some use of technical assistance. At the time of exit and in retrospect, the Government of Botswana argued that more time should have been allowed for phasing out of technical assistance. In India, it proved to be relatively easy for the government to take over responsibilities for continued financing of activities previously funded by the donors and to integrate project or programme approaches at the community level into sector policies and strategies. It was difficult, however, to sustain the innovative character of aid-funded programmes. In South Africa, the aid exit and transformation process is still in an early stage.

In poor, aid-dependent countries, like Malawi and Eritrea, the overall picture is less positive or even disastrous. The Danish exit from Malawi with a six-month notice, for example, created a 40 per cent shortfall in the agriculture sector budget, a major setback in agriculture sector programme development, and affected long-term agricultural research negatively.

In graduated countries, where aid is less important, and the national authorities took over the financing of development activities initially funded by donors, major negative consequences were not reported. The aid-exit sometimes had a positive consequence in enhancing local ownership and led to an expansion of the activities started by the donor.

According to the evaluation, planning for proper exit and handing over, and thus ensuring the sustainability of activities previously funded by donors, is the exception rather than the rule. Likewise, good and careful monitoring of exits is extremely rare. Despite the principles of partnership and mutuality, which were formulated in the Paris Declaration of 2005, all exit decisions studied proved to be unilateral decisions – mainly taken by donors and only in the case of India taken by the partner country. Country exit decisions were politically motivated.

Good examples of exit management were found mostly in countries that no longer depend on aid and have the capacity to take over. Successful exits typically involved a mix of realistic timeframes, careful and mutual planning, consultation, and flexibility to set up arrangements for handing over or find alternative ways of financing. Exits from aid-dependent countries were less successful, but in a few cases, results at the level of recipient institutions and beneficiaries could be sustained.



Exits can be considered a natural but neglected phenomenon in bilateral aid relations. The number of exit situations is increasing and likely to increase even further in the years to come. Several donors are in the process of concentrating their bilateral aid to fewer countries and sectors.

This means that exits are increasingly taking place in countries still depending on aid. There is also a concomitant shift in priorities with regard to fragile states. Development cooperation policy is increasingly being coupled to foreign and security policy concerns, and development cooperation is increasingly being used as a foreign policy instrument.

Politically unstable countries with weak and often corrupt administrations feature more prominently as aid recipients, and the likelihood of force majeure exits has increased.

Based on these important findings, the evaluators recommended:

- Develop guidelines sensitive to exit processes in different contexts and reflecting different management challenges:
- exit from force majeure situations: exit as crisis management;
- exit from aid-dependent countries: exiting in a way that takes care to allow externally funded activities to continue in a sustainable manner;
- aid transformation in graduating countries: exit in the context of transforming bilateral relations.
- Conduct country-specific pre-exit assessments based on a diagnosis of the country context and by making use of typologies for country contexts and exits.
- Adopt a more business-like attitude towards aid exit. One needs to establish firmer rules for the game – which, importantly, have to protect the interests of both parties. Guidelines for exits from aid-dependent countries should be based on the concept of mutual accountability in line with the Paris Declaration on Aid Effectiveness.
- Explore options for addressing exit at entry. Donors should more proactively treat exits as an integral element of country strategies.

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Annex 18. Description of Finnish key cooperation modalities and instruments

A. Development Cooperation Instruments

Bilateral Programmes

Bilateral projects implemented in specific partner countries involve direct financial and technical assistance to relevant government (and other) partners in key development cooperation partner countries. In Viet Nam, the most important bilateral programmes were in Water and Sanitation (WSPST), Forestry (FORMIS and FLEGT) and Science and Innovation (IPP).

Multi-bi and regional cooperation programmes

Projects implemented at the regional and/or country-level through multilateral development partners with specific earmarked support to specific countries are included in this category. A relevant regional programme in the Mekong that was supported under this modality was the Energy and Environment Partnership (EEP) Programme, which also included activities in Viet Nam

Multilateral cooperation

According to Finnish OECD reporting (See <https://www.oecd-ilibrary.org/sites/dbcdo36-en/index.html?itemId=/content/component/5e331623en&csp=b14d4f60505d057b456d-d1730d8fcea3&itemIGO=oecd&itemContentType=chapter>) on 2018, Finland in that year It provided USD 633 million of gross ODA to the multilateral system, a fall of 13.5% in real terms from 2017. Of this, USD 508 million was core multilateral ODA, and the rest was earmarked for a specific country, region, theme or purpose. Project aid earmarked for a specific project or purpose (tight earmarking) accounted for 28% of Finland's non-core contributions, while the remaining 72% was softly earmarked (to pooled funds and specific-purpose programmes and funds). In 2018, Finland's total contribution to multilateral organisations was mainly allocated to the EU institutions, the United Nations (UN) and the World Bank Group. These contributions together accounted for 87% of Finland's total support to the multilateral system. The UN system received 29%, mainly through core contributions. Out of a total gross volume of USD 183 million to the UN system, the top three UN recipients of Finland's support (core and earmarked contributions) were: the United Nations Population Fund (USD 27 million), the United Nations High Commissioner for Refugees (USD 24 million) and UN Women (USD 16 million).

Fund for Local Cooperation (FLC)

In 2000, the Fund for Local Cooperation (FLC) was created as an additional independent aid instrument supplementing the other bilateral aid channels. The FLCs are available to all Finnish embassies and missions located in the developing countries, including also those countries which



are not official partner countries of Finland, but which according to the OECD/DAC are eligible to development aid.

The use of FLC instrument is regulated by an internal administrative regulation (norm) issued by the Ministry for Foreign Affairs. The normative framework pertinent to the use of the FLC, and the respective guidelines and instructions, have experienced several rounds of modifications and precisions over the years.

According to the current norm, capacity building emerges as the overall goal of the FLCs. Therefore, the special focus of this evaluation was to explore to what extent capacity building has been recognised and implemented as a guiding principle in the allocation of the FLCs and in the implementation of activities with the aid of FLCs. At the international level, capacity building has been considered to be of key importance to achieve the Millennium Development Goals (MDGs) and Sustainable Development Goals.

Institutional Cooperation Instrument (ICI)

The Institutional Cooperation Instrument (ICI) is used to support Finnish government agencies' and public bodies' participation in development cooperation. The projects' objective is to strengthen the skills and knowledge of state actors, such as ministries and government agencies, in developing countries.

An ICI project must be based on the needs of the developing country and an initiative of the developing country agency. The activity must aim at capacity development.

Complementary and additional objectives may be, for example, improvement of the partner organisation's services and product development, development of its organisation and reform of ways of action, upgrading of personnel's skills and knowledge, internationalisation and networking.

The developing country agency can represent the public sector. The Finnish agencies can be government agencies and public bodies that belong to the same legal entity as the Ministry for Foreign Affairs. Legal officers in the Department for Development Policy can tell, if necessary, if the Finnish candidate is eligible for a government agency.

The project duration is at least twelve months. If a project has been managed well, its later stages can be funded through the ICI. ICI projects are guided by internal administrative instruction, which includes detailed guidelines and information concerning project planning and preparation.

Higher Education Institutes - Institutional Cooperation Instrument (HEI ICI)

The Higher Education Institutions Institutional Cooperation Instrument (HEI ICI) supports cooperation projects between higher education institutions in Finland and the developing world that are designed to enhance higher education provision in these countries. The projects support the higher education institutions in developing their subject-specific, methodological, educational and administrative capacities.

Finland's Ministry for Foreign Affairs provides funding for the programme through its development cooperation funds. The Finnish National Agency for Education (EDUFI) administrates the programme.



Supporting education in developing countries helps them to promote skills development, establish a well-functioning, efficient and equal society, encourage entrepreneurship, drive sustainable development and reduce poverty.

The HEI ICI programme is thus in line with Finland's foreign development policy objectives; however, the projects are all designed to reflect each individual country's specific development aims and must be based on the needs identified by the higher education institutions themselves.

Programme and project-based support to CSO cooperation

Programme and project-based support for Finnish CSOs is an important form of civil society development cooperation and part of Finland's development policy implementation. The development cooperation projects of SCOs increase the diversity and impact of Finnish development cooperation in their own fields of expertise and with their own operating practices in developing countries around the world. According to the Guidelines for Civil Society in Development Policy (2017), strengthening civil society is both a development policy objective and a means to promote Finland's other development policy objectives and the goals of the UN 2030 Agenda for Sustainable Development. Programme based support also promotes Finland's foreign policy objectives, such as the implementation of human rights policy objectives. Outside the framework of programme based support to CSO, possible other CSOs and possibly the Vietnamese diaspora in Finland also engage with their own means in project-supported relations with Viet Nam.

B. Private Sector Instruments

The descriptions below are an excerpt from the inception report of the economic development evaluation realised in 2020 (see Laaksonen et. al. 2020.)

Finnfund

Finnfund is the bilateral development finance institution (DFI) of Finland, and its operations are stipulated by the Finnfund Act.³⁶ The legal form of Finland is a limited liability company, so it also complies with, e.g. the Limited Liability Companies Act, which is relevant regarding its governance and execution of the government's ownership policy. The main governing bodies are the Annual general meeting, supervisory board and board of directors. Finnfund is owned by the Finnish State (94.4per cent), Finnvera³⁷ (5.5per cent), and the Confederation of Industries (0.1per cent). The responsibility of steering Finnfund on behalf of shareholders lies with the MFA. The board of directors is responsible for Finnfund's strategy. The responsibility of management lies with the Managing Director. Government guidance is executed through annual guidance letters from the MFA. These letters include the overall policy objectives set for Finland, together with their targets.

Finnfund invests in profitable, responsible companies in developing countries. The investments must have positive development effects in the country of operations, regionally or globally. Main financing instruments are different types of equity, mezzanine and debt. Finnfund does not concede grants; all its financing has to be paid back with a risk-related return. Finnfund invests only

36 Finnfund Act (291/79).

37 Finnvera is the state-owned official export credit agency for Finland.



in countries defined by OECD/DAC as developing countries. There must be “Finnish interest” involved in the investee companies, but Finnfund does not invest in Finnish companies, and it is not an export financier. In practice, “Finnish interest” means, e.g. Finnish ownership or technology in developing country companies in UMIC and LMIC countries. In LIC and LDC countries, “Finnish interest” is broadly seen to exist if the investment promotes, e.g. development or environment policy goals of the Finnish government.

The MFA’s capital injections to Finnfund are not counted and reported as ODA. When Finnfund invests in companies, the annual net equity flows (equity disbursements minus proceeds from equity exits) are counted as ODA. Being basically on market terms, the Finnfund lending to companies does not count as ODA. The original capital of Finnfund came from the Finnish government.

Finnfund’s current strategy focuses on four sectors: renewable energy, sustainable forestry, sustainable agriculture and financial institutions.³⁸ Sector division of Finnfund financing agreements has been simplified by combining reported items to better illustrate the role of these key sectors. “Finance and banking”, for example, includes e.g. banks, microfinance institutions, Fintech and different kinds of financial services; “Renewable energy” includes e.g. wind, solar and biopower, renewable energy funds and biofuels, etc. The key focus sectors represent almost three-quarters of financing agreements in 2016-2019.

Finnpartnership

The Finnpartnership’s programme provides advisory services for the business activities of Finnish companies in developing countries as well as financial support in the planning, development, piloting and training phases of a project. The programme aims to increase commercial cooperation and promote long-term business partnerships between companies in Finland and in developing countries. Finnpartnership aims to generate positive development impacts by its activities. The MFA launched the Finnpartnership programme in June 2006. The administration of the programme was outsourced by tendering procedure to Finnfund. The MFA has since renewed the contract three times by tendering (2009, 2012 and 2016). Finnfund has so far won the contract each time, and each time the MFA has also extended the contract for some years within the provisions of the option periods in the contract. The current programme period lasts (after an extension of 3 years) until the end of 2021. Programme activities can be carried out in all the countries defined as developing countries by the OECD’s Development Assistance Committee (DAC), and in all industries, according to demand from companies and other organisations.

Finnpartnership has two main products/services:

- 1. Business Partnership Support** gives financial assistance to Finnish businesses for researching opportunities in developing countries and provides business development services. The services are intended for companies, educational institutions, NGOs and other operators. The support is given as a grant. The coverage of costs depends on the size of the

38 Sectors Finnfund uses in reporting do not easily totally translate into the CRS classification used elsewhere in this report.



applicant company and on the target country; from 30 per cent of the costs of the project of a large company in a UMIC country to 85 per cent of the costs for an SME in a highly fragile state. Coverage percentage for e.g. NGOs and educational institutions for support activities of companies' commercially oriented projects is always 85 per cent

- 2. Matchmaking service** connects operators in Finland and developing countries with one another and promotes developing country exports to Finland. Matchmaking is nowadays provided by a web-based service and supported by a database of companies' key information. This information can be utilised by experts that Finpartnership contracts to promote partnerships.

When divided according to the number of interventions and the volume (€) of commitments, the largest sectors supported by Finpartnership have been are industry, education and energy.

Business with Impact (BEAM)

BEAM was a 5-year programme financed jointly by the MFA and TEKES/Business Finland. Both committed €12.5 million to the programme. The MFA part was reported as ODA, whereas the TEKES/Business Finland part came from the organisation's innovation funding resources. With some 25 million additionally from the private sector the number of total financing decisions during the programme reached appr. €60 million, since TEKES/Business Finland ended up putting in additional financing.

The programme's first phase was implemented in 2015-2019. Preparations are currently being made for the second phase (with a new name "Developing Markets Platform"). BEAM's objective was to help Finnish companies and other actors solve global development challenges with the help of innovations. The innovations could be new products, services, forms of business activity, technologies and social innovations. BEAM offered information, advice, contacts and project funding for developing markets. The programme encouraged applicants to form partnerships with developing country entities, but eligibility was restricted to Finnish companies, non-governmental organisations and universities in the sense that the lead partner of such partnerships/consortia, and the recipient of the funding had to be Finnish. The maximum coverage of the applicant's costs was 50 per cent. There were no limitations regarding the sector of business. Eligible countries were those listed as recipients of official development assistance by the OECD/DAC (excluding China). During the course of the programme, some markets were defined as primary targets. At the end of the programme, those were: Sub-Saharan Africa, India, Viet Nam and Indonesia. The number of projects with BEAM funding decision at the end of 2019 was approximately 151.

Public sector investment Facility (PIF)

PIF aims to support public sector investments in developing countries that comply with the sustainable development goals of the UN and utilise Finnish expertise and technology. PIF replaces the concessional credit instrument earlier Finnish governments decided to phase out. PIF is regulated by the Act (1114/2000) and Government Decree (1253/2000) on concessional credits granted to developing countries, the Act on the State's Export Credit Guarantees (422/2001) and OECD guidelines on export credit. It allows funding for public sector projects in countries listed by Finnvera as eligible for export credit guarantees in the categories of least developed (LDC), low income (LIC) and lower middle income (LMIC) countries. Investment projects must be based on the target country's national development needs.



To be eligible for support, the investments must make use of Finnish expertise and technology. Prerequisites include also that the project is implemented by a company registered in Finland. Finnvera guarantees the loan the developing country takes from a commercial bank to fund the investment. The MFA covers the loan's interest payments and part of the purchase sum in order to satisfy the 35 per cent to 50 per cent concessionality level required by the OECD for publicly-funded export credit. From 2020 onwards, the MFA may support the preparation of environmental and social studies, human rights assessments and development impact indicators for selected projects. All PIF projects are still in the preparatory stage, so MFA commitment data does not yet include payment commitments for PIF interventions, apart from one related to UNOPS support to strengthen the procurement capacity of partner organisations.

Developing Markets Platform (DevPlat)

Developing Markets Platform (DevPlat) is a joint platform of Business Finland and the Ministry for Foreign Affairs that brings together services for companies interested in developing markets and their partners. DevPlat provides information, advice, contacts and project funding related to developing markets.

A key element of the platform is the funding of development innovations in line with the UN Sustainable Development Goals. The platform supports the development of innovations, knowledge and skills by companies, NGOs, research organisations and other actors in order to promote the wellbeing of poor people in developing countries.

DevPlat was preceded by BEAM, a joint development innovation programme of Business Finland and the Ministry for Foreign Affairs, which ended in 2019. The programme activated a large number of Finnish companies and other actors to develop innovations to achieve the Sustainable Development Goals. Over a period of five years, the programme funded more than 150 projects with a total amount of approximately EUR 60 million.

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