

UNITED NATIONS DEVELOPMENT PROGRAMME

TECHNICAL ASSISTANCE TRENDS AND IMPLICATIONS**Hanoi, Viet Nam****October 1996****EXECUTIVE SUMMARY**

Technical Assistance (TA) involves the transfer of international knowledge, experience and ideas. The main objective of TA is the development of a recipient country's capacity to better manage its own development effectively and sustainably.

A clear understanding and appreciation of the real benefits and costs of TA is essential to its effective planning and management. Successful TA projects can have an impact in excess of their relatively low input costs due to external benefits which go well beyond a project's immediate beneficiaries. This is true of effective 44 "upstream" TA projects which can produce nationwide positive "externalities," as well as "downstream" projects which contribute to the sharing of knowledge and capacity development at the local level. At the same time, technical assistance projects tend to be relatively small-scale and managerially complex, with outputs often difficult to identify and measure. Therefore, a clear recognition of the high potential benefits and a strong commitment to management by the recipient country is essential to successful TA.

Prior to the acceleration of the *doi moi* process in 1989, most TA in Viet Nam was directed towards capital investment projects. Since 1989, however, there has been increasing use of TA to support the development of policy, institutions and human resources. This change in focus has been effective in supporting the Government during this transition period.

While many of the tasks for economic transition are incomplete, any fair assessment of the period since 1989 must recognise that the achievements have been great, and that progress has often involved a successful working partnership between Viet Nam and its partners in the technical assistance process. In comparative international terms, the returns to TA in Viet Nam have been very high. This was because the need was great, was clearly recognized on the part of the recipients, and involved the introduction of basic reforms which had a high and immediate productivity.

A long-term goal of Viet Nam is to eventually "catch up" with other more prosperous countries in East Asia. Catching up will also require catching up and participating in the international network of information and ideas in order to sustain development in a highly integrated global economy. The long-term development impact of this information and knowledge transfer process is likely far more important than the input of financial assistance.

The changing nature and structure of TA in Viet Nam are evident from the analysis of the United Nations Development Programme (UNDP) donor database.

This Report surveys the 899 on-going and closed projects valued at \$100,000 or more as at end-1994. UNDP

has been the largest supplier of TA over the five-year period since 1989. Recent growth of bilateral TA programmes, however, saw the bilateral share of total TA commitments climb from an annual average of 24 percent during 1986-93, to 45 percent in 1994. This trend has reportedly continued into 1995, despite the rise in European Union and Asian Development Bank commitments.

The database also shows that increased attention is being given to assistance in the development of policies, institutions and human resources, again, a trend which is being reinforced by many new bilateral projects in 1994. Health and education, while still important, have received a decreasing share of TA allocations. Also, there has been an apparent (and not necessarily undesirable) bias in the allocation of TA, with the majority of assistance being directed to projects in Hanoi and Ho Chi Minh City. Very preliminary recent data, however, suggests that this may be gradually changing.

The data analysis implies that the pressure on TA management and coordination has increased considerably since 1993. TA for the development of policies, institutions and human resources is a particularly difficult sector to manage. The number of projects and amount of commitments have increased rapidly, and the number of important TA donors, each with their own priorities and rules, has also increased.

Effective coordination underpinned by improved information systems is therefore more important than was previously the case, when only a few donors provided the bulk of TA. Coordination mechanisms have improved greatly in recent years, between donors, and between the Government and donors. The Government and the donor community must, however, begin developing a strategic approach to TA planning to ensure that assistance is linked to national priorities, targeted at a coherent set of common objectives, and well integrated with national systems and processes.

Reform of central agency roles would be an important step in improving aid management. In particular, decentralization of project implementation combined with institutional strengthening is recommended. This would involve delegation of project-level authority to ministries and local authorities, while retaining strategic management and decision making at the center with the competent authorities. Additional staff resources and continued administrative reform within the Ministry of Planning and Investment (MPI) will also be needed, as well as capacity building at the local level.

Special attention is required for the planned computerized aid information system at MPI to be effective. It will need to become an integral part of the Government's daily work if it is to facilitate effective and efficient aid management decisions by the Government. The system will need to be continually updated at the project management level. Ideally, it should establish linkages across ministries and with the donor community. A management culture of information sharing within and across institutions will need to be further fostered.

Decentralization and further institutional strengthening would put the central agencies in a position to develop the strategic plans; programme areas, and related training and information systems for more effective mobilization, coordination and management of development assistance. A strategic framework or master-plan for TA and Official Development Assistance (ODA) must be explicitly linked to other aspects of Government planning, notably the new five-year development plan, the new public investment programme and Government budget projections. In designing the strategic framework for technical assistance, the Government should take account of a variety of concerns:

- Is the apparent bias towards Hanoi and Ho Chi Minh City too strong? And what role can TA play in rural development and poverty elimination at the provincial and sub-provincial levels?
- Development of the non-state sector is essential for sustainable development. How can assistance more directly promote development of the non-state sector?
- Are there too many small projects, and if so, should some of them be consolidated or integrated into coherent programmes with common objectives?

Government-donor meetings to review the Government's priorities for TA and discuss ways to expand assistance to local governments and the non-state sector are suggested. Further sectoral meetings with follow-up actions are needed. Information sharing by establishing a Donor Information Center is recommended. Continued dialogue and information sharing amongst donors is also necessary for effective coordination in support of national development objectives.

The management and coordination of technical assistance in Viet Nam has improved in recent years. The responsibilities of the key central agencies have been further clarified, and operational capacity and efficiency

improved. In looking forward, a more strategic and systematic, programmatic approach is desirable, as is further strengthening and decentralization of approval and management processes. Both will maximize the potentially high contribution that TA can make to sustainable development.

While there are many problems to be solved and much room for improvement, there is no denying that the situation today is a vast improvement of that only a few years ago. Aid coordination and management is much clearer and stronger. Dialogue and information sharing are the engine of the process of change. In fostering these, success can build upon success in delivering effective technical assistance in Viet Nam.

FOREWORD

The effective coordination and management of official development assistance (ODA) are essential to the responsible and efficient use of public resources for poverty elimination and sustainable human development. At the first International Donor Conference for Viet Nam in 1993, the Government requested that LJNDP continue to play lead support roles in the areas of technical assistance (TA) for capacity building and aid coordination in country. UNDP is particularly well-placed to provide this support since it has been in Viet Nam since 1978, including both before and after the launching of the *doi moi* reform process in 1986.

UNDP has been fulfilling these responsibilities in four main ways: (i) by promoting and providing assistance for the *doi moi* reform process, which has been reorienting the Vietnamese economy from one based on central planning to one that is market-based, and without which ODA resources could not be effectively invested; (ii) by the provision of capacity development assistance to those government agencies officially responsible for the broad coordination and management of ODA in order to ensure that the development process remains nationally-led, nationally-owned and sustainable; (iii) by the provision of assistance for the development of strategic frameworks within which both national and ODA resources can be coordinated and programmed in such priority areas as public infrastructure development, public administration reform, poverty reduction, and others; and (iv) by facilitating the sharing of information and knowledge, which is fundamental to any kind of coordination, through a wide variety of fora and mechanisms.

This report was commissioned by the Ministry of Planning and Investment (MPI) to take stock of the TA situation in Viet Nam, and provide an overview of trends and related implications. This report should be seen as a first step towards a more in-depth evaluation of the effectiveness of TA in Viet Nam, lessons learned and the best way forward in supporting the development of Vietnam's capacity for sustainable development. The appendix provides a relatively comprehensive database on past and ongoing TA. This database can be used by the Government and donors both to coordinate with and build upon past and ongoing capacity development assistance.

TA has successfully contributed to Vietnam's many achievements over the past ten years. The sharp rise in the volume of TA commitments in recent years poses new challenges for coordination and management. It is our genuine hope that this report will contribute to more effective coordination and capacity development assistance in order to further improve the overall well-being of the Vietnamese people.

Roy D. Morey

Resident Representative
United Nations Development Programme

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