



1. Country Context

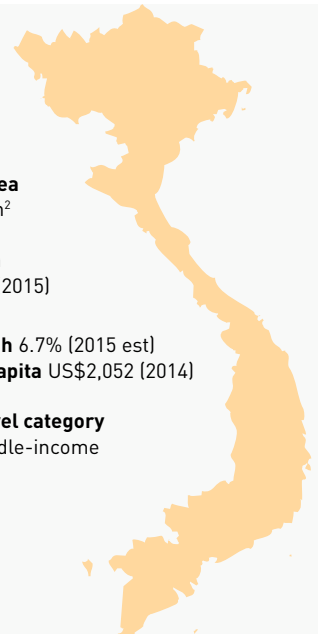
Representing one of Asia's most outstanding development stories, the Socialist Republic of Viet Nam is today a striving and stable lower middle-income country with a population of 92 million and a GDP per capita of US\$2,052.

Economic performance and social progress continued to be substantial in the past years, with a GDP growth of 6.0% in 2014 and an estimated 6.7% in 2015 as well as an important poverty reduction from 20.7% in 2010 to 13.5% in 2014. Social progress has led to a medium human development with a value of 0.666 and Viet Nam ranking 116th among all 188 countries of the 2015 Human Development Index.

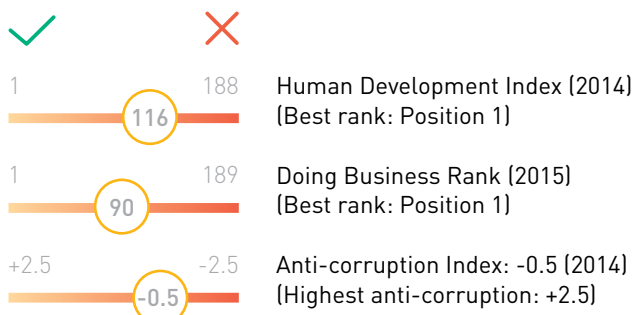
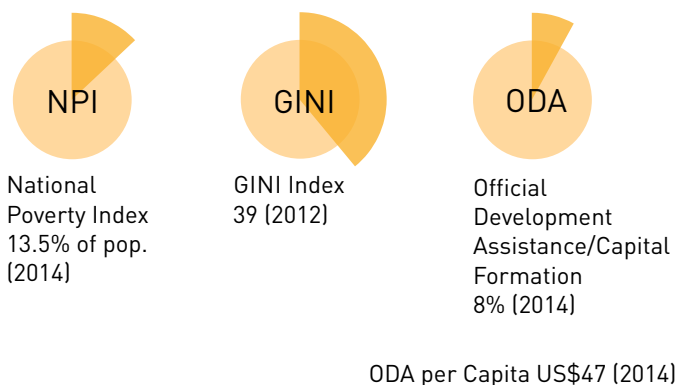
The Government of Viet Nam and its development partners report in this year's monitoring round co-operation totalling US\$4,207 million. The three major partners (Japan, World Bank and Asian Development Bank) contribute 80%. The remaining 20% is distributed among 28 other partners, reflecting a relatively high fragmentation and diversity of players. Primary sectors addressed by development co-operation include health, energy, agriculture, water/sanitation and transport.

Quick Facts

- Surface area** 330,972 km²
- Population** 92 million (2015)
- GDP Growth** 6.7% (2015 est)
GDP Per Capita US\$2,052 (2014)
- Income level category** Lower middle-income country

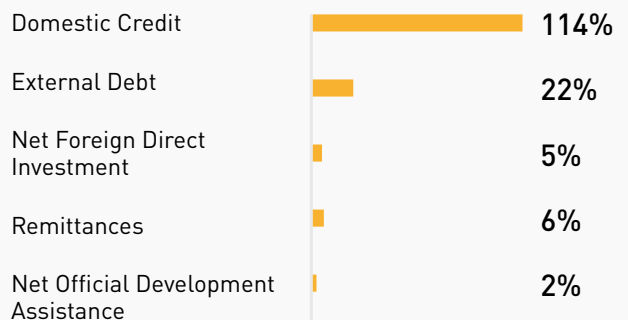


Key Development Indices:



Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Key Development Challenges

Viet Nam has seen outstanding improvements at all economic and social levels and is now working on remaining areas such as poverty reduction among ethnic groups, gender equality and civil society participation. New trade agreements promise to further boost economic growth. Future sustainable development will require continued investments in human capital and infrastructure while also managing increased openness of political decision-making. Ethnic groups still trapped in poverty deserve particular attention. Viet Nam also needs to address climate change and environmental risks, including those produced by Viet Nam's own accelerated growth.

2. Efforts to Implement the Effectiveness Principles

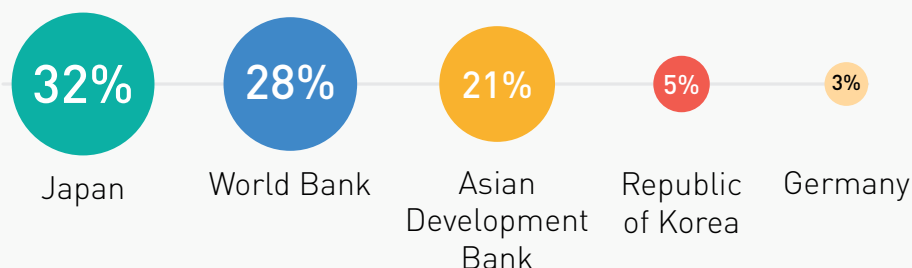
A. Policies and Tools for Partners' Alignment

The overarching policy framework is outlined in the Socio-Economic Development Strategy (SEDS) 2011–2020 that has been operationalized through the five-year Socio-Economic Development Plans (SEDPs) as well as five-year sectoral and provincial plans. The SEDPs include a

broad results framework and monitoring indicators, which are further detailed in the sector plans. Progress is measured by the General Statistical Office (GSO). There are plans to further strengthen the consistency between the SEDPs and the national budget, particularly

through an upcoming new Medium-Term Expenditure Framework (MTEF) linked with the new SEDP 2016–2020. In addition, the upcoming SEDP will integrate the Sustainable Development Goals (SDGs) by localizing the 2030 Agenda in Viet Nam.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring

Yes



Existence of a National Co-operation Policy

Yes

B. Governance and Management of Development Finance and Co-operation

A five-year official development assistance strategic framework (currently 2016–2020) outlines targets as well as policies and instruments for ODA management. Viet Nam has been a champion of official development finance and development effectiveness through the Hanoi Core Statement since 2005 and the Vietnam Partnership Document since 2011, both of which localize global agreements (Paris and Busan, respectively) and include programmatic frameworks for implementation and monitoring. The government convenes development co-operation partners in the annual Viet Nam Development Partnership Forum, in addition to operational dialogue in sector partnership groups. The National ODA Steering Committee mobilizes and implements investments by external

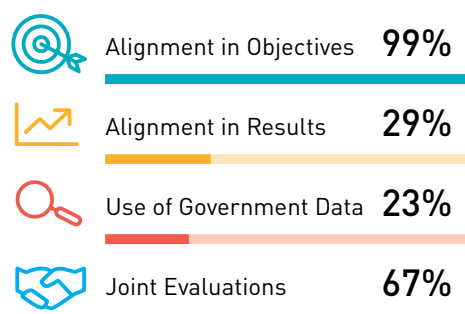
finance and maintains an intensive dialogue with the group of six development banks through joint portfolio performance reviews. Institutionally, development co-operation management lies with the Ministry of Planning and Investment, which also coordinates, on behalf of the vice prime minister, the National ODA Steering Committee in charge of mobilizing primarily development finance investments. Since 2008, ODA is captured by the national ODA reporting system, which has been further fine-tuned to strengthen transparency and accountability in ODA management. 2014 development finance assistance called for further attention to non-traditional finance such as South-South co-operation and, among other suggestions, recommended the design of sector-specific finance strategies.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

Almost all development co-operation reported in 2015 (99%) was aligned to Viet Nam's development objectives outlined in the SEDP and subsequent sector plans. However, only 29% includes country-led results and 23% uses national monitoring systems. The government intends to participate in roughly two thirds of planned evaluations, mainly by defining scope, rather than fully engaging in the

process. The government is working on improving the official National Statistical Indicators System (NSIS) in order to enable more partners to rely on national results and indicators. At this stage, a number of larger partners, such as Japan, the Republic of Korea, the United States and the World Bank, are still planning for results largely outside the country-led framework.

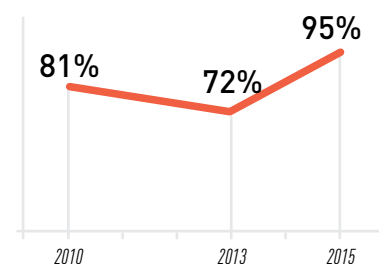


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Reflected in legal and administrative innovations in the past years, integrating development finance into the budget is a high priority for the Government of Viet Nam. The success of these improvements was palpable in 2015, as 95% of development co-operation was recorded in the government budget, an increase from 72% in 2013 and 81% in 2010. Progress has been made

particularly in the lending portfolio where all development finance aligns with the Law on Public Investments. One of the key avenues to sustain this outstanding result can be found in the effective use of coordination arrangements enabling effective tools and strong mutual accountability.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

In 2015, only a bit more than half of development co-operation used the national procedures for budget execution, auditing and procurement, while 74% relied on country financial reporting. These results reflect a slight decrease compared to the previous monitoring round, where around 60% to 62% used

national budget execution, auditing and procurement. The government highlights that a number of partners channel larger programmes through country systems. However, especially the multilateral development banks still operate a significant share of their portfolio outside country systems for

public financial management (PFM). Considering that also the use of country-led results framework is relatively low (see indicator 1 above), there is an immediate opportunity to focus collective and bilateral dialogue with development partners on a more consistent alignment to country systems and procedures.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	58% ▼	74% ▲	57% ▼	59% ▼		
INDICATORS 9A & 10.					3.5 ▶	79% ▶

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Over the past years, the Government of Viet Nam has significantly improved the enabling environment for civil society organizations (CSOs) and private sector players. There are new laws and decrees – some still in draft – on associations, non-governmental foreign resource, investments and public-private partnerships, among others. National CSOs are primarily organized in the 100-member-strong Viet Nam Union of Science and Technology Associations (VUSTA) and maintain an active dialogue with the government and development partners, many of which provide

programmatic support to the evolving CSO landscape in Viet Nam (such as CSO funds). CSOs are also consulted for drafting and reviewing the five-year SDP. Thanks to a number of legal and regulatory changes, the national private sector is expanding quickly and coordinates its positions through the Viet Nam Chamber of Commerce and Industry (VCCI), which, together with the government, co-hosts the biannual Viet Nam Business Forum (VBF). The Ministry of Planning and Investment (Agency for Enterprise Development) is the main government focal point for private sector

development, complemented by ongoing dialogue with Ministry of Finance and relevant line ministries. Viet Nam has achieved numerous advances to open up new spaces for dialogue, participation and contributions to national development, with dedicated support by development partners. Critical next steps might include formalizing the dialogue particularly with CSOs with stronger voice and accountability and clearly identifying the value added by the non-state actors to achieve the priorities of the SEDP and the implementation of the 2030 Agenda in Viet Nam.

Indicator 8. Gender Empowerment

At this stage, Viet Nam has not yet adopted gender-specific and sex-disaggregated indicators to allocate budget and track public expenditures. The new National

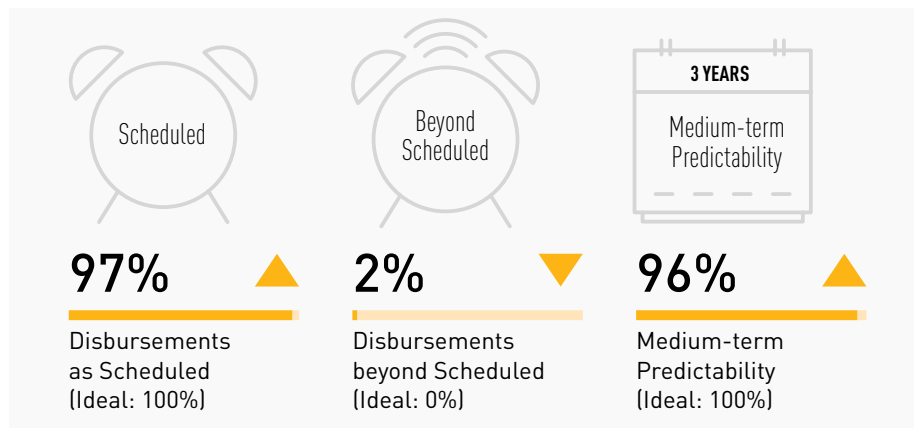
Action Plan on Gender Equality (NAPGE) 2016–2020 as well as the annual State Budget Law provide a number of entry points to track specific gender equality

programmes, which might lead to more sophisticated instruments in the future.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Annual and medium-term predictability are almost total, with 97% and 96% of reported development co-operation, respectively. This is also an improvement with respect to the previous monitoring round (81% and 93%). The legal and regulatory framework that Viet Nam has put in place is one of the key drivers, for instance in the area of investments financed by external assistance, which by law needs to be included in and executed through national budgets.



Indicator 7. Mutual Accountability

Guided by the 2011 Viet Nam Partnership Document, the government and its partners review effective development co-operation through high-level dialogue at the annual Viet Nam Development Partnership Forum (VDPF), which is complemented by ongoing multi-stakeholder dialogue at the operational level and in sector working groups. The government has just finalized a comprehensive assessment on ODA for

the period 2011-2015 and it participated in the UNDESA-UNDP Mutual Accountability Survey of 2015-2016. Based on a long-standing effectiveness architecture for official development finance, the government and partners encounter manifold opportunities to agree and assess joint action on remaining challenges, such as the still weak use of Viet Nam's PFM systems and results frameworks. One

possible strategy would be to specifically target distinct partner groups and their challenges to become more effective. The Steering Committee is already engaged in an in-depth dialogue with multilateral development banks, but the quality of contribution from smaller traditional bilateral partners and new development partners, for instance in South-South co-operation, might deserve closer attention.

National Priorities Going Forward

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Viet Nam is pleased to witness continuous progress in realizing the Busan commitments and targets. This positive trend will encourage the partner countries like Viet Nam to overcome challenges facing middle-income countries and to capture good opportunities provided by efficient and effective partnerships under the Global Partnership framework and agenda in the efforts to accomplish the 2030 Agenda. We hope the outcomes of this monitoring exercise will best serve the dialogues among development partners at regional and global levels toward a stronger and renewal platform and agenda of efficient and effective development co-operation for delivering SDGs at the forthcoming HLM2 of the Global Partnership in Kenya.

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