



Sida Evaluations Newsletter

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Country Strategy Implementation in Vietnam and Laos

The conventional divide between strategy formulation and implementation is misleading. As shown by two studies of Swedish co-operation with Vietnam and Laos, successful strategy development is more about crafting than planning – country strategies should largely be formulated during, not before, their implementation.

Background

In 2002, Sida's Department for Evaluation and Internal Audit (UTV) commissioned two studies of how the country strategies for Vietnam and Laos 1999-2003 were implemented. The studies were to provide recommendations for strategy implementation in general, and for future development co-operation with Vietnam and Laos in particular.

With identical terms of reference, the studies were carried out by consultants from

SPM Consultants and the Institute of Development Studies, assisted by local experts. The focus was on the strategic dimension of every-day decision making with respect to co-operation in selected areas: democratic governance, rural development and private sector development in Vietnam, and natural resources and roads in Laos.

The studies examined the orientation and strategic implications of individual projects in these areas, the form and contents of ►

Key issues

- Successful country strategies comprise a complementary package of general and specific priorities for the allocation of Sida resources.
- The Vietnam and Laos studies show that while specific priorities are decided on during strategy implementation, they are rarely documented.
- The absence of documented strategy is problematic: it breeds ambiguity, uncertainty and inefficiency.
- The five-year country strategy papers cannot be expected to be much more detailed and operationally oriented than they already are.
- Instead, specific priorities should be agreed on and documented in annual country plans during the strategy periods.
- The country plans should provide guidance for the allocation of three kinds of Sida resources: finance, staffing and dialogue capacity.

dialogue activities, and the allocation of staff resources. Key questions were: How have strategic decisions for projects, dialogue and staffing been developed and communicated to involved stakeholders? Do these decisions appear relevant in view of changing country contexts?

Implementation of the 1999-2003 Country Strategy for Swedish Development Co-operation with Vietnam. Bob Baulch, Mick Moore, Anuradha Joshi, Jan Rudengren. Sida Evaluation 02/35.

Implementation of the 1999-2003 Country Strategy for Swedish Development Co-operation with Laos. Dan Vadnjal, Tim Conway, Jan Rudengren, Marc Juville. Sida Evaluation 02/36.

Findings of the Vietnam Study

Democratic Governance

Democratic governance is one of the main areas for Swedish co-operation with Vietnam. Although the amount allocated in the period 1999-2001 was relatively small (SEK 81 million), in terms of staffing it is the most resource demanding sectoral area of the country programme. The country strategy paper put democratic governance firmly on the general agenda, and enabled the assignment of an additional Swedish programme officer to the embassy on a temporary basis. However, in the remaining documentation related to the country strategy, such as the annual country plans, there was almost no discussion of strategic issues related to democratic governance.

Still, the trajectory of projects over the period 1999-2002 made it possible for the consultants to discern an implicit Sida strategy for the sector. Due to the absence of credible civil society organisations, Sida principally works with the Government of

Vietnam. The implicit aim is to promote pluralism within the state by identifying and working through a variety of reform-oriented institutions, and thereby help create several locations of power and capacity. There has also been an effort to strengthen components of projects that promote political reform through the liberal conception of democracy, such as citizen involvement in governance.

In 2001, the embassy in Hanoi started developing a strategy for democratic governance, acknowledging the previous absence of an explicit strategy or operational plan for support in this area.

Rural Development

Rural development represents the second largest disbursement area in the Vietnam-Sweden co-operation. It is also the area in which Sweden has its most long-standing involvement with Vietnam, starting with the Bai Bang project in the 1970s. Several issues of strategic importance emerged from the examination of the 1999-2003 portfolio consisting of five projects of widely varying scale.

For example, the consultants argue that questions of donor proliferation and collaboration need to be further looked into by Sida. The rural development sector is one of the most crowded and competitive sectors in Vietnam. In 2000, there were over 430 donor projects co-ordinated by the Ministry of Agriculture and Rural Development. While Sida has taken several initiatives for donor co-ordination, its portfolio is mainly based on bilateral capacity building projects. According to the study, a developed approach of multilateralism and co-financing is needed.

The consultants also contend that the poverty focus assumed for many activities in the rural development sector needs to be re-examined. On one level, the projects have

FACTS

Donor activities in the governance sector in Vietnam are constrained by several related factors. First, despite political liberalisation, development co-operation has to operate within the framework of a single party system. This situation is unlikely to change within the near future. Second, independent civil society is underdeveloped. Most non-governmental associations that exist are members of the party controlled umbrella organisation of the Fatherland Front. Third, governance reform projects involve a high-level

policy dialogue that is time consuming. Fourth, a high degree of centralism in Vietnam leads to a "stop-start" nature of governance projects that depends on the current preoccupations of the Vietnamese policy elite. Finally, because of the Government's cautious stance towards governance projects in sensitive areas, as well as the centralisation of government, central level organisations dominate co-operation.

targeted the poorest provinces and districts. On another, more disaggregated level, the benefits of the co-operation may not have reached the poorest groups of people, who often lack the land and labour skills to adopt the applied agricultural, forestry and business models developed through the projects.

Private Sector Development

To date, Sida's private sector development programme in Vietnam has been both small and diverse. The SEK 55 million allocated to private sector development under the 1999-2001 agreement encompasses three broad areas: reform of state-owned enterprises; small and medium sized enterprise development; and trade and investment support.

Sida has however committed more in terms of field personnel and dialogue capacity, without so far being able to develop a strategy for substantial engagement in the area. This is largely due to policy uncertainties in Vietnam, and internal Sida ambiguities about the wisdom of engaging in private sector development in the country. The question of how and if the Embassy in Hanoi should develop capacity for work in this area is as yet unresolved.

Findings of the Laos Study

Natural Resources

The natural resources sector represents the second largest part of 1999-2003 Laos-Sweden co-operation, with four programmes in support of environmental and forest management capacity, sustainable use of natural resources, and improved livelihood of upland farmers. From the examination of this programme portfolio, the consultants made the following observations.

First, there is a considerable draw on administrative Sida resources for dialogue activities. Large amounts of time and money have been spent on deciding how programmes should be reoriented, for instance from an emphasis on developing methods for natural resources management to providing concrete measures that benefit the rural poor.

Second, there has been a tendency to repackage programmes rather than substantially changing content. The consultants question if the focus, also in recently planned programmes, on institutional strengthening and capacity building in a limited number of provinces effectively contributes to poverty reduction.

Third, the fact that a rather small group of consultants have been assigned by Sida to design and implement programmes is likely to have hampered the emergence of new and possibly innovative ideas.

Roads

The roads sector accounts for the largest part of the 1999-2003 Laos-Sweden co-operation. The second phase of the Road Sector Programme is the centrepiece of Swedish financed activity in the sector. It accounts for the largest slice of Sida's sector spending, with SEK 140 million budgeted for the period 2001-2004. It also involves a complex set of objectives and implementation arrangements, embedded in a web of functional relationships with a variety of stakeholders. As such, the programme is the main channel through which Sida engages in policy dialogue on road sector issues.

Key documents that outline the detail and specificity of the country strategy, such as the Agreed Minutes from Annual Consultations, capture many of the themes that have characterised Sida's support to the sector since 1999. An example is the emphasis on long-term capacity building rather than direct engagement in road building. The rationale behind Sida's continued engagement in selected national roads projects is mainly to maintain credibility with the Lao Government and other donors in the sector, as well as to generate experience of use in

Assistance to the roads sector has been one of the largest components of Swedish co-operation with Laos since the mid-1980s.



PHOTO: PRESENS BILD



Co-operation under the 1999-2003 strategy for Laos included support for improved living conditions of poor small-holders in mountainous regions.

the agency's more extensive work at policy and institutional levels.

Conclusions and Recommendations

A number of conclusions and recommendations emerged from the review of the portfolios implemented under the 1999-2003 country strategies for Vietnam and Laos.

Strategic Elusiveness

Sida's country strategy encompasses a series of documents (*see Fact Box next page*) accompanied by ongoing dialogue between Sida and its partners. Despite this, many strategic decisions are not transparent, and the rationale underpinning these decisions is seldom systematically and explicitly elaborated. To a large extent, the detail and specificity of the country strategy remained elusive to the consultants.

The lack of documentation of strategic choices, and the logic behind them, has negative impacts. First, decisions tend to be made on an ad hoc basis rather than consistently within the framework of an explicit strategy. Second, counterparts get mixed messages in the absence of clear priorities for the co-operation. Third, decisions may reflect personal priorities of staff that change with the rapid turnover of personnel

at the embassies and Sida's headquarters in Stockholm.

To deal with these problems, strategic decisions must be more systematic, explicit and consistent. It is not realistic for a single document to bring together all the different levels of strategic decisions spanned by all dialogues and agreements. Nonetheless, Sida staff needs clearer guidance concerning the appropriate allocation of aid resources, and for strategic decision making to be better documented. To this end, more information on strategic priorities should be included within the country co-operation agreements, country plans and other documents that collectively define the country strategy.

Allocation of Resources

Sida's current country strategy model focuses on the use of financial resources, with insufficient attention paid to the allocation of staff resources and dialogue capacity. This is problematic in the context of the projects that are prominent in Vietnam and Laos. Many of these projects are politically sensitive, reflect considerable differences within the partner governments, or involve few local partners with adequate independence. They also require a great deal of sensitive and patient dialogue with partner organisations on the part of Sida field staff. ➤

Dialogue activities are an important part of the work of embassy staff in Vietnam and Laos. Yet, there are no planning documents that give a rough breakdown of how much time should be devoted to project dialogue vis-à-vis more general policy dialogue. Also, there is little documented guidance of what dialogue issues should be prioritised for certain sectors, or how the dialogue activities in fact should be carried out.

In countries such as Vietnam and Laos, where institutional and political reform is important, it is helpful to think of Swedish aid resources as comprising three components: the aid budget, personnel, and dialogue capacity. In some sectors, such as democratic governance, it is dialogue capacity rather than the budget or personnel that is Sida's scarcest resource. The country strategy should deal with all of these types of resources, and ensure that personnel and dialogue capacities are commensurate with available financial resources.

Rolling Over of Projects

In both Vietnam and Laos there has been a tendency for projects to be re-packaged and rolled over into new phases that look re-

markably like those of the previous phase. In some cases, this approach represents a commendable effort to capitalise on the benefits of continuity. In other cases, such continuity is less positive. An inability to make significant changes is problematic when there is evidence that the approach adopted has had limited gains, or when there are diminishing returns to be expected from doing more of the same.

Rolled over projects are often due to inertia on the part of stakeholders and those responsible for implementation. In the sectors reviewed, the tendency to continue with more of the same appears to have been partly based on project completion reports written by consultants employed by the same companies engaged by Sida to implement the programmes.

Sida financed projects – in particular those that focus on “soft” areas such as capacity building, institutional strengthening or training – need clear priorities and criteria for performance monitoring since, once a project begins, it is often difficult for Sida to discontinue support even when reallocation makes sense.

Citizen involvement in governance has been one component of Swedish support for the promotion of political reform in Vietnam.



PHOTO: DAVID GUTTENFELDER/PRESSSENS BILD

FACTS

Sida's country strategy process involves both the overall strategy orientation expressed in the five-year country strategy papers, and the strategic detail and specificity worked out during the strategy periods. The country strategy gives direction for the planning and implementation of the country programme, guides Sida's dialogue activities, and forms a basis for the allocation of the agency's administrative resources. Perhaps most important, a successful country strategy sets a common agenda for the variety of

stakeholders involved in the co-operation, mainly different Sida departments in Stockholm, the Swedish Embassy and partner organisations. Documentation of the country strategy is central for such a common agenda. Apart from the mentioned five-year country strategy paper, main strategy documents include the three-year country co-operation agreement, the agreed minutes of annual consultations, and the annual country plans.

The Missing Middle of Sida's Country Strategy Process

A key conclusion of the Vietnam and Laos studies is that specific strategy choices are not sufficiently documented during strategy implementation. The country strategy papers (CSPs) give general direction for the allocation of Sida resources. They are clear about choices of sectors and main forms of co-operation, but vague and therefore flexible in relation to the more detailed priorities for dialogue and development finance. According to Sida's country strategy model, short-term country plans (CPs) are the key documents that should supply the strategic detail that the CSPs, with their five-year time horizon, naturally lack.

In past Sida practice, however, insufficient attention has been given to documentation of specific priorities in the CPs. The typical CP consisted of three to five pages, mainly with figures on planned and actual disbursements, but with little information to provide strategic detail and steering power to the country programme. The result has been a strategic vacuum filled with extensive negotiation and sometimes conflict between the key players involved: the regional departments, the sector departments and the embassies.

A special report produced partly on the basis of the Vietnam and Laos studies takes a close look at this vacuum, labelled the missing middle of the country strategy process. Missing because the specific and short-term orientation of the country strategy is not recorded in the CPs or elsewhere. Middle because it is after the approval of the CSP, but before the implementation of the country programme, that such a strategy orientation is decided on.

The main point of the report is that developed CPs can help fill this middle in a way that charges the strategy process with key steering power, that helps ensure a rational allocation of agency resources, and that saves, rather than expends, the time of agency staff.

Developed CPs would not only be the extended arm of the CSP, but also a necessary instrument for strategic project cycle management, defining the scope and direction of planning, implementation and follow-up of Sida's financial contributions, of its dialogue activities as well as of the allocation of Sida's staffing resources.

The report concludes that developed CPs are flexible instruments for strategic management, not straight-jackets that leave no room for adaptation to changing circumstances. They provide an annual opportunity to consider the contextual changes that occur during the strategy period, but that cannot be foreseen at the time when the CSPs are prepared.

In 2003, Sida presented guidelines for developed CPs in line with the agency's vision for a strengthened field office orientation. The report on the missing middle was used as one input to these new guidelines.

Mind the Middle. Country Plans: The Missing Middle in Sida's Country Strategy Process, by Samuel Egerö, Göran Schill and Dan Vadjal. Sida Evaluation 02/37. While the report is a special off-shoot from the Vietnam and Laos studies, it is also a stand-alone report that addresses issues of general concern to the way Sida manages country strategy processes.

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