

Independent evaluation
VIET NAM

Market access support through the strengthening of capacities related to metrology, testing and conformity



UNIDO EVALUATION GROUP

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Funded by the
Swiss State Secretariat for Economic Affairs (SECO)



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2007

Dist. GENERAL
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Notes

Mention of company names and commercial products does not imply the endorsement of UNIDO.

The views and opinions of the team do not necessarily reflect the views of the Governments of the Socialist Republic of Vietnam, Switzerland and of UNIDO.

This document has not been formally edited.

Abbreviations

ADB	Asian Development Bank
APEC	Asian Pacific Economic Cooperation
APLAC	Asia Pacific Laboratory Accreditation Cooperation
APLMF	Asian Pacific Legal Metrology Forum
APMP	Asian Pacific Metrology Program
ASEAN	Association of South East Asian Nations
BOA	Board of Accreditation (within STAMEQ, Vietnam)
CAC	Codex Alimentarius Committee
GMO	Genetically Modified Organisms
HACCP	Standards of hygiene applied in manufacturing
HCMC	Ho Chi Minh City
IEC	International Electrotechnical Commission
ILAC	International Laboratory Accreditation Cooperation
ILO	International Labour Organization
IP	Integrated Programme of UNIDO in Vietnam
ISO	International Organization for Standardization
ISO9001	Quality Management Standard
ISO14001	Environmental Management Standard
ISO17025	Quality Management System for Test and Calibration Laboratories
ISO 27000	Standard for Information Security Management System
ISO 22000	Standard for Food Safety Management System
ISO 26000	International standard providing guidelines for Social Responsibility
MOST	Ministry of Science and Technology, line ministry of STAMEQ
NAFIQUAVED	National Fishery Quality Assurance and Veterinary Directorate
NEX	National Execution Mode for Development Cooperation Projects
NORAD	Norwegian Agency for Development
OHSAS 18000	Occupational Health and Safety Standard
QMS	Quality Management System
QUATEST	Quality Assurance and Testing Center (under STAMEQ)

SA8000	Standard for socially responsible employment practices (issued by SAI)
SAI	Social Accountability International
SECO	Swiss State Secretariat for Economic Affairs
SMTQ	Standards, Metrology, Testing and Quality
SPS	Sanitary and Phytosanitary Measures (SPS Agreement under WTO)
STAMEQ	Directorate for Standards and Quality under the MOST
TBT	Technical Barriers to Trade
TRTA	Trade Related Technical Assistants (WTO)
UNIDO	United Nations Industrial Development Organization
VMI	Vietnam Metrology Institute (under STAMEQ)
VNCPC	Vietnam Cleaner Production Centre
WRAP	Worldwide Responsible Apparel Production (Social Responsibility Standard)
WTO	World Trade Organization

Glossary of terms

<i>Term</i>	<i>Definition</i>
Baseline	The situation, prior to an intervention, against which progress can be assessed.
Effect	Intended or unintended change due directly or indirectly to an intervention.
Effectiveness	The extent to which the development objectives of an intervention were or are expected to be achieved.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
Impact	Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Indicator	Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances.
Logframe (logical framework approach)	Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.
Outcomes	The achieved or likely effects of an intervention's outputs.
Outputs	The products in terms of physical and human capacities that result from an intervention.
Relevance	The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government and donor's policies.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed.
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.

Executive summary

1. Project Description

The project “Market Access Support through the Strengthening of Capacities related to Standards, Testing and Conformity” funded by the Swiss State Secretariat for Economic Affairs (SECO) was designed as a complementary intervention to a NORAD funded regional initiative covering Cambodia, LAO PDR and Vietnam. The project was also a component of the Integrated Programme of Cooperation between Vietnam and UNIDO 2003-2005 completed in March 2005 (IP) and a sub-project of the new IP 2006 – 2010.

The overall development objective of the project was to “facilitate market access and export capabilities (and consequently spurring economic growth and employment opportunities) by reducing technical barriers to trade through the strengthening of standards, metrology, testing, quality and conformity assessment institutional structures and national capabilities”. Main expected outcomes and outputs of the project included:

- Metrology: Upgrade the required technical infrastructure for metrology, textile/apparel, microbiology and chemical testing and calibration needs in industry, system certification capacity and strengthen SMTQ institutional service capability, leading to the provision of precise and recognized calibration services to the industry.
- Testing: Upgraded textile/apparel, microbiology and chemical testing facilities. The facilities will provide testing services to exporters in the fisheries, food-processing and garments sectors and also undertake complex testing for trace elements and environmental process compliance.
- Quality Management Systems: Strengthen pool of national trainers capable of providing training to auditors and consultants in the area of ISO 9000, ISO 14000, HACCP, SA 8000, OHSAS 18000 and GMP.
- Improved capabilities of the accreditation services provided by STAMEQ.
- Enhanced corporate governance and service capability of STAMEQ, enabling the provision of support services to the growing industrial sector and exporters.

The project started in May 2004 and was expected to finish in June 2006. It subsequently received a non-cost extension until December 2006.

The two main counterparts were the Directorate for Standards, Metrology and Quality (STAMEQ) and NAVIQUAVED (National Fishery Quality Assurance and Veterinary Directorate).

In late 2006, UNIDO and SECO held initial discussion to explore the possibility of approaching the GoV with a proposal for a follow-up phase.

2. Scope, methodology and limitations to this evaluation

This independent final evaluation of phase I of the project was carried out on request of UNIDO and the donor at the end of the first project cycle. Its main purpose was to enable the GoV, UNIDO and the donor:

- To assess the relevance and needs orientation of the project;
- To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
- To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact;
- To provide an analytical basis and recommendations for the focus and (re) design for the continuation of the programme under a Phase II.

The evaluation applied an interactive and participatory learning approach, based on meetings and interviews with stakeholders. Field missions were carried out to Hanoi, HCMC, Dong Nai and Haiphong. Preliminary results and findings were presented to STAMEQ, NAVIQUAVED, the UNIDO Country Office, UNIDO and SECO Headquarters. Furthermore existing documentation such as project documents, monitoring reports, etc. were reviewed.

Limitations to this evaluation included: Firstly, a number of targets set in the project document in terms of outputs and expected outcomes are not clearly measurable or not clearly linked to activities. Some of the performance indicators do not link an activity to an output or outcome. Furthermore, only very limited baseline data are available against which progress can be measured. Secondly, financial reporting, although in line with UNIDO standards, does not link budget lines to activities and outputs. As it is not known how much funding was employed to achieve a certain output, it was not possible to assess efficiency of implementation in regards to individual activities. Furthermore, it also became not entirely clear to what degree some of the activities jointly undertaken with the NORAD regional project were funded by which donor.

3. Main Findings and Conclusions

(a) High degree of relevance, beyond original expectations

Besides contributing to Vietnam's international integration by improving trade infrastructure, the project was also relevant to the ongoing administrative reform process and to the GoV's efforts of improving protection of the population against substandard or even hazardous products. This was the right type of intervention with the right partner at the right time, when Vietnam started accelerating the process of international integration. Furthermore, the project matched well the core mandate of UNIDO and is fully in line with the regional strategy of the donor (SECO). It covers a niche where only few other donors are active in and where UNIDO has a distinctive competitive advantage.

(b) Identification and design of the project was generally well done, in particular in regards to:

- The participatory approach in assessing needs of direct beneficiaries (STAMEQ and NAVIQUAVED);
- The comprehensive interlinked approach to strengthening SMTQ (equipment provision, training, advice on policy level);

- The complementarities with the NORAD-funded regional SMTQ project and the ETV 2 project funded by the European Union as well as the envisaged linkages to other SECO and UNIDO projects in Vietnam (although those were subsequently not formalized and did not materialize as expected).

Possible areas of improvement for project identification/formulation include:

- While the project document contains an excellent introduction of the global context, the description of the specific country context is rather short;
 - Indirect beneficiaries (enterprises) should be included into the needs assessment;
 - Although this did not create any particular problems for the specific project, the project management structure should be clearly defined;
 - Envisaged outputs and expected outcomes are not clearly separated; some of the outputs are actually expected outcomes and some of the outcomes have no obvious link to activities and outputs. Some of the targets and performance indicators are not measurable and/or do not have an obvious link to the activities of the project;
 - No baseline data against which progress could be assessed is included in the project document, in particular in regards to the service quality of STAMEQ and the degree of customer satisfaction before and after the intervention;
 - The planned project duration is too short considering the complexity of the project.
- (c) **Ownership:** All beneficiaries displayed an excellent degree of ownership, expressed by personal motivation, a relationship of trust with UNIDO experts and significant own GoV input in terms of infrastructure and personnel.
- (d) **Results:** All the planned activities have been implemented, with the exception of the delivery and installation of some small equipment and the support to be provided for obtaining international laboratory accreditation. Both remaining outputs are expected to be completed within the next 3 months. The project resulted in a substantial capacity lift in metrology and testing laboratories, training programs, and developing role models for management systems in the industry. The policy advice provided and the recommendations on internal structure and strategy based on the institutional assessment of STAMEQ were well received and highly appreciated.
- (e) **Sustainability:** Most results achieved in metrology and testing infrastructure are likely to be sustainable. Whether the results in regards of improved governance and institutional capacity of STAMEQ can be sustained depends to a large degree on how the advice provided is put into practice. It is too early for an assessment at this stage, as the restructuring of STAMEQ is still an ongoing process.
- (f) **Effectiveness:** The effectiveness of assistance provided to direct beneficiaries was high. The comprehensive approach of the intervention, combining technical upgrade with training, support to international accreditation, and policy advice contributed to the high impact achieved. Whether the project was also effective in regards to impact on indirect target beneficiaries on the mesa level (trainees of follow-up courses and enterprises) is not possible to be assessed, due to a lack of impact monitoring data on

the enterprise level. Due to the fact that the required technical expertise is not yet available in Vietnam, little local expertise was used. Vietnamese experts of the beneficiary agencies worked however closely with international experts.

- (g) **Efficiency:** Due to a lack of financial data linking inputs with outputs and activities, the efficiency of implementing individual activities is not assessable. Furthermore, a number of training activities were jointly organized with the NORAD regional SMTQ project and the contributions of each project could not be clearly distinguished. However, the project was certainly efficient in regards to low overhead costs (high quality of technical input ensured, despite no permanent CTA was hired; no costly project infrastructure, such as cars). Moreover, an analysis of budget lines shows that a high percentage of the funds were directly targeted at the beneficiaries. This is a good example for a project with relatively low budget but high impact. Funds were used economically.
- (h) **Linkages and synergies:** Except with the NORAD project, expected synergies were only marginally achieved, mainly because the linkages were unilaterally defined, not specific enough and not formalized with the respective projects.
- (i) **Overall, the project was well managed**
- Key success factors were firstly, that the team leader of the IP in Vietnam (the UNIDO Representative) played an important role as a bridge between UNIDO HQ and the counterparts. Secondly, the active role of the counterpart in managing day-to-day activities contributed to the success of the project. This is a step into the right direction to account for international trends in Harmonization and Alignment of aid delivery, while at the same time maintaining compulsory UNIDO-specific procedures. Both of this has been recommended by the evaluation of the IP in Vietnam conducted in 2005;
 - Project management displayed flexibility in adjusting to changed needs, for example in regards of including advice on implementation of newly issued administrative reform policies into the institutional analysis conducted at STAMEQ, which was originally not planned.

Areas needed for improvement in project management include:

- Financial reporting according to budget lines is available, but not linked to individual outputs and activities;
- Several focal points from UNIDO side (Project Manager, experts, and team leader of the IP) occasionally lead to communication problems and misunderstandings.

Proposal for phase II

The initial proposal for phase II seems to meet expressed needs of counterparts, and links well into initiatives of other donors (EU), except the envisaged component on governance and institutional strengthening.

4. Main recommendations

To UNIDO:

- Project design of phase II: Define project management structure in details; consider using log-frames with clear, measurable performance indicators. Pay attention to the difference of output and outcomes and their link to activities. Propose project duration should be determined based on project content, not UNIDO's or the donor's planning cycles. The same execution mode should be applied to phase II as well, but financial ownership (i.e. participation of local stakeholders in the management of project funds) of the local counterparts should be strengthened.
- Linkages with other projects should be specific and formalized;
- In order to provide a more meaningful and detailed picture on fund use, financial reporting should link expenditures to both budget lines and individual outputs/activities. In addition to UN minimum standards, a financial reporting template should be established, which presents expenses according to budget lines (e.g. equipment, experts, etc.) and outputs/activities in a matrix system.

To UNIDO and the donor in regards to the proposed Phase II:

- Include consumer protection and protection of the domestic market against substandard goods into the objectives;
- Continue focusing on testing and calibration capacities important for exporting enterprising and consolidate achievements of phase I in areas that are not already sufficiently covered by other laboratories in the market;
- Require cost participation for trainings at the enterprise level and pilot implementation of QMS at the enterprise level;
- The Agro branch should be given the possibility to look at the project proposal for Phase II to give their opinion where they can be of help.
- Discontinue support in the area of governance/service capabilities of STAMEQ.
- Cost sharing between participating enterprises and project should be required for services/trainings directly provided to enterprises in order to ensure motivation and avoid market distortion.

To the Donor:

- Grant non-cost extension until September 2007
- Continue to provide funding for a second phase of this project based on a specific proposal;

To the Vietnamese GoV:

- Continue pursuing STAMEQ’s development plan and individual action plans;
- Consider using implementation mode of the project, (“lean agency execution”), but with increased financial ownership of the local counterpart for similar projects providing complex technical assistance, instead of full-fledged NEX.

5. Main lessons learned

- Needs assessments for similar projects should start at the enterprise level rather than with the service providers;
- Coordination and linkages among projects should not be unilateral and need to be formalized (e.g. by means of cooperation agreements or MOUs);
- Execution mode of this project (“lean agency execution”) could serve as best practice for highly specialized technical assistance where UNIDO has a strong country office and sufficient capacities of counterparts.
- The comprehensive, interlinked approach was effective for this type of project.
- Outcomes of trainings of trainers should be more closely monitored. Monitored follow-up trainings by course participants and pilot implementation of QMS at the enterprise level might be a good way to ensure follow-up and to reinforce results of trainings.
- In order to provide a more meaningful and detailed picture on fund use, financial reporting should link expenditures to both budget lines and individual outputs/activities. In addition to UN minimum standards, a financial reporting template should be established, which presents expenses according to budget lines (e.g. equipment, experts, etc.) and outputs/activities in a matrix system.

Introduction

A. Background

The Project “Market Access Support through the Strengthening of Capacities related to Standards, Testing and Conformity” funded by the Swiss State Secretariat for Economic Affairs (SECO) was designed as a complementary intervention to a NORAD funded regional initiative covering Cambodia, LAO PDR and Vietnam¹. The project was also a component of the Integrated Programme of Cooperation between Vietnam and UNIDO 2003-2005 completed in March 2005 (IP) and a sub-project of the new IP 2006 – 2010². The latest version of the project document available to the evaluation team dates from December, 2003.

The development objective of the project was to “facilitate market access and export capabilities (and consequently spurring economic growth and employment opportunities) by reducing technical barriers to trade through the strengthening of standards, metrology, testing, quality and conformity assessment institutional structures and national capabilities”³.

Main expected outcomes/outputs included⁴:

- Metrology: Upgrade the required technical infrastructure for metrology, textile/apparel, microbiology and chemical testing and calibration needs in industry, system certification capacity and strengthen SMTQ institutional service capability, leading to the provision of precise and recognized calibration services to the industry.

¹ Market Access and Trade Facilitation Support for Mekong Delta Countries through Strengthening Institutional and National Capacities Related to Standards, Metrology, Testing and Quality (SMTQ) in Mekong Delta Countries (Vietnam, Lao PDR, Cambodia)

² UNIDO, Integrated Programme of Technical Cooperation with the Socialist Republic of Vietnam, February 2006, page 9 (under Component 1: “SME Institutions”)

³ Project Document, page 25

⁴ Project Document, pages 26 - 27

- Testing: Upgraded textile/apparel, microbiology and chemical testing facilities. The facilities will provide testing services to exporters in the fisheries, food-processing and garments sectors and also undertake complex testing for trace elements and environmental process compliance.
- Quality Management Systems: Strengthen pool of national trainers capable of providing training to auditors and consultants in the area of ISO 9000, ISO 14000, HACCP, SA 8000, OHSAS 18000 and GMP.
- Improved capabilities of the accreditation services provided by STAMEQ.
- Enhanced corporate governance and service capability of STAMEQ, enabling the provision of support services to the growing industrial sector and exporters.

The project started in May 2004 and was originally expected to finish in June 2006. It subsequently received a non-cost extension. Implementation of the planned activities is essentially completed, with the exception of one training course in QMS, the support to the accreditation of laboratories and the delivery/installation of some small equipment provided by the project.

The main counterparts of the project were:

- The Directorate for Standards, Metrology and Quality (STAMEQ) under the Ministry of Science and Technology (MOST), including the Vietnam Metrology Institute (VMI) and the Quality Assurance and Testing Centres (QUATEST) and the Bureau of Accreditation (BOA);
- NAFIQUAVED 1 (Haiphong City) under the Ministry of Fishery.

In late 2006, initial discussions between UNIDO and SECO took place in order to explore the possibility of approaching the GoV of Vietnam with a proposal for a follow-up phase to the project. During those discussions, UNIDO also proposed ideas for a number of new areas of intervention⁵, which were made available to the evaluation team. However, a formal project proposal for a phase II has not yet been prepared.

B. Purpose and methodology of this evaluation

This independent final evaluation of phase I of the project was carried out on request of UNIDO and the donor at the end of the first project cycle. The three main functions of independent final evaluations in general can be summarized as follows:

- Accountability towards the donor and the national stakeholders;
- Support stakeholders and managers in regards to a possible future cooperation;
- Draw more general lessons learned applicable to other cooperation projects.

The purpose of this specific evaluation was to enable the GoV, UNIDO and the donor:

- To assess the relevance and needs orientation of the project;

⁵ Slideshow dated October 5, 2006 prepared by the Project Managers for the second Steering Committee Meeting, p. 15 – 27; and an updated new version with similar content sent to the evaluation team at the beginning of the mission.

- To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
- To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact;
- To provide an analytical basis and recommendations for the focus and (re) design for the continuation of the programme under a Phase II.

The independent evaluation of the project was carried out on the basis of the Terms of Reference dated January 12, 2007 and the UN evaluation norms⁶. The UNIDO evaluation group provided methodological guidance before and systematic feed-back after the mission. As the SECO consultant was partially involved as expert into an organizational assessment of STAMEQ, the assessment of UNIDO's input to corporate governance and organizational restructuring of STAMEQ was conducted by the National Expert only. The donor was informed about this before the SECO consultant accepted the evaluation assignment.

An interactive, participatory learning approach was applied, based on meetings and interviews with stakeholders (counterparts, sample of beneficiaries, both representatives of the UNIDO country office and UNIDO headquarters). Field visits were carried out in Hanoi, Danang, Ho Chi Minh City, Dong Nai and Haiphong, including an extensive meeting with two customers of STAMEQ (as indirect beneficiaries). The evaluation team reviewed a number of background papers of policy, programmatic and project related nature, including the results of the Independent Evaluation of Integrated Programme of Cooperation between Vietnam and UNIDO 2003-2005 completed in March 2005 and the evaluation report of the NORAD-funded regional SMTQ initiative (see list of documents included in Annex 2). A self-evaluation report as a basis for the evaluation and an updated progress report were not available to the mission. The documentation reviewed was validated through country level perceptions and a qualitative assessment.

All discussions with stakeholders during the field visit were open and constructive. Everyone interviewed was willing to proactively provide the evaluation team with relevant information, even on sensitive issues. Answers given were precise, clear and consistent in regards to major findings.

A feed-back meeting was conducted with representatives from counterparts, line ministry (MOST) and the UNIDO country office to present the preliminary findings, conclusions, recommendations and lessons learned to provide an opportunity for the counterparts to make comments. The list of persons and organizations met is attached in Annex 3. An extensive debriefing meeting was also conducted in Vienna on March 29, 2007 and with SECO HQ in Berne on April 4, 2007.

Limitations to this evaluation were the following:

Firstly, a number of targets set in the project document in terms of outputs and expected outcomes are (a) not clearly measurable and (b) in some cases, no causal link exists between activities and expected outputs/outcomes. Furthermore, only very limited baseline data are available against which progress can be measured.

⁶ United Nations Evaluation Group (UNEG), Norms for Evaluations in the UN System, April 29, 2005

Secondly, financial reporting, although in line with UNIDO standards, does not link budget lines to activities and outputs. It is therefore not possible to assess the efficiency of individual activities, as it is not known how much funding was employed to achieve a certain output. It was furthermore not clear to what degree some of the activities jointly undertaken with the regional NORAD project were funded by which donor.

Despite those limitations, the evaluation team feels that the factual information obtained during the mission provided sufficient evidence for expressing a well-founded opinion in regards to the issues to be addressed according to the Terms of Reference.

The evaluation team consisting of Daniel Keller, Director of Swiss Consulting, Hanoi, appointed by SECO, Team Leader and Tran Quoc Trung, Ministry of Planning and Investment, Vietnam, National Consultant expresses its gratitude to the project counterparts, the Project Manager and the UNIDO Country Office in Vietnam for the cooperation and excellent support provided throughout the evaluation exercise.



Project planning and achievements

A. Project funding

The project is fully funded by SECO with an overall budget of USD 985,000 (excluding agency support cost), of which, according to the report provided by the UNIDO country office, 99.7%, were disbursed as per March 8, 2007.

B. Project planning

Identification

The project addresses issues relating Technical Barriers to Trade (TBT), and partly Sanitary and Phytosanitary Measures (SPS Agreement under WTO). It links well into the internationally agreed framework of Trade Related Technical Assistance (TRTA) and is thus in conformity with international development strategies. It fully supports Vietnam in accelerating its trade facilitation strategies in the context of its modernization and integration policies in the field of SMTQ.

Furthermore, the project matches perfectly into the operational mandate and the core competencies of UNIDO⁷, which is to alleviate poverty and promote social advance, by supporting developing and transition countries to participate in the world production system by helping them to raise productivity and to develop competitive economies. Enhancing trade infrastructure, the reduction of trade barriers, measures to increase competitiveness of products, promoting standards and quality labels are among the core areas of SECO's support to developing and transition countries to better integrate into the world economy⁸.

The right institutional partners were identified as well.

A participative needs assessment of direct beneficiaries (STAMEQ, NAVIQUAVED) by UNIDO experts lead to a high degree of relevance for both direct and indirect beneficiaries. This, despite that apparently no needs assessment on the enterprise level (indirect beneficiaries on the mesa level) had been conducted.

⁷ UNIDO in brief, June 2005

⁸ SECO's strategy 2006 and the SECO's vision 2010

Formulation

The project document includes excellent and comprehensive background information on trade facilitation in the context of international integration. Within this context, the purpose of the project is to reduce technical barriers to export trade, reflecting a structure of interventions that are complementary to each other. While the global context (SMTQ capacities, their linkages to Foreign Direct Investment, their role as a mechanism for one-way trade facilitation, the post DOHA TRTA commitments) is well explained, the specific country context is not analyzed in details. This might be partially due to the fact that there was no preparation phase.

The project was designed as a comprehensive, inter-linked approach to strengthening SMTQ, including the institutional side and the demand side. It aimed at complementing activities under a regional SMTQ project funded by NORAD. Objectives defined reflect expressed needs of the direct beneficiary institutions and also needs of indirect beneficiaries, although those were not included into the needs assessment during identification. The evaluation obtained unanimous confirmation among all stakeholders interviewed that the UNIDO intervention was the right type of intervention at the right time when Vietnam started accelerating the process of international integration.

The project design calls for relatively ambitious linkages to other UNIDO projects within the Integrated Programme for Vietnam⁹ and several SECO-funded or co-funded projects¹⁰; however, most of those linkages were not formalized and/or “unilateral”. Therefore, with the exception of the regional SMTQ project funded by NORAD, where even certain synergies in terms of cost savings by coordinating expert missions/trainings were achieved, only a few of the envisaged linkages worked out in practice. Within the IP, the project seized the opportunity to provide support to the Component 2 of the IP (Rural Entrepreneurship) in Ha Tinh, which was originally not envisaged. Current and planned activities of other donors were carefully taken into consideration at the design stage. With one small and not very significant exception¹¹ - there seem to be no areas of overlaps or duplications with initiatives funded by other donors.

The overall design of the project is rather schematic, while the actual interventions were based on a detailed needs analysis conducted by UNIDO experts during the first year of implementation, and the project document was not updated to account for the changes resulting from the needs analysis.

The planned timeframe of 2 years appears not commensurate for a project of complex nature aiming at results that depend on many external factors (accreditation, institutional reforms, and legal reforms). It might be that the timeframe was defined according to the donors and/or UNIDO’s planning cycle rather than considering the specific project content.

⁹ The Vietnam Cleaner Production Centre (1999 – 2004, extended) is mentioned as a strategic linkage.

¹⁰ The comprehensive list on p. 21/22 of the Project Document includes: Support for Trade Promotion and Export Development (implementing agencies ITC and VIETRADE), Swiss Import Promotion Program (SIPPO), Mekong Project Development Facility (MPDF) implemented by the IFC, Mekong Enterprise Fund (MEF), managed by Mekong Capital

¹¹ Assessment of Governance and Organizational Structure of STAMEQ as a part of an ADB loan arrangement (assessment mission by AFD Expert scheduled in June 2007, building up on initial work undertaken early 2006).

Management structure and specific responsibilities are only marginally mentioned in the Project Document.

The project is broken down in one immediate objective and 5 outputs with various activities. There is a time schedule for outputs and activities. However, budget lines are not linked to outputs or activities. Results in terms of outputs, expected impact and outcomes are not clearly separated, some of them are not measurable, not directly linked to activities or no baseline data is available to assess progress. Some of the progress indicators are not measurable due to the lack of baseline data; others are only partially linked to the activities of the project. Also, the causal relationship along the results chain is not throughout consistent. Some activities were not logically linked to outputs and some outputs are not logically linked to outcomes.

As a conclusion, the Project Document does not meet standard international practice for project plans; in particular, the logical framework was not consistently applied¹².

C. Project implementation

Development Objective: Facilitate market access and export capabilities (and consequently spurring economic growth and employment opportunities) by reducing technical barriers to trade through the strengthening of standards, metrology, testing, quality and conformity assessment institutional structures and national capacities.

Immediate Objective: Upgrade the required technical infrastructure for metrology, textile/apparel, microbiology and chemical testing and calibration needs in industry, system certification capacity and strengthen SMTQ institutional service capability.

Output 1	Planned/Realized
<i>Upgraded metrology testing facility having internationally accredited mass and temperature laboratories, leading to the provision of precise and recognized calibration services to the industry.</i>	<p>Planned activities</p> <ol style="list-style-type: none"> 1. Prepare the framework for strengthening the Metrology laboratory, in light of the enhanced demand by the manufacturing sector for diverse calibration needs, precision manufacture and product quality assurance. 2. Identify the equipment requirements, physical facilities required and the spectrum of tests to be covered by the strengthened metrology laboratory. 3. Order laboratory equipment and install and test the equipment. 4. Provide hands on training on equipment operation and calibration. 5. Plan and organize study fellowships overseas for key national staff. 6. Assist in the setting up of the Quality Management System in the Laboratory and comply with the ISO 17025 laboratory accreditation model. 7. Assist in obtaining international accreditation for the improved Metrology facility. <p>Realized activities</p> <ul style="list-style-type: none"> • Nearly all activities for upgrading mass and temperature laboratories of VMI, QUATEST 1, 2 and 3 have been completed as planned but there are some delays in obtaining international accreditation for 4 mass and

¹² See for example SECO's manual on logical frameworks published on www.seco.admin.ch

	<p>temperature laboratories of VMI and QUATEST 3.</p> <ul style="list-style-type: none"> • Some temperature measurement equipment of VIM not yet delivered and installed (i.e. True Temperature Indicator 2 and Black Body Source for Infrared Thermometers). • All mass and temperature laboratories are in the final stage to prepare documentation (such as manuals, procedures) for obtaining the ISO 17025 laboratory international accreditation model. • All equipment provided and installed by the project are in use, functioning and provide precise and recognized calibration services to the industry and authorized institutions.
Output 2	Planned/Realized
<p><i>Upgraded textile/apparel, microbiology and chemical testing facilities. The facilities will provide testing services to exporters in the fisheries, food-processing and garments sectors and also undertake complex testing for trace elements and environmental process compliance.</i></p>	<p>Planned activities</p> <ol style="list-style-type: none"> 1. Prepare the framework for strengthening the microbiology and chemical testing laboratories, in light of the enhanced demand by the export sector for agro and processed food exports and meeting environmental and food safety test requirements. 2. Identify the equipment requirements, physical facilities required and the spectrum of tests to be covered by the strengthened textile/apparel, microbiology and chemical testing laboratories. 3. Order laboratory equipment and install and test the equipment. 4. Provide hands on training on equipment operation and calibration. 5. Plan and organize study fellowships overseas for key national staff. 6. Assist in the improvement of the Quality Management System in the laboratories to comply with the ISO 17025 laboratory accreditation model (including INEST labs). 7. Assist in obtaining international accreditation for the improved microbiology, chemical, food and textile/garment testing facilities (including INEST labs). <p>Realized activities:</p> <ul style="list-style-type: none"> • Main activities for upgrading textile/apparel and microbiology testing facilities completed as planned but there are some delays in obtaining international accreditation for 3 textile/apparel and microbiology laboratories of QUATEST 1, 3 and NAFIQAVED 1. • Main microbiology testing equipment of QUATEST 1 is not yet delivered. Thus, the international accreditation of microbiology laboratory of QUATEST 1 is impossible in the current phase of the project. • Participation of microbiology and textile/apparel laboratories in PTS is pending. • Some reference materials of textile/apparel testing laboratory (i.e. pre-cut crocking cloths, crock-meter calibration fabric; emery paper for crock-meter) are not arrived yet. • Textile/apparel and microbiology testing laboratories of QUATEST 1, QUATEST 3 and NAFIQAVED 1 (except microbiology testing laboratory of QUATEST 1) are in the final stage to prepare documentation (such as manuals, procedures) for obtaining the ISO 17025 laboratory international accreditation model. • Support to INEST laboratories is not provided as foreseen in the project document (apparently the

	project later decided to not pursue this, as it is not linked to the overall objective of the project intervention).
Output 3	Planned/Realized
<i>Strengthened pool of national trainers capable of providing training to auditors and consultants in the area of ISO 9000, ISO 14000, HACCP, SA 8000, OHSAS 18000 and GMP</i>	<p>Planned activities</p> <ol style="list-style-type: none"> 1. Identify training capacity gaps in the country relating to ISO 9000, ISO 14000, HACCP and SA 8000. Map the demand for such training for the industrial sector. 2. Select suitable trainers to be supported under the project. 3. Design and launch “training of trainer” programs for ISO 9000, ISO 14000, HACCP, SA 8000, OHSAS 18000 and GMP. 4. Develop STAMEQ training courses and related training material and manuals and obtain IRCA approval. <p>Realized activities</p> <ul style="list-style-type: none"> • 3 training of trainer courses on ISO 9000, ISO 14000 and HACCP; 3 seminars on ISO 9000, ISO 14000 and HACCP/GMP; 2 training of trainer courses on EMS and QMS; 2 seminars on EMS and QMS; 1 lead auditor training course on SA 8000; and 1 training course on OSHAS 18000 were organized and completed. The trainers and lead auditors are able to provide constancy to companies and institutions and training to internal auditors of companies in the area of ISO 9000, ISO 14000, HACCP, SA 8000. However IRCA-approval for certificates of trainers and lead auditors in ISO 9000, ISO 14000 and HACCP is not obtained and 1 training course in QMS will be organized by the end of March. • Number of companies certified ISO 9000, ISO 14000, HACCP etc. increased, but it is impossible to establish the link to project. • Enhanced compliance to market requirements: no data.
Output 4	Planned/Realized
<i>Improved capabilities of the accreditation services provided by STAMEQ.</i>	<p>Planned activities</p> <ol style="list-style-type: none"> 1. Study the organizational structure and performance basis of the accreditation bureau to enhance its independence and international recognition. 2. Survey Vietnam’s export markets to determine the most beneficial MRAs that need to be established. 3. Identify and provide local and overseas training for BOA (Bureau of Accreditation) assessors. 4. Develop operational plans; take off strategy and marketing assistance for the improved accreditation facility. <p>Realized activities</p> <ul style="list-style-type: none"> • All activities were completed as planned but it is too early access the outcome from policy level and structural changes in accreditation body. • Advisory board to BOA with different stakeholders represented for different related institutions is first step into right direction for increased independence of BOA.
Output 5	Planned/Realized
<i>Enhanced corporate governance and service capability of STAMEQ, enabling the provision of support services to the growing private sector driven industrial sector and exporters.</i>	<p>Planned activities:</p> <ol style="list-style-type: none"> 1. Assess the present objectives, sphere of operation and institutional capacities of STAMEQ with a view to rationalizing and restructuring the institution objectives and operational strategy. 2. Prepare corporate plans, financial business plans and marketing plans for the institute, with a view to

	<p>enhancing service efficiency and corporate governance.</p> <ol style="list-style-type: none"> 3. Provide training, fellowships and hands on assistance to implement the new business plan. 4. Prepare publicity material and publicize the services available. <p>Realized activities:</p> <ul style="list-style-type: none"> • Comprehensive organizational and operational analysis of STAMEQ was conducted. Results and recommendations were well received and highly appreciated by STAMEQ leadership. • However, the achievement of expected outcome will depend on final political decision of the GoV, PAR policies, legal framework reform and efforts of leaders of STAMEQ in conducting the institutional and organizational reform to make STAMEQ become a leading technical services provider in SMTQ.
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Assessment of project results

A. Relevance

Policy relevance

The project was highly relevant and fully in line with the strategies, plans and policies of the GoV, as well objectives and priorities of the main counterparts, and the target groups. It fits well in Vietnam's overall economic development strategy to enhance the competitiveness of locally manufactured products in order to better meet local consumption and export demands. Beyond this, strong SMTQ institutions also contribute significantly to poverty alleviation through fostering domestic trade. Without a well developed testing infrastructure, Vietnam risks to be turned into a dumping ground for substandard and even hazardous imports from other countries as well as for domestically produced goods of low quality. The already limited purchasing power of the poor is further exploited. Cheap, substandard goods, many of which are illegally imported, are already a major problem of the Vietnamese domestic market.

National strategies, plans and policies on SMTQ and export promotion

The goals of the Strategy for Socio-Economic Development 2001 – 2010 approved by the IXth National Congress of the Communist Party of Vietnam in 2001 are:

- To increase visibly the efficiency and competitiveness of products, enterprises and the economy; to better meet essential consumption demands, and a considerable part of production and export demands.
- To build up the endogenous scientific and technological capacities to ensure applicability of modern technologies.

Major tasks and development directions of the Five-Year Socio-Economic Development Plans 2001 - 2005 and 2006 - 2010 approved by National Assembly of Vietnam in 2001 and 2006 respectively are:

- To accelerate the international integration of the Vietnamese economy into the world economy
- To increase the competitiveness of products and services of Vietnamese enterprises
- To protect rights and interests of consumers from substandard products
- To increase scientific and technological capacities and human capital of the country
- To create favorable conditions for promoting exports
- To apply modern QMS in both enterprises and in public administration.

Administrative Reform

Institutional reform and improved corporate governance:

- Prime Minister Decision No. 140/2004/QD-TTg on 05 August 2004 on providing regulations on the functions, tasks, powers and organizational structure of STAMEQ
- Restructuring of scientific-technological entities into autonomous scientific-technological organizations (according to Decree 115/2005/ND-CP on 5 September 2005 on providing autonomy and self-management mechanism applicable to public scientific and technological organizations). This legislation, which is in line with key principles of modern public management, can be considered as a milestone in the government's efforts to accelerate public administrative reform efforts (approved by under the Prime Minister Decision No 136/QD-TTg on 17 September 2001) by separating from service provision and normative/authoritative functions.

Consumer Protection

SMTQ and protection of consumers' rights:

- Government Decree No. 06/2002/ND-CP on 14 January 2002 on providing detailed regulations on the implementation of the Ordinance on Metrology. Prime Minister Decision No. 166/2004/QD-TTg on 21 September 2004 on promulgation of regulations for approval of national metrology standards.
- Government Decree No. 179/2004/ND-CP on 21 October 2004 on providing regulations of state management on goods and products quality.
- Prime Minister Decision No. 444/2005/QD-TTg on 26 May 2005 approving the scheme of implementation of the Technical Barriers to Trade Agreement.
- Law No. 68/2006/QH11 on 29 June 2006 on Standards and Technical Regulations.
- Government Decree No. 69/2001/ND-CP on 02 October 2001 on providing detailed regulations on the implementation of the Ordinance on Protection of Consumers' Rights.
- Government Decree No. 163/2004/ND-CP on 7 September 2004 on providing detailed regulations on the implementation of some articles of the Ordinance on Food-stuff Hygiene and Security.
- Various decisions of Ministry of Science and Technology on requiring the testing of quality of imports and exports, accrediting goods complied with standards on safety and announcing goods complied with standards.

Relevance to target groups

The project supports the implementation of the Development Strategy of STAMEQ. in the Field of Standardization - Metrology - Quality until 2015 and Orientation, Objectives, Missions of the STAMEQ 5-Year Plan 2006 – 2010.

Both documents express a clear aim to enhance competitiveness of products and goods made in Vietnam in terms of quality and productivity, as well as facilitating trade activities and the Vietnam's international economic integration by:

- Building the capacities of the accreditation system;
- Strengthening the capacities in the field of industrial metrology and the testing capacities with a focus on sectors that are relevant for exporting enterprises, such as textile/garment, seafood, and food processing. Supporting for international accreditation of key laboratories;

- Developing restructuring plans ("business plans" or "operational plans") for entities under STAMEQ to become financial self-sustaining service providers guided by Joint-circular No. 12/2006/TTLT/BKHHCN-BTC-BNV on 6 June 2006 of the Ministry of Science and Technology, Ministry of Finance and Ministry of Internal Affairs on transforming organisms in the field of scientific researches and technological development, of scientific and technological services into financial self-sustaining scientific and technological organizations.

The project was also highly relevant for indirect beneficiaries (enterprises). Access to high precision metrology and testing facilities that provide accurate and internationally recognized services and the implementation of QMS contribute to quality and efficiency improvements and hence to increased international competitiveness.

Case Study: Amanda Foods – Client of QUATEST 3

Amanda Foods is a 100% foreign-owned seafood processing enterprise established by a Singapore investor in Dong Nai Province. After 15 years working with over 30 processing partners in Vietnam, the company established a brand new factory in 2003 with a yearly production capacity of 7,000 tonnes of shrimp products. The company plans to increase its production capacity to over 10,000 tonnes a year in 2008. 100% of the products are exported, mainly serving the U.S. (40%), European (30%) and Japanese markets (20%). There are around 400 seafood exporting enterprises in Vietnam, of which 100 are located in the south. The strongest growth of the industry is currently in Central Vietnam, where testing facilities are not yet well developed (QUATEST 3 serves some customers there as well). Amanda has its own on-site testing facilities for Anti-Biotic and Microbiology (this serves also to test ice used in production on contamination). QUATEST 3 is their independent laboratory and is able to cover all regular testing needs. Besides this, QUATEST 3 verifies and calibrates their measuring equipment (mass, temperature). Some of their customers still require additional testing by a laboratory abroad. International accreditation of laboratories of QUATEST 3 would probably make their clients more confident. Why do they not use NAVIQUAVED for testing? Customers would have concerns, as NAVIQUAVED is part of the Ministry of Fisheries, the GoV management agency in the area of seafood. AMANDA's strong point is a sophisticated traceability system, covering the entire supply chain. According to company representatives, GMO testing is required for some of the raw material used, e.g. for shrimp food and for coating of finished products. Sometimes, clients require suppliers to apply their own traceability system. AMANDA is sceptical about whether a fully electronic system could be applied in the industry, as this would not work with their suppliers (shrimp farms). HACCP is already standard in the seafood industry and from 2008 onwards official requirement even for the domestic market. Factories that do not apply HACCP would not be able to export. Consulting in establishing HACCP and certification is readily available in the country. They expressed their satisfaction with the services provided by QUATEST 3 and highlighted that their clients were reasonably confident if they use QUATEST 3 as independent laboratory.

Relevance to the donor and to UNIDO

The project covers one of the core areas of the Swiss development cooperation under the SECO Strategy 2006, which is to provide assistance in creating favorable framework conditions for enterprises to export. It belongs to one of three key components under

Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO 2006-2010, which aims at advocating for and supporting a process of sustainable industrial development in Vietnam by increasing product quality, reducing production cost to strengthen competitiveness and satisfy the requirements of domestic and international markets. The project also matches perfectly the operational mandate and core competencies, expertise and experience in industrial development of UNIDO.

Relevance to the Millennium Development Goals

The overall objective of the project indirectly contributes to the achievement of the Millennium Development Goal 1 (Eradicate extreme poverty and hunger) by creating more jobs through facilitating export- oriented industrial development.

Relevance to the Hanoi Core Statement on Aid Effectiveness

Moreover, the organizational mode of the project is a significant step towards fulfilling ownership, harmonization, alignment and results principles under Hanoi Core Statement on Aid Effectiveness. This in regards to (1) no parallel structures established (PMU) between the main counterpart and the project and (2) the increased responsibility of the counterpart in regards to the management of project activities implementation but not in regards to financial management. The project was well aligned the top priorities of local counterparts and harmonized with interventions of other donors (no overlaps).

B. Ownership

Beneficiaries have a high degree of ownership, including STAMEQ overall, QUATEST 1, 2, 3, BOA, NAFIQUAVED 1, and SMEDEC 2 (HCMC), reflected by:

- Personal motivation of everyone interviewed; even the top management of counterparts was in detail informed about project activities;
- Clear evidence for a relationship of trust developed between UNIDO experts and staff of all local counterparts interviewed;
- Significant national inputs into infrastructure and facilities where equipment provided under the project was installed. This included an upgrade and renovation of buildings in textile, garment and microbiology labs of QUATEST 1, the mass metrology lab of VMI, the mass metrology lab of QUATEST 3 and the labs of NAVIQUAVED 1;
- Significant staff inputs in implementing project activities in general, such as the preparation of documentation for international accreditation of 7 laboratories from STAMEQ and NAFIQUAVED 1;
- Selection of the right persons for participating in trainings of trainers (not only internal staff inside STAMEQ structure, but also consultants from other private companies and organizations outside STAMEQ structure);
- Significant inputs of entities of STAMEQ and NAFIQUAVED 1 to needs assessment on technical level (e.g. selecting the high priority and affordable equipment and right staff for right training);
- Supplementary training courses funded by GoV as in case of staff training of BOA.

The high degree of ownership does however not include financial ownership. In line with UNIDO policies, counterparts were not provided with financial reports. This lack of financial ownership is not only a missed opportunity for capacity building in fund management. Although in the case of this particular project, the lack of financial ownership was not seen as a major problem by STAMEQ, concealing financial information from counterparts is likely to reinforce the GoV's pressure on UNIDO to shift to full-fledged NEX mode for all new projects in Vietnam.

C. Effectiveness

Overall, it can be concluded that the project used an effective approach, resulted in a strong impact on direct beneficiaries and reached well the envisaged direct target groups. There is also evidence of a significant impact on indirect beneficiaries, although it is difficult to come to a conclusion in this regards (see comments earlier).

The comprehensive approach of the intervention, which combined technical upgrade of equipment and facilities of labs, international attachment trainings for key staff of labs and the BOA, support to international accreditation of selected labs, policy and corporate governance advice for STAMEQ was the right approach to achieve the overall objective of the project.

Hanoi Knitting Company - Client of QUATEST 1

The Hanoi Knitting Company (H.K.C) was established in 1966 as a state-owned enterprise and equitized in 2002. The state maintains a minority stake of 30% for the time being, the remainder of the shares is held by private investors and workers of H.K.C. H.K.C specializes in producing various types of socks, of which 75% are exported, mainly to Japan, the United States and Russia.

QUATEST 1 provides both testing and QMS consulting services to H.K.C. Testing is done based on specific requirements of clients, and those are different for each export market. According to the Quality Manager of H.K.C, the textile laboratories in Vietnam are not yet able to provide all testing required, namely in the area of colors. Thus, samples have to be sent abroad. This is costly, time consuming (5 – 6 days at least) and therefore affects the competitiveness of the company compared with suppliers in other countries. The laboratory upgrades undertaken by the project addressed some of their needs, but not yet all.

In regards to QMS, the most relevant standards today are widely recognized social standards such as SA 8000 and WRAP. Many U.S. companies have in addition their own CSR standards their suppliers have to comply with. H.Q.C expressed their high satisfaction in working with QUATEST 1.

With very few exceptions, the quality of technical input provided by UNIDO was excellent. Activities were well implemented. UNIDO selected the right experts for the right task. International expert advice in all areas i.e. mass and temperature metrology, microbiology, chemical and textile/garment testing, accreditation system and corporate governance was considered as very useful and highly appreciated by counterparts.

Due to the fact that the required technical expertise is not yet available in Vietnam, little local expertise was used. Vietnamese experts of the beneficiary agencies worked however closely with international experts. They also participated actively in the selection of equipment provided, the training needs assessment and at the time the evaluation team

visited were about to independently establish the documentation required for obtaining international accreditation.

In regards to support the upgrade of testing and metrology facilities:

The project reached well the primary target groups envisaged in the project document (e.g. testing and metrology laboratories of QUATEST 1, 2, 3, BOA, STAMEQ leadership, NAFIQAVED 1)¹³. The approach to simultaneously upgrading physical working facilities, complementing equipment, providing attachment trainings, technical advice and advice on implementing QMS in order to prepare for international accreditation of laboratories resulted in a high impact.

On the outcome level, it is evident that the labs are able to provide more, expanded and higher quality testing services to exporters in the fisheries, food-processing and garments sectors and also undertake complex testing for food-stuff hygiene and security compliance that they could not conduct in the past. This also contributes to ensure safety and sanitation of imported and locally produced food and to protect the rights and interests of consumers. It should also be particularly highlighted that the good results achieved would not have been possible without the intensive participation and significant own contribution of local counterparts.

In regards to indirect beneficiaries (exporting industry), impact is more difficult to assess. While the two companies located in Ha Noi and Dong Nai interviewed by the mission expressed their satisfaction with the testing/calibration services provided by QUATEST 1 and 3, it is difficult to establish a direct link to project outputs and outcomes. In order to assess specific impact on the enterprise level, a systematic survey of a representative sample of clients should have been undertaken before and after the project.

Training of trainers in the area of QMS:

Training courses resulted in a strong impact on the trainers/lead auditors trained under the project. All trainers and lead auditors in the field of HACCAP, SA 8000, and ISO 14000 highly appreciated the training courses provided by the project. Trainers, organization and content of courses were deemed as excellent.

Here again, a specific assessment regarding impact of trainings on the enterprise level is not possible, due to a lack of systematic monitoring of follow-up trainings given by trainers. Interviews with trainers and lead auditors who participated in HACCAP, SA 8000, ISO 14000 training courses showed that they were intensively active in the field of training, consultancy or auditing work in QMS for enterprises. Apparently, some of their clients were subsequently granted SA 8000, HACCAP certificates. They suggest that in the future, the project should assist them in obtaining official certification as trainers, as it was done for the SA 8000 training course. Furthermore, they would welcome opportunities to participate in practical training, consultancy or auditing work for enterprises applying QMS in order to increase the effectiveness of training courses. It can be concluded that, as a result of the project, at least those trainers interviewed were able to provide better training and consultancy services for enterprises applying QMS.

¹³ As mentioned above, the international certification in ISO 17025 of INEST (VNCPC) was not further pursued. Project management felt that activities of VNCPC were not directly linked to export-oriented industries as the main indirect target beneficiary of the project.

Corporate governance, strengthening STAMEQ as a service provider:

The direct target groups (top management of STAMEQ management and the GoV) were obviously well reached. Advice was well received and led to some improvements in regards to corporate governance of STAMEQ at institutional and political levels. Counterparts confirmed that advice and recommendations provided under the project were taken seriously by the GoV, but implementation needed time. It is at this point not yet clear to what degree recommendations made on accreditation system will be incorporated into the latest version of Draft Law on Goods and Products Quality, following Vietnam's WTO commitment on establishing a National Accreditation Council. In regards to institutional restructuring of STAMEQ, market pressure might be one of the main triggers of accelerating the institutional reform and restructuring of scientific-technological entities as guided by PAR policies and Decree 115/2005/ND-CP. A follow-up plan was established by STAMEQ and already partially put into practice.

D. Efficiency

Overall, the evaluation team found that funds were used efficiently and also economically.

As mentioned earlier, it was in most cases impossible to assess efficiency of individual outputs in details, as the financial reporting system available to the mission does not link inputs with outputs and activities. Moreover, in regards to some activities jointly organized with the regional SMTQ project funded by NORAD (particularly output 3 and output 4), it was not entirely clear who contributed what training courses and activities.

Table 1: Structure of Expenditures

<i>Expenditures by budget lines/type of input</i>		<i>Total as at 08.03.07 in US\$</i>	<i>% of actual expenditure</i>	<i>% of budget</i>
11-00	International Experts	235,539	23.9	27.3
13-00	Support Staff	4,750	0.5	0.5
15-00	Local Travel	3,396	0.3	0.4
16-00	Mission Costs	30,800	3.1	2.2
17-00	National Experts	19,997	2.0	0.0
21-00	Sub-contract	124,774	12.7	11.7
32-00	Study tours	44,225	4.5	4.1
33-00	In service training	11,184	1.1	1.0
45-00	Equipment	507,772	51.6	51.8
51-00	Miscellaneous	2,563	0.3	1.0
99-99	Total	985,000	100	100

Overhead costs were comparatively low, due to the following main reasons:

- Experts were only commissioned for specific assignments; the project did not employ a permanent CTA, while still achieving a high quality of technical input;
- No costly project infrastructure with (project office, car) was established;
- The local overhead costs including support staff, local travel, costs of missions and miscellaneous expenses only accounted for 4.2% of total (local) cost of the project.

Therefore, a high percentage of funds were directly channeled into the implementation of project activities that directly benefited counterparts;

- It seems that during the project implementation, the use of funds was adjusted towards increasing expenditures for local experts, international accreditation and in service training while reducing expenditures for international experts.

This is a good example for a project with relatively low budget but high impact, at least on direct target beneficiaries.

E. Sustainability

Metrology and testing laboratories: Technical upgrade of equipment and staff skills are clearly sustainable. All equipment provided by the project was well maintained and put into stable operation by counterparts. Whether the envisaged international accreditation of mass and temperature metrological and microbiology and textile/garment testing labs (ISO 17025) will be sustainable depends on available financial resources for maintaining international accreditation and maybe also the demand/pressure from their customers. It seems more likely that the laboratories of QUATEST 3 will be financially capable to maintain international accreditation than other laboratories supported under the project.

Pool of national trainers in QMS: Overall, results seem to be sustainable. A sample of trainers and lead auditors interviewed by the evaluation team confirmed to actively working in the fields they were trained. Whether this is true for all participants of training courses, could not be assessed. Outcomes of trainings should be more closely monitored. One way to do this would for example be to encourage STAMEQ to establish a website, where members can register and receive information.

Support to the Accreditation Body (BOA): Training and inputs on the operational level (the results of attachment trainings) of BOA is clearly sustainable. All persons trained use in practice what they learned. Whether recommendations on policy level and structural changes made (e.g. the Advisory Board to BOA) will be maintained, is too early to be assessed, as this mainly depends on decisions of the political level and the incorporation of the recommendations made into the Draft Law on Goods and Products Quality that will be submitted again to the National Assembly for further discussions in November 2007. It seems rather unlikely that progress made in this regards is reversed.

Corporate governance and service capacity of STAMEQ: Recommendations provided by the project were well received. STAMEQ established a specific follow-up plan in regards of each of the suggestions made in the report submitted by the two consultants. The commitment and actual actions from leaders of STAMEQ to put most of them into practice are high. Whether improvements can be sustained depends to a large degree also on the pressure of the market and the commitments of the GoV to rigorously pursue PAR policies and institutional reform by restructuring scientific-technological entities under Decree 115/2005/ND-CP

F. Project management

1. Strengths

Overall, the project was well managed, in particular:

- **Generally, there is a good cooperation** with the counterparts and beneficiaries. The evaluation team received very positive feed-back from all stakeholders visited. All beneficiaries are eager to continue the cooperation. Advice has been followed-up to a high degree in all beneficiary institutions. The equipment provided seems to be well maintained and is working properly after some initial problems, which counterparts resolved directly with the manufacturers. It can be said the project made a real difference in all institutions and companies the team has visited.
- **Technical input was well coordinated** by the Project Manager and experts.
- **The active role of the UNIDO Country Director** cum team leader of the IP as a focal point and facilitator between UNIDO and STAMEQ was a crucial success factor.
- **The pro-activeness of the Vietnamese counterparts**, in particular in independently organizing missions and seminars in a very professional way, contributed significantly to the successful implementation of the project. This is an initial step into the right direction to fulfill the spirit of the Hanoi Core Statement. It takes into account international trends towards an increased role of local counterparts in managing projects, while at the same time still complying with compulsory UNIDO procedures. Counterparts emphasized that agency execution paired with a participatory approach in decision making was a suitable way to implement a project of this nature. They felt skeptical about applying core principles of NEX in sourcing equipment and international expertise, as this would be more complicated and time consuming.
- The evaluation team also positively noted the **responsiveness of UNIDO to changed needs of beneficiaries**, in particular by additionally providing specific advice on how to implement new administrative reform policies within STAMEQ under output 5.

2. Weaknesses

Nevertheless, there is room for improvement in the following areas:

- **Assigning clear responsibilities within UNIDO:** While the responsibilities between the Project Manager, experts, and the UNIDO national representative (who is at the same time the team leader of the IP) may be clear in principle, the responsibilities were not clearly defined and communicated in the operational contacts with counterparts and other beneficiaries. Some of the counterparts were not sure who to address with specific problems and who would make decisions in certain matters. Misunderstandings occurred when list of equipment needs established by experts was in three instances misinterpreted as a commitment from UNIDO's side. In one case, the Vietnamese side made investments into infrastructure in order to prepare for the delivery of equipment, which was subsequently not purchased. Some of the challenges encountered in day-to-day management might be the downside for not having a permanent CTA on place.
- **Monitoring and reporting:** Progress reports are comprehensive but were not updated to the time of the final evaluation. The last document received in March reported the project as completed as per March 2007, although obviously one of the main outputs

(support to accreditation) was still under implementation. Sometimes it was not clear to the evaluation team and the beneficiaries what activities were undertaken and funded under which project (NORAD or seco). The possibility that outputs are reported several times under different projects can therefore not be excluded.

- **Financial budgeting and reporting** provided to the evaluation team, although in line with UNIDO policies, does not allow for a clear picture what has been spent for what activity. The information for the donor on how the funds were used is rudimentary. In order to provide the necessary transparency, the evaluation team recommends that in addition to the minimum UNIDO standards, a financial reporting template following a matrix system be established, which presents the expenses according to components (e.g. legal infrastructure, competence development, laboratory development, all on a country basis for regional projects) in addition to the usual budget lines (e.g. equipment, experts, etc.).
- **Coordination of expert missions:** The evaluation team learned that in some instances, expert missions were coordinated on very short notice, which was partially due to difficulties in obtaining visas for them on time. This occasionally led to difficulties for counterparts to complete the necessary preparations on time.

G. Horizontal issues

Synergies in form of economies of scale and scope were achieved through strong linkages between the project funded by SECO and the regional NORAD project. This contributed to efficiency as well, specifically:

- In outputs 1 and 2 where the assessment of metrology and testing infrastructure capacities and recommendations to strengthen the laboratory capacities made by NORAD project were utilized for SECO project formulation and implementation;
- The implementation of output 3 where training courses for national trainers in QMS between the two projects were jointly organized; and
- Outputs 4 and 5, where the SECO project continued providing advice and training for the independence of accreditation system and improved corporate governance of STAMEQ to complement initial efforts made under the NORAD project;
- Moreover, STAMEQ experts provided women entrepreneurs in Central Vietnam (supported by Entrepreneurship Development Programme for Women in Food Processing in Central Vietnam project in the IP) with training and training materials on Standards Conformity Declaration. This resulted in synergies within the IP
- The Vietnam Productivity Center (HCMC) under STAMEQ further provided training in the field of quality to the ILO-Factory Improvement Programme funded by SECO.

However, there are also a number of missed opportunities for synergies, in particular:

- The envisaged synergies/cooperation between the project and other ongoing trade-related projects funded by SECO did only marginally materialize.
- There is also no indication of direct linkages with activities of ongoing Assistance to establish the National and Provincial SME Support Infrastructure project (jointly implemented by ASMED under the Ministry of Planning and Investment and UNIDO).

Table 1: Summary of main strengths and weaknesses of the project

Main Strengths	Main Weaknesses
<ol style="list-style-type: none"> 1. High degree of relevance, beyond initial expectations. Right type of intervention at the right time. 2. High level of ownership expressed by beneficiaries. 3. Comprehensive approach of the intervention, combining technical upgrade of testing/metrology facilities, training of trainers in QMS with policy advice was the right approach to achieve overall objectives of project. 4. High quality of technical input 5. Efficiency in terms of high percentage of input channeled into activities that directly benefit counterparts, no costly project infrastructure, management overhead. Economic use of funds, while still maintaining quality of input. 6. Project implementation mode (agency execution, but active involvement of counterpart). Proactive role of UNIDO IP team leader in the country office. 7. Likely sustainability of results in regards to all outputs; successful transfer of know-how and skills to direct beneficiaries. 	<ol style="list-style-type: none"> 1. High potential for synergies with other SECO projects and other projects within the IP not yet fully exploited; partially due to linkages to other project not formalized. 2. Needs assessment of direct beneficiaries was well done, but not on the level of indirect beneficiaries. 3. Project document does not clearly define management structure. Log-frame as standard project management tool not applied. 4. No impact monitoring on the level of indirect beneficiaries (including monitoring of follow-up trainings given by trainers trained under the project). 5. Financial reporting and budgeting, although in line with UNIDO norms, does not provide information on fund use as per specific outputs/activities.

Table 3: Overall evaluation of performance by outcomes/outputs

Assessment Scale		<i>Relevance</i>	<i>Effectiveness</i>	<i>Efficiency</i>	<i>Impact</i>	<i>Sustainability</i>
•	Highly satisfactory (HS): fully according to plan or better	In line with government policy?	Realistic/intelligent objectives (sectors)?	Use of resources? Field coordination?	At the national; sectoral and company level.	Sustainable structures?
•	Satisfactory (S): on balance according to plan, positive aspects outweighing negative aspects	Demand oriented? What do other donors do? Relevant for stakeholders, counterparts and beneficiaries?	To what extent have they been achieved? Appropriate intervention logic (do outputs lead to outcomes?)	Quality of consultants? Timeliness	At the institutional and policy level	Up-scaling and diffusion addressed? Realistic after assistance scenarios? Need for another phase?
•	Less than satisfactory (LS): not sufficiently according to plan, taking into account the evolving context; a few positive aspects, but outweighed by negative aspects					
•	Highly unsatisfactory (HU): seriously deficient, very few or no positive aspects					
•	Premature to assess (P)					
Development Objective	Facilitate Market Access and export capabilities	HS	HS	S	S	S
Immediate Objective/Outcome	Upgrade technical infrastructure	HS	HS	S	S	S
Output 1	Provision of recognized calibration services to industry	HS	HS	S	HS	S
Output 2	Testing facilities provide services to exporters	HS	HS	S	HS	S
Output 3	Pool of national trainers provide training	HS	HS	S	HS	HS
Output 4	Improved STAMEQ accreditation services provided	HS	S	S	S	S
Output 5	Enhanced corporate governance of STAMEQ	HS	S	HS	S	S

IV

Recommendations and lessons learned

A. Recommendations to UNIDO regarding Phase II

1. Formulation

Project documents should clearly separate between outputs and outcomes, and formulate targets/progress indicators that are measurable against baseline data. Inputs should be linked to outputs/activities, not only to budget lines. In order to obtain data on impact on the mesa level (enterprises), the project should conduct a customer survey at the outset as well as at the end of the project. For each component, success indicators should be defined and aligned with a sustainability strategy. UNIDO should apply the log frame as a project management tool, as foreseen in UNIDO technical cooperation guidelines.

Project management structure should be outlined; for each counterpart, one focal point should be defined. An „advisory committee” might be the better platform to exchange information and ensure stakeholder involvement than a large steering committee on operational level with many members not directly involved into the project.

2. Execution Mode

The execution mode applied in practice (“lean agency execution” with active involvement in day-to-day management of the counterpart) should be re-applied to phase II and in addition, financial information should be shared.

3. Linkages

Coordination and linkages among projects should not be unilateral and need to be formalized (e.g. by means of cooperation agreements or MOUs).

4. Financial Reporting

Although not UNIDO standard, financial reporting should be improved by establishing an additional report linking expenses according to budget lines to specific activities or outputs.

6. Monitor outcomes of “train-the-trainer” activities

Outcomes of trainings should be more closely monitored. Monitored follow-up trainings by course participants and pilot implementation of QMS at the enterprise level might be a good way to ensure follow-up and to reinforce results of trainings.

7. Project design

Design new phase along the lines described in chapter V, in particular:

- Consumer protection, in particular related to food safety, and protection of the domestic market against substandard goods should be included into the objectives of phase II, in addition to the main export promotion objective.

- Continue focusing on testing, calibration and QMS capacities that are important for exporting enterprises and – in order to avoid market distortion – limit intervention in areas that are already sufficiently covered by other laboratories in the market. Specific areas of intervention should be determined based on the results of the customer survey. Discontinue intervention in the field of governance and restructuring of STAMEQ;
- Require adequate cost participation of beneficiaries for training and consulting activities funded by the project in order to ensure commitment and avoid market distortion;
- In order to ensure sustainability of impact, only enterprises that are required by their customers to comply with certain QMS should be selected to conduct pilot projects. Selection criteria of such pilot enterprises should be clearly defined and transparent. Subsidizing foreign enterprises and not yet “equitized” state-owned companies should be avoided, as this would not be coherent with the overall aim to promote the development of local Vietnamese private sector. In order to ensure the “role model” function of pilot implementations, media coverage should be ensured (and monitored).
- The Agro branch should be given the possibility to look at the project proposal for Phase II to give their opinion where they can be of help.
- Discontinue support in the area of governance/service capability of STAMEQ.

B. Recommendations to the Government

1. The evaluation team endorses the strategic development plan of STAMEQ, STAMEQ’s vision 2015 and the follow-up plan on expert recommendations prepared by STAMEQ and encourages the GoV to continue pursuing them.
2. Instead of full-fledged national execution, the GoV might consider agency execution, with increased responsibility of local counterpart in project management, with a coordinating role of one local focal point of the international execution agency for similar highly technical capacity building projects.

C. Recommendations to the Donor

1. Grant non-cost extension for phase I until September 2007 in order to complete pending activities (notably equipment delivery and support to international accreditation according to ISO 17025) and to conduct a client survey (needs assessment of indirect beneficiaries, i.e. enterprise level).
2. Provide further support within a phase II along the same areas of intervention, except for policy advice, governance and institutional strengthening, where further support should be discontinued.

D. Lessons learned

1. Needs assessment should start at the level of indirect beneficiaries

For projects aiming at strengthening service providers, the entry point should be a needs assessment on the enterprises level (indirect beneficiaries) rather than of a specific service provider (direct beneficiary). An analysis of demand and supply (mapping of different service providers) allows for identifying gaps that then can be addressed through a specific project.

2. Coordination and linkages need to be formalized with all projects

Linkages to other projects seem often difficult to materialize if links are unilateral (i.e. not mutually built-in in all related projects) and not formalized already at the outset. Consider on a case-to-case basis what approach is more effective: design several small, projects with built-in synergies or one larger project funded by several donors, in particular if several projects cater to the needs of the same beneficiaries and work through the same counterpart. Multi-b has of course its disadvantages as well (e.g. possible delays in fund mobilization, synchronization of funding cycles) different reporting requirements of various donors.

3. Execution mode (“lean agency executing”) could serve as best practice

Key features of the implementation mode chosen included:

- UNIDO country office acted as focal point and coordinator of technical input;
- Active role of counterparts in day-to-day coordination of activities;
- PMU was integrated into the counterpart agency (international relation division);
- The use of short-term experts instead of a CTA allowed for a high specialization of technical input.

“Lean agency execution” as applied in the project could serve as a “best practice” for other technically complex projects in countries with strong country offices and counterparts experienced in international cooperation. It allows UNIDO maintain its core strengths and comparative advantages – in particular the high quality of technical input - while still living up to some of the core aims of NEX such as alignment, decrease of implementation costs, local ownership, and sustainability.

“Lean agency execution” could be further strengthened along the lines of international commitments on Harmonization and Alignment and within the limits of UNIDO procedures by:

- Sharing financial information with local counterparts or even co-signature for expenditures might further strengthen ownership and accountability of local counterparts and mitigate the pressure of the GoV to shift towards full-fledged NEX.
- Further increase responsibility of local counterparts in day-to-day management, e.g. by outsourcing the implementation of specific activities under a fixed budget and with clear targets.

4. Project management structure to be included in project document

Define key features of project management (responsibilities, accountabilities) in the project document. Stakeholders should only be included into a steering committee on the

operational level, if they directly benefit from activities. Otherwise, an advisory committee might be the better forum to fulfill the purpose of stakeholder involvement and information exchange than large steering committees.

5. Defining project duration based on project content

The project duration should be defined based on the specific content of the project plus an adequate time reserve (rather than based on planning cycles of the donor/UNIDO first, and then relying on several extensions).

6. Comprehensive, inter-linked approach was highly effective

Integrated hardware and software inputs created synergies and proved to be highly effective. This approach should be continued for similar projects in other countries. The same is true for the comprehensive, inter-linked approach that combined policy advice with strengthening capacities.

7. Comments to “training of trainers” approach

In order to achieve a multiplier effect, particular attention should be paid to the participant’s willingness and ability to train others (“training of trainer” approach). Outcomes of trainings should be more closely monitored. Monitored follow-up trainings by course participants and pilot implementation of QMS at the enterprise level might be a good way to ensure follow-up and to reinforce results of trainings.

8. Define clear performance indicators

Attention should be paid to the use of clear performance indicators to measure achievements (outputs and outcomes that are a result of the project against baseline data). Outputs should be linked to inputs and to a timeline.

10. Improve financial reporting in line with best practices

Financial reporting needs to be adapted to best practices of project management and at least link expenses to budget lines and outputs/activities (matrix). In order to provide a more meaningful and detailed picture on fund use, financial reporting should link expenditures to both budget lines and individual outputs/activities. In addition to UN minimum standards, a financial reporting template should be established, which presents expenses according to budget lines (e.g. equipment, experts, etc.) and outputs/activities in a matrix system.

V

Comments to proposal for phase II

The following section provides comments and suggestions to preliminary ideas presented by UNIDO at the steering committee meeting in October 2006. This initial proposal essentially maintains the overall objective of the project and defines similar sub-objectives, specifically:

- “Meeting WTO TBT/SPS requirements through the strengthening of national industrial capacities related to metrology, targeting the calibration need of export growth sector;
- Develop and strengthen the testing, certification and traceability capacities at the national/regional level to support growing exports;
- Meeting globally accepted standardization, accreditation, certification and testing institutional structures in Vietnam and ensuring STAMEQ enhanced corporate governance.”

The TOR of the evaluation did not include an actual needs assessment or the appraisal of a specific project proposal. The following comments and recommendations are meant as input to the formulation of a new project document, which should – as in phase I - be done in close coordination with STAMEQ.

A. Suggestions and recommendations

The proposed overall objectives¹⁴ and the sub-objectives clearly continue to be of high ongoing relevance the Vietnamese GoV (see detailed assessment of the same objectives for phase I). The proposed overall objective should of course be amended to take account that in the meantime Vietnam has officially joined the WTO in January 2007 and the focus should in all objectives be national rather than regional (as it is a national, not a regional project)¹⁵.

1. Further support to strengthen capacities in metrology

There is a clear need for consolidating and complementing support provided under phase I, in particular in regards of equipment that could with a relatively small additional investment address some of the remaining gaps in the laboratories already covered under phase I (mass, volume and temperature, which are most relevant to the verification and

¹⁴ “Support Vietnam’s industrial development, export growth and WTO accession by reducing technical barriers to trade through the strengthening of national and regional capacities related to standards and conformity.

¹⁵ In regards to national or regional approach, see comments of evaluation team made during their participation in the evaluation mission of the regional project funded by NORAD in 2005.

calibration needs of exporting enterprises). Specific gaps should be assessed and needs prioritized with the help of a specialist at the outset of the new project, considering also the support provided by ETV 2 project. The project might in addition also include expert input to organizing proficiency testing programs in order to obtain accreditation in compliance with the ISO/IEC Guide 43-1 by an international accreditation body.

2. Further support to testing, certification and traceability capacities

Here again, achievements of phase I need to be consolidated and remaining gaps addressed in the textile, micro-biology, and chemical laboratories of QUATEST 1, QUATEST 3 and NAVIQUAVED 1.

- In QUATEST 1, QUATEST 2 and NAVIQUAVED 1, equipment identified and “informally committed” by UNIDO experts but finally not purchased should be complemented, as those laboratories have already prepared their facilities for equipment installation.
- Support might include expert input to organizing proficiency testing programs in order to obtain accreditation in compliance with the ISO/IEC Guide 43-1 by an international accreditation body (maybe with an initial focus on QUATEST 3 that is most advanced).

Specific needs should be assessed by a specialist at the outset of the project, taking into consideration support provided by the regional project funded by NORAD (if any). This assessment should also include results of a customer survey, which would be an essential step for determining the relevance of planned interventions for enterprises and hence the chance for impact.

Support should be limited to testing capacities that are essential for exporting enterprises, but currently not yet available in the country. Otherwise, the fledgling market for testing services will be distorted, which would be a highly unwelcome outcome of the project.

Furthermore, expertise built in phase I within QUATEST 1 and 3 should be used for phase II, namely in providing technical support to QUATEST 2.

In addition, the evaluation team would like to make the following suggestions:

- **Include central Vietnam**, which is one of the fast growing geographical areas in Vietnam, into the geographical focus of the project. Testing services in key export sectors such as seafood, coffee, pepper, rubber and wooden furniture are in high demand in central Vietnam, the evaluation team learned that technical capacities of QUATEST 2 are not yet able to meet those needs in areas such as pesticide residues, anti-biotic substances, and heavy metals. Therefore, product samples often have to be sent to QUATEST 3 in Ho Chi Minh City, which is costly and time consuming. QUATEST 2 however has so far only marginally benefited from support of the project and is clearly not yet able to fulfill basic testing needs in key export sectors. Other testing infrastructure in central Vietnam is weak as well. Therefore, the evaluation team suggests shifting the focus of the project in building testing capacities more towards central Vietnam.
- **Testing capacities for wooden furniture:** With over 2 billion USD in 2006¹⁶, wooden furniture is one of Vietnam’s key exports, mainly manufactured in the center and the southern part of the country. Testing capacities for furniture are in high demand, yet

¹⁶ Official export statistics published by the Ministry of Trade

only available in QUATEST 3. Their laboratory is already well equipped, however not yet internationally accredited. The project might provide support to obtain international accreditation. Furthermore, the project might consider providing support in building testing capacities in the area of wooden furniture at QUATEST 2, by capitalizing on expertise developed within QUATEST 3. For instance, QUATEST 3 developed and produced most of the furniture testing equipment internally and the know-how available might be used in establishing a furniture laboratory within QUATEST 2.

- **Testing capacities in the area of Genetically Modified Organisms (GMO):** Vietnam seems not yet to have an internationally accredited laboratory for testing on GMO. Testing on GMO is required for a number of important sectors of the food processing industry (both processed and unprocessed food). The project might consider providing support in obtaining international accreditation of the GMO testing laboratory in QUATEST 3 (this could initially cover central and southern Vietnam).
- **Build testing capacities in the area of ROHS testing¹⁷:** A new EU Directive requires the restriction of the use of certain hazardous substances in electrical and electronic equipment sold in the European market. Vietnamese exporters of electric and electronic equipment will be required to prove that their equipment does not contain such substances. Electric and electronic equipment is a growing sector in Vietnam¹⁸ and will become of higher importance as Vietnam shifts from exporting commodities and labor-intensive products to exports with higher value added. The project might explore the opportunity to build testing capacities in this field and obtain recognition for 1 laboratory. We fully endorse the suggestion made by the Project Manager that the testing capabilities in the area of REACH¹⁹, which deals with hazardous chemicals and is a new directive of EU coming into force in June 2007, be included into phase II of the project, as this new directive will also affect a number of companies in Vietnam.

3. Training trainers in QMS required by international customers

The evaluation team shares the view expressed in the proposal for phase II to continue developing capacities of consultants, internal company auditors within the country. But this should now clearly focus on new areas not covered so far and not include ISO 9000 and ISO 14000, where already sufficient local expertise is available.

Capacity building needs were identified in the following areas:

- **HACCP/ISO 22000**, including GAP and tracing systems²⁰ (excluding seafood sector, where this seems to be already standard among all exporters);

¹⁷ The Restriction of Hazardous Substances Directive (RoHS) 2002/95/EC was adopted in February 2003 by the EU and took effect on July 1, 2006. This directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment. It is closely linked with the Waste Electrical and Electronic Equipment Directive (WEEE) 2002/96/EC, which sets collection, recycling and recovery targets for electrical goods and is part of a legislative initiative to solve the problem of huge amounts of toxic e-waste.

¹⁸ Export volume of electric and electronic equipment (including computers) was nearly 1.8 billion USD in 2006. Target growth according to Socio-Economic Development Plan 2006 – 2010: 17,3%/year

¹⁹ REACH (Registration, Evaluation and Authorization of Chemicals) requirements of the EU

²⁰ EU directive EC 178/2002 on Food Safety that entered into force on January 1, 2006 includes a traceability requirement. All edible products, regardless their origin will have to be accompanied by detailed information on source, production system and processing procedures, in order to enable consumers and inspection bodies to follow back and forward the distribution stream of the product

- **New ISO 27000:** Standards for Information Technology Service Management important for companies providing software outsourcing services, which is an export sector with strong growth;
- **New ISO 26000²¹:** Focus might rather be on ISO 26000 than on SA 8000, as in regards to SA 8000 local expertise and certification capacities seems to be already available. Also, it is expected that ISO 26000 will gradually replace SA 8000 for exporters to the European Union (here a workshop rather than an actual training might be appropriate, as the norm has not yet been finalized).
- **Eco-labeling and organic certification:** The evaluation team was told that there were a growing number of producers of organic agricultural products, including coffee, fruits and vegetables for export. Locally, expertise seems to be very limited or not available (except seafood sector). Coordination would be required with another SECO project in the area of eco-labeling, which apparently is expected to start soon (specific information was not yet available to the evaluation team).
- **FSC Certification for wood:** There seems to be a demand for training courses in this field, in particular in central Vietnam. Exporting customers require their suppliers to use certified hard woods in a number of products, for example garden furniture. This should be coordinated with phase II of a project funded by SECO and implemented by WWF currently under preparation (here again, specific information was not yet available).

Comments to the proposed methodology/approach:

- **Implementing QMS in a number of pilot enterprises** in order to allow trainees to gain practical experience and promote the use of QMS among enterprises seems to be an effective approach. However, adequate cost participation of beneficiaries (trainees and enterprises) should be required, in order to ensure motivation and avoid market distortion.
- **Selection of pilot enterprises:** Only enterprises that are required by their customers to comply with certain QMS should be selected. Otherwise, the sustainability of the impact is questionable. Selection criteria of enterprises should be clearly defined and transparent. Subsidizing foreign-invested enterprises and not yet “equitized” state-owned companies should be avoided, as this would not be coherent with the overall aim of the SECO to promote the development of local Vietnamese private sector.
- **Impact monitoring:** Follow-up trainings need to be systematically monitored (how did trainees specifically use what they have learned in their professional practice, did the pilot enterprises obtain certification?). A number of monitored follow-up trainings organized the project might be an effective way to do this.
- **Awareness rising beyond a limited circle of beneficiaries:** The undertakings need to be effectively promoted through the local press, seminars organized by Vietnamese institutions and other means. This needs to be monitored as well.
- **Ensure coverage of central Vietnam, also for trainings**

²¹ International Standard providing guidelines for social responsibility (SR) named ISO 26000 or simply ISO SR and is expected to be released in 2008.

4. Institutional structures of STAMEQ and corporate governance

Phase I provided comprehensive advice in this area. All recommendations were essentially endorsed by STAMEQ and also shared with the GoV (for details, see V.6 above). STAMEQ has in the meantime also established and submitted all documents they were required under Decree 115. STAMEQ clearly feels at this point no need for additional assistance. Besides this:

- Although not yet officially confirmed, the GoV is expected to undergo significant restructuring after the upcoming National Assembly Elections in May 2007. This might include merging/establishing new ministries and it is at this time not sure, whether/when this will have an impact on STAMEQ. But in any case, there is a high risk that some of the advice provided before new structures are established might be of little relevance afterwards.
- Under an ADB project providing budget support combined with some technical assistance. In the framework of this project, an expert mission scheduled for June 2007 by a French consultant will once again look into STAMEQ's organizational structures, capacities and corporate governance.
- Weak marketing and business planning remains an issue within most entities under STAMEQ. However, QUATEST 3 is very experienced and has a well developed marketing division. This internal expertise should be shared prior to calling for further outside assistance.

The evaluation team therefore recommends discontinuing assistance in this field. Instead, support could be provided in the following additional areas:

- 1 – 2 attachment trainings of BOA staff in accreditation abroad, focusing on how accreditation bodies in other countries operate (not the policy level) would help to deepen the assistance provided under phase I.
- STAMEQ would highly welcome support in establishing and notifying one technical regulation in a field under their responsibility, in particular in the field of electric/electronic equipment, in order to have an example on the approach to be used (and what needs to be done to comply with the TBT Agreement under WTO, e.g. communication with the WTO secretariat).

Annex 1: List of persons and organizations met

<i>Date/Time</i>	<i>Organization/Persons</i>
Thursday, March 1 14h00-16h30	STAMEQ Mrs. Nguyen Thanh Van, Project Secretary, establish plan for mission
Friday, March 2	Desk study, preparation of mission
Monday, March 5 9h00-11h30 16h00	VMI Mr. Nguyen Quang Cuong, Head Temperature Lab Mr. Pham Thanh Binh, Vice-Head of Temperature Lab Mr. Dao Duy Hung, Head of Mass Lab Mr. Nguyen Ba Ha, Officer of Mass Lab UNIDO Hanoi Briefing meeting with Mr. Junichi Mori, JPO, UNIDO Country Office
Tuesday, March 6 9h00-11h00 14h00-15h30	QUATEST 1 – Hanoi Mr. Nguyen Manh Am, Director Mrs. Le Viet Hong, Vice - Head of Microbiological Lab Mrs. Le Thuy Hang, Officer of Microbiological Lab Mrs. Pham Thi Thuy, Head of Textile Lab Mrs. Pham Thuy Hang, Officer of Textile Lab Mrs. Bui Thi Huong, QM Officer Hanoi Knitting Joint-Stock Company (H.K.C) Mr. Pham Dinh Tu, Head of Production Division Mrs. Chu Hai Hoa, Vice- Head of Production Division
Wednesday, March 7 9h00-11h00 11h00 -11h30	BoA Mr. Vu Xuan Thuy, Acting Director Mrs. Duong Thanh Quynh Hoa, Senior Officer Mrs. Ho Minh Trang, Senior Officer Mr. Tran Viet Anh, Tutor HACCP from SMEDED 2 HCMC (in Hanoi)
Thursday, March 8 9h00-16h30 HCMC/Dong Nai	QUATEST 3 - Dong Nai Province Mr. Dinh Van Tru, Vice Director Mr. Tran Le Phuong, Head of Temperature Lab Mrs. Pham Van An, Head of Microbiology Lab Mrs. Huynh Ngoc Lieu, Head of Mass Lab
Friday, March 9 9h00-10h30 15h00-16h00	Amada Foods Vietnam – Dong Nai Province Mr. Emmanuel Anton, Vice-Director QUATEST 3 - Ho Chi Minh City main office Mr. Hoang Lan, Vice Director Mrs. Nguyen Thi Phung, Manager of Inspection Division No. 3
Monday, March 12 14h00 - 15h30 15h30 - 17h00	Mrs. Nguyen Thu Ha, National Project Coordinator TUV- NORD Mr. Pho Duc Tru, Tutor ISO 1400 Mrs. Do Thi Tinh, Auditor SA 8000 Mr. Nguyen Van Hung, Tutor ISO 1400 ETV2 Project Mr. Ing. Paolo Morelli, International Consultant Mrs. Le Huong, Vice Director, International Relations Department AFD Project Mr. Bui Quy Long, National Project Coordinator

<i>Date/Time</i>	<i>Organization/Persons</i>
March 13 Tuesday 10h00-12h00	NAVQUAVED 1, Haiphong City Mr. Nguyen Dinh Thu, Director Mrs. Pham Thi Nhan, Vice-Director Mrs. Bui Thi Nhan, Head of Lab. Mrs. Do Thu Huong, Vice Head of Lab. Mr Dang Van Thu, QM Officer
Wednesday, March 14 Morning 16h00-17h00	Preparing presentation of preliminary findings STAMEQ Dr. Ngo Quy Viet, Director General Mrs. Nguyen Thanh Van, Project secretary
Thursday, March 15 9h00-12h00	Mr. Johannes Dobinger, Evaluation Officer, Evaluation Group, UNIDO
Tuesday, March 6 9h00-11h00 14h00-15h30	QUATEST 1 – Hanoi Mr. Nguyen Manh Am, Director Mrs. Le Viet Hong, Vice - Head of Microbiological Lab Mrs. Le Thuy Hang, Officer of Microbiological Lab Mrs. Pham Thi Thuy, Head of Textile Lab Mrs. Pham Thuy Hang, Officer of Textile Lab Mrs. Bui Thi Huong, QM Officer Hanoi Knitting Joint-Stock Company (H.K.C) Mr. Pham Dinh Tu, Head of Production Division Mrs. Chu Hai Hoa, Vice- Head of Production Division
Friday, March 16 9h00-12h00 11h00 -11h30	Dr. Ngo Quy Viet, Director General, STAMEQ Mr. Thai Van Tan, Vice Director of International Relations Dep, MOST Mr. Johannes Dobinger, Evaluation Officer, Evaluation Group, UNIDO Mr. Junichi Mori, JPO, UNIDO Hanoi Ms. Tran Tuyet Van, Administrative Officer, UNIDO Hanoi Mrs. Le Huong Huong, Vice Director of International Relations Dep. Mr. Nguyen Manh Am, Director of Quatest 1 - Ha Noi Mrs. Ho Minh Trang, Senior Officer of BoA Mrs. Pham Thi Nhan, Vice-Director of Nafiqaved 1 Mr. Nguyen Dac Loc - Vice Director of VMI Nguyen Thu Ha, NPC Nguyen Thanh Van, Project Secretary
Tuesday, March 20 8h30-12h00	QUATEST 2, Danang City Mr. Tran Dinh Chien, Deputy Director Mr. Ho Van Them, Electrical, Thermal and Electronic Lab Mr. Bui Chien Thang, Physical and Mechanical Measurement Lab Mr. Nguyen Huu Trung, Microbiological and Chemical Lab Mr. Le Van Duc Auditor SA8000 Mrs. Pham Ngoc Dung Tutor HACCP
Thursday, March 29 09:30 – 16:30	UNIDO HQ in Vienna Mr. Peter Loewe, Senior Evaluation Officer, Evaluation Group Mr. Johannes Dobinger, Evaluation Officer, Evaluation Group Mr. Lalith Goonatilake, Head Trade Capacity Building Branch Mr. Toshiyuki Miyake, Project Manager, Trade Capacity Building Branch
Wednesday, April 4 09:30 – 11:30	SECO HQ in Berne Mr. Hans-Peter Egler, Head of Trade and Clean Technology Cooperation

Annex 2: Reference Documents

UNIDO/GoV reports:

- Draft Project Document Phase II, WTO TBT/SPS Compliance Capacity Development Covering Standards and Conformity Requirements Related to Key Export Sectors in Vietnam, Dec 2006.
- In depth Evaluation of Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO (2003-2005), Report, May 2005
- Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO (2003-2005), “Industrialization and modernization along the Socio-Economic Development Strategy: towards sustainable growth in the SME sector”, August 2002
- Integrated Programme of Cooperation between the Socialist Republic of Vietnam and UNIDO (2006-2010), “Integrated services towards sustainable industrial development”, February 2006
- Project US/VIE/03/083 "Market Access Support through The Strengthening of Capacities related to Metrology, testing and Conformity" December 2003
- SRV, 2006, Five-Year Socio-Economic Development Plan 2006-2010, Labour and Social Publishing House, Hanoi
- Vietnam Development Report (VDR), 2005, Business, Joint Donor Report to the Vietnam Consultative Group Meeting, Vietnam

Project reports:

- Accreditation in Viet Nam and Corporate Governance of STAMEQ prepared by Lalith Goonatilake, December 2005
- Assessment of the Organizational Structure and Capacity of Service Delivery in the light of STAMEQ’s Overall Development Strategy, prepared by Daniel P. Keller and Nguyen Thu Ha
- Minutes of Tripartite Review Meeting, October 5, 2006
- Mission Report – Metrology prepared by Lalith Goonatilake, August 2004
- Progress Reports March 31, 2005; May 31, 2006; August 31, 2006
- Tripartite Review Meeting, August 24, 2005; October 5, 2006

Other documents:

- Department of Development and Transition - SECO, Strategy 2006, March 2002
- STAMEQ, Development Strategy in the Field of STMQ until 2015, December 2005
- STAMEQ, Orientation, Objectives, Missions of STAMEQ Plan 5 Years 2006 – 2010
- World Trade Organization, Accession of Viet Nam: Report of the Working Party on the Accession of Viet Nam, WT/ACC/VNM/48, 27 October 2006

Annex 3: Terms of reference of the evaluations

DATE: January 12, 2007

Terms of Reference INDEPENDENT EVALUATION of PROJECT in Vietnam (US/VIE/03/083)

1.0 The independent evaluation

Independent project evaluation is an activity carried out during and/or at the end of the cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the programme. The evaluation assesses the achievements of the programme against its key objectives, as set in the Programme document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

2.0 Purpose

The purpose of the US/VIE/03/083 project independent evaluation is to enable the Government, UNIDO and the donor:

- To assess the relevance and needs orientation of the project.
- To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact.
- To provide an analytical basis and recommendations for the focus and (re) design for the continuation of the programme under a Phase II.

The evaluation is conducted in compliance with UNIDO evaluation policy.

3.0 Project Background

This project is seen as a complementary intervention to a NORAD funded UNIDO regional initiative covering Cambodia, Lao PDR and Vietnam. The NORAD/UNIDO initiative will strengthen the standards, metrology and testing - legal and institutional -structure in Vietnam, as well as the capacity related to ISO 14001 and HACCP. The next logical step is to upgrade the metrology and testing laboratories in the country and facilitate their international accreditation. Testing capacities are vital so that precision manufacture and product testing can be performed, and generate test reports accepted in export markets. This proposed intervention would allow for the development of accredited national laboratories and enable Vietnam to truly benefit from globalization, utilizing the trade opportunities made available and confidently overcoming the TBT/SPS constraints.

The immediate objectives of the project are to upgrade the required technical infrastructure for metrology, textile/apparel, microbiology and chemical testing and calibration needs in industry, system certification capacity and strengthen STMQ institutional service capability. The expected outputs of the project are as follows:

- Upgraded metrology testing facility having internationally accredited mass and temperature laboratories, leading to the provision of precise and recognized calibration to the industry.
- Upgraded textile/apparel, microbiology and chemical testing facilities. The facilities will provide testing services to exporters in the fisheries, food-processing and garments sectors and also undertake complex testing for trace elements and environmental process compliance.
- Strengthened pool of national trainers capable of providing training to ISO 9000, ISO 14000, HACCP and SA 8000, OHASS 18000 and GMP.
- Improved capabilities of the accreditation services provided by STAMEQ.
- Enhanced corporate governance and service capability of STAMEQ, enabling the provision of support services to the growing private sector driven industrial sector and exporters.

Reproduced below is the financial picture of the project as of the day that the TOR was prepared:

<i>As per Original Project Document</i>	<i>Expenditure</i>	<i>Percentage %</i>
<i>(in United States dollars)</i>		
985,000	953,143.59	96.8%

4. Method

The evaluation will be carried out through analyses of various sources of information including desk analysis, survey data, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. The evaluation will make use of the results of previous evaluations.

5. The Evaluation will Address the Following Issues:

5.1 Relevance and Ownership

The extent to which:

- The counterpart(s) has/have been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies, and are actively supporting the implementation of the project.

- The project responds to the needs of target beneficiaries, in particular the industrial stakeholders.
- Changes of plan documents during implementation have been approved and documented.

5.2 Efficiency of Implementation

The extent to which:

- UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements as per the project document objectives
- The quality of UNIDO services (expertise, training, equipment, methodologies, etc) were as planned and led to the production of outputs

5.3 Effectiveness of the Project

Assessment of:

- The relevance of the outputs produced and how the target beneficiaries use these outputs.
- The outcomes, which have been or are likely to be realized through utilization of outputs.

5.4 Impact

Identify what developmental changes (economic, environmental, social) at the target beneficiary level (industry) have occurred or are likely to occur.

5.5 Sustainability

- Assess the ability of the Government and institutions to independently continue the processes or the operations resulting from the outputs of the project (manpower, know-how, financial situation, market environment, etc)
- Identify the risks associated with independent operations and prepare recommendations to overcome major risks (if present).

5.6 Synergy Benefits

The extent to which there is synergy:

- Between the Norad funded regional project and US/VIE/03/083;
- With related bilateral and multilateral programmes focussing on the Doha Development Agenda and the WTO TBT and SPS agreements.

6.0 Evaluation Time Frame

Date	Place	Assignment
February 2007	Vienna	Briefing by UNIDO (Travel Hanoi/Vienna/Hanoi)
February/March	Hanoi Ho Chi Minh City Da Nang	Mission to Hanoi, Ho Chi Minh City and Da Nang to obtain supportive information, draw conclusions and prepare preliminary recommendations.
March	Home base	Preparation of draft report and submission of draft to UNIDO

7.0 Composition and Requirements of the Evaluation Team

The evaluation team will be composed of the following:

- International evaluation expert (appointed in agreement with SECO)
- Government nominated evaluation expert from Vietnam
- UNIDO staff from Evaluation Group

Members of the evaluation team must not have been directly involved in the design and/or implementation of the projects.

SECO will contract the international evaluation expert in agreement with UNIDO. UNIDO will contract the national evaluation expert upon appropriate nominations by the Government and in agreement with SECO. A staff member of the UNIDO Evaluation Group will participate in part of the evaluation mission. UNIDO Field Office in Vietnam will support the evaluation team.

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