



Management Response

External Evaluation of the Swiss Trade Policy and Export Promotion Project Vietnam

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December 2024

1) Purpose of the evaluation

The external evaluation was commissioned by SECO and is guided by the Terms of Reference (ToR) dated 10 January 2024 ([Annex 1](#)). The main objectives were:

- Learn about the success factors and identify main bottlenecks for achievement of project results to inform a potential next phase of the project.
- Based on these insights, conduct a critical review of the first concept for a potential next phase and make recommendations on the future direction of the project.
- Assess the suitability of the organizational set-up of the project, review the adjusted set-up proposed in the new concept and propose additional alternatives if necessary.
- Assess the results of component 1, which is mostly finalized and critically review achievements in components 2 and 3.

The work was conducted by the independent evaluator Daniel Keller between 15 February 2024 and 31 May 2024.

2) Description of the intervention

The overall project objective of the Swiss Trade Project is to improve trade performance and international competitiveness of SMEs through enhanced favorable framework conditions for trade, public-private dialogue (PPD) mechanisms, and a strengthened eco-system for dynamic export promotion. Ultimately, it shall contribute to sustainable and inclusive economic growth and poverty reduction in the country.

To achieve this long-term objective, the project foresees to accomplish three major outcomes:

- Outcome 1: Exports are facilitated because the framework conditions are favorable, meaning they are documented in a National Strategy, based on evidence, coordinated among the relevant ministries and consulted with relevant private sector stakeholders.
- Outcome 2: The effect of the enhanced favorable framework conditions is more sustainable, because the private sector is thematically and financially engaged and collaborates with the government through Public-Private Dialogue for export development.

- Outcome 3: Dynamic Business Support Organizations (BSOs) are enabled to deliver services to SMEs for exports and participation in global value chains.

3) General Appreciation of the Report

The evaluation report is well written and well structured. The methodological mix of desk review, key informant interviews and personal attendance of a PPD workshop was appropriate. The overall process was efficient. Through his cultural and linguistic knowledge, the evaluator managed to get deep insights into the project in a relatively short amount of time.

The evaluation focused on learning; the main goal was to identify current bottlenecks and find ways to overcome them. The recommendations put forth by the evaluation are relevant, targeted and feasible. The review of the achieved results was mainly foreseen for component 1, which was mostly completed at the time of the evaluation. For components 2 and 3, the evaluation critically reviewed the implementation so far and the likelihood for the project to achieve the planned results until project completion. In this assessment, external factors that challenged project implementation, such as the changing regulatory environment during project implementation, the COVID-19 pandemic and shifting political environment are partially acknowledged, but their actual impact was in our view underestimated by the evaluation.

4) Key Findings and Lessons learnt

Main conclusions of the evaluation	SECO appreciation
Relevance: The SwissTrade Project was timely and relevant. Policy advice and support fully met the needs of beneficiaries. Beneficiaries were generally satisfied with the quality of the support they had received. PPD in trade policy making is generally relevant. In its current format, however, it is not adapted to the Vietnamese context. The ICGF needs to sharpen its focus on supporting innovation rather than funding the digitalization of existing services.	SECO mostly agrees with the conclusion. However, regarding the PPD, it is important to note that the evaluation only visited the first out of three planned pilots. These pilots are explicitly planned to test and finetune the mechanism. In the meantime, the second pilot has been conducted, taking into account the lessons learned from the first one. All stakeholders agreed that the revised format is well adapted to the Vietnamese context. Support to BSOs was focused on their priorities, as the projects have been submitted by themselves. For the future, the project will sharpen the focus for support.
Coherence: The SwissTrade Project is coherent with other trade-related interventions within SECO's Vietnam portfolio. Because SECO funds both multi-country and country-specific projects, support to Vietnamese BSOs is delivered through three independent projects: the SwissTrade Project, SIPPO, and the BioTrade Initiative. Collaboration works well. There are substantial synergies, for example through SIPPO's support to the ICGF.	SECO agrees with the conclusion and will further strengthen synergies between SwissTrade - which is considered as an anchor project in the trade promotion portfolio in Vietnam - and other projects. The BioTrade project concluded in August 2024, meaning that synergies can no longer be utilised. However, certain

<p>While there are no obvious direct overlaps with other donor support, a detailed and updated overview of trade-related projects would be needed to inform the design of phase II.</p>	<p>beneficiaries of that project will still benefit from support under the SwissTrade project.</p>
<p>Effectiveness: The delivery of outputs related to policy advice and capacity building of officials is on track. In particular, the support for the development of the Vietnam's National Import-Export Strategy 2021 – 2030 (NIES) adopted by the government with decision 602/QĐ-BCT dated 9 March 2023 was highly appreciated. The PPD mechanism has been piloted once. Two more pilots are planned. In its current form, the PPD is unlikely to fulfil its main objective of ensuring that the views of companies are incorporated into trade policy making. However, as the component has just started, it is not possible to assess its effectiveness. The further implementation of the ICGF through Vietrade is not feasible due to regulatory issues. The most feasible option would be to explore whether the ITC could disburse and monitor the grants instead of Vietrade. Preparation, the revision of the project agreement, and the implementation of the grants that have already been awarded would take a minimum of 18 months, which would require a project extension until December 2025. If SECO continues to fund the ICGF under phase II, there is significant room to improve the operations of the ICGF in line with good practices.</p>	<p>SECO agrees that with the feedback on the policy advice and capacity building of officials.</p> <p>We take note of the statement that the current form of the PPD is unlikely to fulfil its main objective. However, as rightly pointed out by the report, the work on this component has just started. We would like to emphasise that the evaluation mission only attended the first pilot, which is not representative of the work conducted under the component as a whole. Further finetuning and adjustment of the mechanism has already been implemented in the second pilot in March 2024 and this will be done again for the third pilot in 2025. Overall, SECO is confident that the mechanism will fulfil its main objective until the project completion.</p> <p>The adjustments required for effective implementation of the ICGF have been initiated in parallel to the evaluation. Implementation is now already continuing through ITC, with support from Vietrade. SECO is confident that the implementation can be successfully completed. The project end date has been extended to December 2025. An additional non-cost extension of a few months might be necessary for all small grant projects to be completed.</p>
<p>Efficiency: Four teams are working in parallel, which leads to communication and coordination problems. It is urgent and important to revise this structure as a key measure to increase the efficiency of implementation. The structure of phase II should obviously follow the implementation strategy. If the ITC executes the entire project, then the operational team both in Vietnam and Geneva needs to be managed by the ITC. To ensure local ownership, it is important to ensure close consultation with MoIT and to grant the MoIT a right of non-objection on operational decisions. Anecdotic evidence also shows significant efficiency losses due to managerial issues. It should further be emphasized that SECO and SIPPO Vietnam provided substantial operational</p>	<p>SECO agrees that the implementation structure should be adjusted to enhance efficiency. It is important to mention that external factors, in particular local political developments, have contributed to the difficulty in implementing the project through the current set-up.</p> <p>Measures for adjusting the governance structure have been initiated. A part of these measures has already been implemented and others are underway. For the follow-up project, the governance structure will be aligned with the propositions</p>

<p>support, which is not accounted for as an expense. All partners highlighted that the collaboration among project partners has recently significantly improved. Ongoing problems are gradually being addressed. The responsiveness of the ITC to the needs and concerns of the Vietnamese partners is appreciated.</p>	<p>from the evaluation, taking into account the changed political environment.</p>
<p>Sustainability: The National Import Export Strategy has been officially enacted by the government. Strengthening a local training institution to provide professional training to Vietnamese trade officials would be a good way to ensure that training needs will be met beyond the availability of donor support. The proposed format for the PPD will only be sustainable if the leadership of MoIT decides to institutionalize and fund it, as suggested in the sustainability strategy. While this is unlikely to be the case with the current set-up, recent adjustments to the mechanism are promising. It was not an objective to institutionalize the ICGF as a permanent facility. Rather, the intention was to enhance the sustainability of BSOs through supporting them to introduce innovative trade promotion services. As none of the projects funded by the ICGF has been implemented, is too early to assess the potential contribution of the ICGF to the sustainability of BSOs.</p>	<p>SECO considers the fact that the NIES has been officially enacted by the government as great success in terms of sustainability of project results. Training of officials through local institutions is envisaged for the follow-up project.</p> <p>Institutionalization of the PPD mechanism is desirable, but also a challenging endeavour which takes time. Further finetuning of the format and finding solutions for administrative issues is necessary in the follow-up phase, to achieve that objective.</p>



5) Recommendations

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPON SIBILITY	TIMING
A – On phase I					
Recommendation 1 Governance and management structure: Consider adjusting the organizational structure as suggested in chapter II.4. a.	Fully agree	Partially agree	Not agree		
	<u>Response</u> SECO agrees that the management structure must be adjusted to react to the changed circumstances and make implementation more efficient. However, the recommendation is not fully consistent with the report and can only be implemented partially. While the recommendation concerns phase I of the project, the evaluation report itself actually foresees the organizational structure as detailed in chapter II.4.a. only for the second phase. Thus, the recommendations will be implemented in the sense that the current governance structure will be adjusted. However, in line with the report itself, the structure suggested in chapter II.4.a will only be considered for the follow-up project.				
	<u>Measures</u> The project governance will be adjusted for the Innovation and Competitiveness Grant Facility (ICGF): ITC will have a stronger role in implementing the ICGF. Contracting and disbursement			All members of the SCM	Ongoing, adjustment process expected

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	of grants to BSOs will be handled by ITC, while Vietrade continues to accompany the process and support implementation.				to be finalized in December 2024
Recommendation 2 Innovation and Competitiveness Grant Facility <ul style="list-style-type: none">Agree with Vietrade in principle to reimburse the remaining funds earmarked for the ICGF to SECO if Vietnamese law permits.Explore with ITC whether ITC could execute the remaining activities under the ICGF.Ensure close monitoring of how funds are utilized. Payments should be made in tranches, whereas each payment to a grantee is linked to the achievement of certain milestones.This will require a project extension until December 2025 (no additional budget) and possibly additional resources in Vietnam and at ITC Headquarters.	Fully agree	Partially agree	Not agree		
	<u>Response</u> SECO fully agrees with adjusting the management and financing structure of the ICGF. The necessity of this adjustment has become apparent with the emerging regulatory challenges in the implementation of the ICGF. The process for the adjustment has started in parallel to the evaluation.				
	<u>Measures</u> The parties have agreed to adjust the governance of the ICGF (c.f. recommendation 1). The project adjustment is currently in the approval process of the Vietnamese government. Once approved, Vietrade will reimburse the remaining funds for the ICGF to SECO and ITC will implement activities of the ICGF with support from Vietrade. So far, no disbursements to BSOs have been made, due to the regulatory constraints. We fully agree that the disbursements shall be made in tranches and will be linked to the achievements of milestones. The project will be extended until December 2025. Budget will be reallocated as required, but the overall budget ceiling will not be extended.			All members of the SCM	Until December 2024 Q4 2024 / Q1 2025 2025
Recommendation 3	Fully agree	Partially agree	Not agree		

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPON SIBILITY	TIMING
PPD Mechanism Adjust the PPD mechanism to reflect the needs of the MoIT: <ul style="list-style-type: none">Adjust the PPD mechanism. Consider piloting PPD to collect informed expert views from the private sector, policy makers, and the academia to provide the MoIT with actionable recommendations on specific policies and their implementations.Input to these workshops might be collected through prior studies and consultations with local stakeholders. National expert input could be complemented through international expert input on good practices in other countries.If the pilot is successful, fine-tune the concept and continue supporting this type of PPD workshops during phase II. Continue support to BSOs and business associations in contribute to policy making using official channels.	<u>Response</u> SECO partially agrees that the design of the PPD should be further adjusted to better reflect the needs of MOIT. However, lessons learned from the first pilot have already been integrated into a second pilot PPD conducted in March 2024. The third pilot PPD will be further aligned with this recommendation and in general with the lessons learned from previous versions.				
	<u>Measures</u> Future PPDs will focus on ensuring a more continuous dialogue. Inputs and studies will be conducted and shared prior to the dialogue to properly prepare participants. Furthermore, stakeholders will be consulted and informed on specific outcomes after the dialogue. In the next pilot PPD in March 2025, an academic institution will assist in accompanying the dialogue through such measures. The concept will be further finetuned for the follow-up project.			ITC, MOIT	continuous
B – On phase II					
Recommendation 4 Preparation of phase II <ul style="list-style-type: none">Task the project to conduct a detailed donor	Fully agree	Partially agree	Not agree		

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<p>mapping in the field of trade-related technical assistance in Vietnam to provide input to the design of the planned phase II.</p> <ul style="list-style-type: none"> Preparation of phase II would significantly benefit from external, independent expert support in conceptualizing projects. Ideally, project design would be done through a team of an international expert in PME and a Vietnamese trade expert. 	<u>Response</u> SECO fully agrees with the recommendations and has initiated the proposed measures.				
	<u>Measures</u> The project has delivered a detailed donor mapping, which allows to align the design of the next phase with those ongoing activities. A local expert has been contracted through the project and an international expert through SECO. These experts are currently supporting the design of the follow-up project.			MOIT / ITC	Implement ed
<p>Recommendation 5</p> <p>If further implementation during phase II is planned, revise the governance and operational manual of the ICGF along the following lines:</p> <ul style="list-style-type: none"> Restructure the ICGF and the guidelines Revisit the application and appraisal process Integrate the requested post-investment support into the proposals <p>A detailed description of the proposed measures to change the governance and operational manual of the ICGF can be found below this table. *</p>	Fully agree	Partially agree	Not agree		
	<u>Response</u> SECO agrees with the recommendations made for a future version of the ICGF. It is not clear yet whether the ICGF will be continued in the second phase. If so, the recommendations will be used for its design.				
	<u>Measures</u> Decide on the form of support for BSOs in the follow-up project and include recommendations on the ICGF in case the format will be continued.			All members of the SCM	Q4 2024 / Q1 2025

RECOMMENDATIONS	MANAGEMENT RESPONSE			RESPON SIBILITY	TIMING
Recommendation 6 Capacity building of trade officials <ul style="list-style-type: none"> With a view on increasing chances of longer-term sustainability, explore the possibility to institutionalize training for government officials in one of the existing specialized Vietnamese universities or institutions. Training programmes need to be tailored to the distinctive needs of high-level officials (strategic policy making) and middle-level officials. <p>The possibility of establishing a twinning mechanism or partnership with a specialized Swiss institution could be explored.</p>	Fully agree	Partially agree	Not agree		
	<u>Response</u> SECO fully agrees with the recommendation.				
	<u>Measures</u> Seek partnership with local training institutions to institutionalize the capacity development for trade officials. Look into the opportunity of creating partnership between a Swiss specialized institution and the Vietnamese partner institution.			ITC	Q4 2024 / Q1 2025

*** Detailed description of proposed measures to change the governance and operational manual of the ICGF**

Restructure the ICGF and the guidelines:

- Establish an independent, qualified investment committee to be appointed by the Steering Committee. Members must have experience in investment decision making in Vietnam and should be remunerated.
- For each round of calls for proposals, the Steering Committee should define specific key challenges the ICGF is intended to address. Proposals must contribute to resolving at least one of these challenges.
- Define the rating criteria for grantees to encourage proposals that foster innovation within the space of exports rather than on digitalization of traditional export promotion services.
- Request applicants to clearly explain benefits of proposals (not only the outputs to be generated with the grants) and how these positive outcomes will be measured.

- Facilitate the participation of new actors that contribute to increasing high value-added exports but that are not necessarily traditional BSOs.
- Build-in safeguards such as disbursement in tranches and imposing clear conditions.

Revisit the application and appraisal process:

- Use an electronic registration portal to facilitate access.
- Pre-select the proposals.
- Appraise pre-selected proposals. Part of the appraisal should be a brief assessment of the financial viability (economic efficiency) of the proposals (estimated return on investments).
- Conduct a comprehensive DD on applicants prior to awarding grants with a focus on assurance. The DD must thus assess the financial and technical sustainability of grantees as organizations and whether they are financially able to maintain the projects.
- Besides recommendations for improvements, the Due Diligence (DD) should request compulsory corrective actions that need to be implemented to become eligible for grants.
- Revisit whether the CUBED assessment is the most appropriate and efficient way to gain assurance that the recipients of small grants make effective use of funds they receive. If CUBED is used, then it should be fully and correctly applied.
- Submit the appraisals and DD reports to the Investment Committee for approval.

Integrate the requested post-investment support into the proposals:

Discontinue free technical ad-hoc support to grantees to prepare and implement their projects. Support to implementing projects is a project-related expense and should be part of the grant budget.

Place, Date

Place, Date

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