



The Transition Process of Finnish-Vietnamese Cooperation 2008-2020: Selected highlights of the evaluation report

Background

Viet Nam has been one of Finland's **main development cooperation partner countries for almost four decades**. Finland's cooperation with Viet Nam has included over half a billion Euro of Official Development Assistance (ODA) through several cooperation modalities and in various sectors like forestry, water and sanitation, science, technology and innovation, energy and other cleantech solutions and education.

Given the rapid economic growth in Viet Nam, **a shift was seen in the Development Policy Programme of 2007**. It recommended assessing the transition from long-term inter-governmental cooperation to other forms of collaboration.

Finland and Viet Nam embarked upon a transition process lasting from 2008 until 2020 aiming to decrease the bilateral development cooperation while strengthening new type of cooperation and partnerships.

Finland's transition strategy in Vietnam in 2016-2020 aimed explicitly towards transition.

Vision in country strategy 2016–2020:

“By 2020, ongoing, bilateral, grant-based development cooperation projects funded by Finland have been successfully closed with sustainable results, bilateral trade has grown substantially, and Finland is known in Viet Nam as a reliable partner providing economically and environmentally sustainable solutions that contribute to Viet Nam's development goal of becoming an innovative, knowledge-based economy”

Rationale for this evaluation

Given the long history of the partnership and the transition process, there was a need to understand the successes, challenges, strengths and weaknesses of this process. The **purpose** of this evaluation was to **facilitate the shift from grant-based development cooperation to increased trade and other mutually beneficial forms of cooperation in Viet Nam and to generate lessons for other transition processes**.

Main evaluation questions

- How has the transitioning supported developmental, political and economic interests and objectives of Finland and Viet Nam?
- How have the cooperation strategies and the choice of instruments affected transitioning and contributed to a new kind of partnership of Finland and Viet Nam?
- How instruments and actors achieved coherence, synergy and complementarity to contribute to transitioning and a new kind of partnership?
- Is the new kind of partnership sustainable or are further actions needed to strengthen the partnership?
- How have Finnish cross-cutting objectives been supported throughout the transition process?

In this brief, the Development Evaluation Unit highlights some key findings and lessons reached by the Evaluation Team.

Key features of the Finland-Viet Nam transition process

During the transition process from 2008-2020, well over 163 million Euros of ODA were channelled from Finland to Vietnam.

Over time, the support has gradually decreased. Bilateral support from Finland to Vietnam was completely phased out in 2018, while support through private sector instruments has steadily increased and still continues. **This has led to a significant increase in trade and investments between the two countries, particularly Vietnamese exports to Finland.**



The transition process has been well in line with Viet Nam's growth process and ambitions focusing on increased integration in the global economy.

Though Viet Nam's impressive economic growth, the country still faces significant challenges, like youth unemployment and persistent poverty in specific regions and population groups. Viet Nam is also one of the most vulnerable countries worldwide to climate change.

These issues call for continued emphasis on the impact of the relations and support instruments that are increasingly focused on the private sector and trade.

Finland has taken up these challenges in maintaining several institutional support instruments and the Fund for Local Cooperation (FLC) alongside the private sector instruments, such as Finnpartnership, Finnfund, concessional credits and more recently, the Public Sector In-

vestment Facility (PIF), and Development Markets Platform (DevPlat).

A key challenge has been to ensure that the private sector instruments and other support institutions (such as Team Finland and Business Finland) bring actors together in multi-stakeholder partnerships. They could potentially contribute to sustainable development goals and the Finnish cross-cutting objectives of social inclusion, gender equality and climate change.

Some **bilateral programmes** (such as the Innovation Partnership Programme, a flagship of Finnish cooperation with Viet Nam) have **introduced partnership facilities.** They have proven to be essential for transitioning towards new forms of partnerships.

Partnerships remain vibrant in exchange of people, trade and investments between the two countries. They are also enabled through specific support instruments.

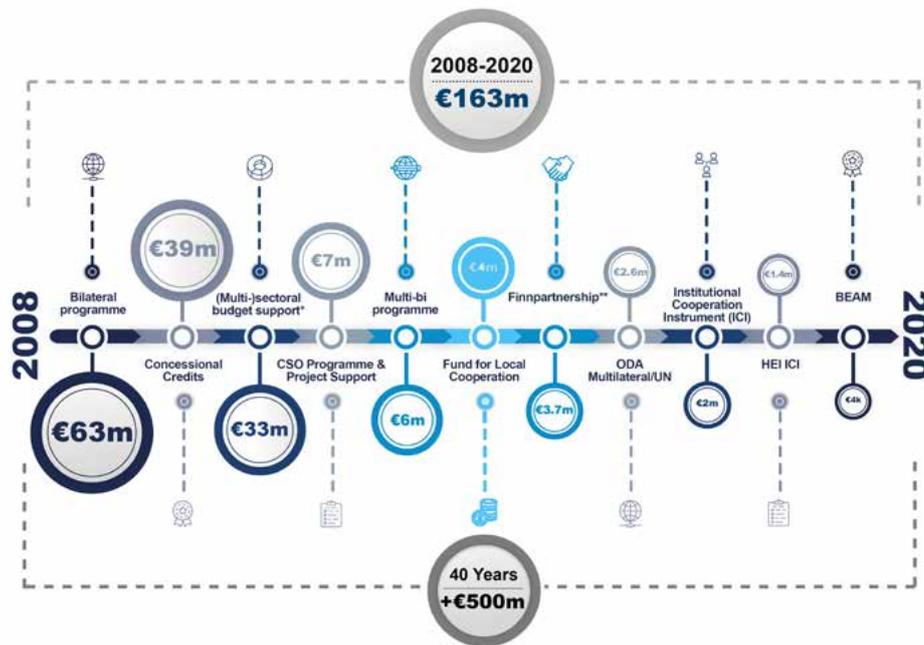
A key challenge in future is to ensure a continued strategic alignment of different support instruments and institutions because there is no longer any overall guiding framework to bring different initiatives together and continue to steer them towards development impact. This presents also a risk of scattering thematic areas, sectors, instruments and institutions and poorly coordinated actions by different actors.

Selected key lessons from the transition process in Vietnam

The evaluation concluded key lessons from the transition process in Vietnam that can orient future transitioning with Finland's other partner countries. The most important lessons are below.

Entering in a transition process should be done at a time and in a way that matches the specific country context, position in the global economy and the socio-economic growth prospects of the country. Viet Nam provides an example of such a good match. Transitioning and the scaling down of Finnish bilateral development cooperation coincided with Viet Nam's graduation to lower Middle-Income Country status and it matched with Viet Nam's ambitions and global economic integration.

The Viet Nam transition was realised during three 4-year strategic planning periods. It shows **the importance of taking sufficient time for planning and strategising to allow for a gradual change process.** Abrupt changes can be disruptive and damage long-term relation-



Approximate volumes and modalities of Finland's development cooperation with Vietnam

ships. In Vietnam it was beneficial to include partnership development in bilateral programmes (e.g. the Innovation Partnership Programme and the Energy and Environment Programme) as well as in other instruments.

At the same time, the transition process in Viet Nam shows that not being specific about the nature and quality of the new kind of partnership is unhelpful for maintaining a partner relationship between the two countries. Therefore, **more inclusive dialogue and reflection are needed to develop a clearer vision of the future relationship when entering a transition process.** It should not be precluded that no new partnership might be sought post-transition.

The importance of good, targeted and timely communication in any change process, including transition, became evident in the case of Viet Nam. In the early stages, communication was not strong and, at later phases, very much focused on messages of phasing out of development cooperation and handing over to the private sector. However, this has not been the complete story – multi-stranded relations still exist, and a considerable amount of ODA has been channelled to the country. This caused confusion and misunderstanding on the nature and intentions of the transition process.

The Viet Nam transition process has shown that **many different stakeholder groups involved in cooperation have not been sufficiently brought together to tap into their potential and competencies in joint activities and partnerships.** In earlier years different stakeholders operated in parallel with limited exchange and cross-learning. Later in the process, the attention shifted more to private sector stakeholders and some other earlier stakeholders were left in shadow. This is particularly relevant for civil society and the education

sectors where the most vibrant exchange relationships have been built, including a flourishing Vietnamese diaspora in Finland.

Synergy and coherence among modalities, instruments and support-providing institutions is key to achieving more effective results and impact on the ground. With the decreasing ODA levels, the resources at the MFA and the embassies can become more limited, and hence, complementarity and synergy might become jeopardized. To some extent, the demand-driven nature of many of the Finnish private sector instruments has contributed to limited government interference with private sector initiatives. This enables vibrant relations initiatives to take many directions and may result in a loss of focus on key political and economic priorities. Such a focus is needed to align different modalities and to ensure contributions to overall objectives, such as Sustainable Development Goals. For external stakeholders, the limited coherence of different instruments makes it more challenging to identify the modalities suited to their specific needs.

Developing a Theory of Change (TOC) for a transition process is beneficial for stakeholder dialogue. The TOC identifies key steps and assumptions to include in a transition process with a vision of developing new kinds and more inclusive partnerships. It articulates the ambitions to contribute to sustain-

Relevant ingredients for transitioning:
1) Take sufficient time for the transition process;
2) Plan it at the right time to match economic growth perspectives and ambitions of the countries in transitions;
and 3) Ensure that national political and economic ecosystems allow for private sector development, commerce and trade.

able development in specific sectors, embracing global frameworks such as the Sustainable Development Goals and climate action.

Selected key lessons from the country studies on transitioning



The evaluation sought lessons learned from transition processes in other countries, such as Finland's transition process in Zambia, and in peer countries, such as Denmark's and the Netherlands' transition process in Vietnam.

Some interesting insights are derived from these other countries to complement the lessons learned from the transition process in Vietnam.

The most important lessons from transitioning:

- Strategic partnership arrangements bring potential to focus and steer specific actions;
- Focus on key economic sectors for both countries in a transition process strengthens partnerships on the ground;
- The private sector can bring important contributions to Sustainable Development Goals and climate action;
- Support instruments that include SDGs and partnership facilities are effective in forging powerful multi-stakeholder partnerships;
- Attention to Small and Medium Enterprises in responsible international business can boost trade and investments while securing sustainable development impact;
- A 'one-stop shop' concept is helpful for the private sector to access suitable support instruments.

Evaluation methodology

The evaluation followed a theory-based approach and was forward-looking and utilisation-focused. A Theory of Change of the transition process was reconstructed to describe Viet Nam's process and serve as a more generic ToC to orient other transition processes in Finnish partner countries. Mixed methods and instruments were used in the data collection and analysis phase including two surveys, a longitudinal analysis, a comparative study to contextualise the transition process in Viet Nam within the broader context of Finland's changing partner relationship, quantitative analysis of ODA flows and trade volumes as well as qualitative analysis on partners' appreciation of dialogue and cooperation and inclusion of cross-cutting objectives to influence transition and vice-versa. To enhance participation of stakeholders, 125 key informants were interviewed and several workshops were realised.

The evaluation was realised in the period November 2020 – June 2022, by an evaluation team of five international experts.

Acknowledged limitations

The transition process covered 12 years and not all key stakeholders in the entire period could be located and in other cases, not all aspects of transitioning could be clearly recollected.

There was a diverse understanding of concepts related to transition. This was partly due to the changes in staff but also for having not specified clearly the strategy and process of transitioning.

Due to Covid-19 the evaluation had to be conducted 100% as an online evaluation process, with the exception of a small number of face-to-face interviews in Viet Nam. This has limited exposure of the evaluators to the transition process effects experienced by stakeholders on the ground.



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For the full report: <https://um.fi/development-cooperation-evaluation-reports-comprehensive-evaluations>.