

# Review of Asia Trade and Development Programme Projects

Commissioned by:

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## Executive Summary

### Background

This report documents the findings and recommendations of the Review of Three Trade and Development Projects undertaken in the Greater Mekong Subregion, South East Asia by the New Zealand Aid Programme, Ministry of Foreign Affairs and Trade (MFAT) (formerly New Zealand Agency for International Development (NZAID)) during 2005-10. These projects are the Mekong Private Sector Development Facility (MPDFII), Food Safety and its Management (FS), and Phytosanitary Capacity Building (PCB). These projects comprised the NZAID Asia Trade and Development (T&D) programme from 2005-2010. Countries participating in the MPDFII and FS projects comprised Cambodia, Lao People's Democratic Republic (Lao PDR) and Vietnam (CLV), while these three countries and Myanmar (CLMV) also participated in the PCB project.

The three projects were implemented in different modalities. MPDFII (2008-2013) is being implemented by the International Finance Corporation (IFC) through a US\$49.9 m multi-donor trust fund to which MFAT has pledged US\$2 m. The Food Safety project (2005-2009) was funded by MFAT (US\$1.15 m) who contracted the Food and Agriculture Organisation of the United Nations (FAO) to implement the project. The PCB project (2006-2010) was funded by MFAT (AUS\$2.7 m) and managed by UniQuest Pty Limited under a management services consultant contract with MFAT.

The review was commissioned by MFAT. The broad purpose of the review was to identify how the selected projects have contributed to increasing access to markets (domestic/South East Asia/international) for local producers in a way that local production has been stimulated and is growing, particularly for small producers.

The review was conducted during August and September 2010. The review comprised desk review, field visits to Cambodia, Laos, Vietnam (CLV), meetings and discussions with stakeholders (MFAT staff, targeted officials in CLV, project contractors, partners and donors, and direct and indirect beneficiaries).

The review was undertaken in the context of various initiatives of the Association of South East Asian Nations (ASEAN), including the ASEAN New Zealand Regional Cooperation Programme (ANZCRP), Initiative for ASEAN Integration (IAI), IAI Work Plan 2, Hanoi Declaration, Vientiane Action Plan, Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership, as well as NZAID and/or MFAT initiatives. These included the NZAID Trade and Development Policy, Asia Strategy, Asia Trade and Development Programme, Country Strategies for Cambodia, Lao PDR and Vietnam, and MFAT's Flagships programme. The three projects were designed and implemented under the Asia Strategy (2004-2010), but this Strategy was superseded in June 2010 by MFAT's Flagships programme.

The report comprises:

- Description of the context of the Asia Trade and Development programme
- Purpose and objectives of the review
- Approach and methodology used in undertaking the review
- Review findings
- Lessons learned
- Conclusions
- Recommendations and suggested follow up actions.

The report also contains appendices containing acronyms and abbreviations, terms of reference for the review, assessment of projects against Development Assistance Committee (DAC) criteria, persons met, list of data sources, and list of MPDFIII projects.

## Key Findings

### Overall Assessment

Using the DAC criteria, all three projects were assessed to be highly relevant to the Asia Trade and Development programme as defined by the Trade and Development Policy (NZAID 2003) and the Asia Strategy (2004). The projects were rated as Medium to High in terms of their overall effectiveness, and Medium overall in terms of their impact, sustainability, and efficiency of delivery. The three projects varied across criteria and for specific criteria (Table 1). Over all criteria, MPDFIII was rated Medium to High in terms of meeting the intent of the Asia Trade and Development programme, while the Food Safety and Phytosanitary Capacity Building projects were both rated Medium. However, many MPDFIII projects have only just begun implementation and it is too early to assess them in terms of the Asia Trade and Development programme, especially in terms of impact and sustainability.

**Table 1. Assessment of the Three Projects in relation to the Asia Trade and Development Programme using DAC Criteria**

| Project/<br>Country                   | Relevance      | Effectiveness | Impact | Sustainability | Efficiency | Overall |
|---------------------------------------|----------------|---------------|--------|----------------|------------|---------|
| MPDFIII                               | H <sup>1</sup> | H             | M-H    | M-H            | M-H        | M-H     |
| Food Safety                           | H              | M             | L-M    | M              | M          | M       |
| Phytosanitary<br>Capacity<br>Building | H              | M             | L-M    | L              | M          | M       |
| Three Projects<br>- Combined          | H              | M-H           | M      | M              | M          | M       |

<sup>1</sup> H = High M = Medium L = Low. Note: The above assessments are subjective.

### Relevance of the Projects

**Country Priorities, Alignment with NZAID's Asia Strategy, and MFAT's Bilateral Strategies.** All three projects address important trade and development priorities of CLMV. The project development objectives were all well aligned with the Asia Strategy (and the Trade and Development Policy) in terms of indirectly contributing to "supporting the newer members of ASEAN to establish the capability and mechanisms that will facilitate their integration into national, regional and international markets". MPDFIII is contributing significantly to improving the business operating environment that is essential to underpin such integration. The FS and PCB projects have been less effective despite their development objectives aligning with the Asia Strategy. In general, the three projects have indirectly, and perhaps coincidentally, complemented the MFAT bilateral T&D strategies in CLV. However, there are few, if any, direct programme design and operational linkages between the MFAT regional and bilateral trade and development programmes and projects.

**Priorities of the Initiative for ASEAN Integration.** The three projects have not been designed specifically to address IAI priorities (ASEAN 2009a) because there is little, if any, specific reference to addressing IAI in the design documents. Despite this, all three projects are indirectly supporting various IAI priorities. The MPDF projects are

contributing indirectly to most items under ASEAN Economic Community (AEC) Themes A (Single Market and Production Base), B (Competitive Economic Region) and C (Equitable Economic Development). MPDF is also contributing to several themes and items under the ASEAN Socio-Cultural Community (ASCC). The FS and PCB projects have both contributed indirectly to AEC item A7 Food, Agriculture and Forestry, and ASCC items A5 Facilitating Access to Applied Science and Technology, and B3 Enhancing Food Security and Safety. The FS project has also helped to address items for specific actions listed under AEC item A7 Food, Agriculture and Forestry, and ASCC item B3 Enhancing Food Security and Safety, "Conduct capacity building programs by 2011 on risk analysis including training for CLMV countries to support food safety measures".

**Promoting Access to Markets and Increasing Local Production.** Only MPDFIII included specific projects that directly promoted market access. The wider MPDF impacts of improving the business enabling environment for the private sector, especially SMEs, will also have significant impact on the private sector's longer term ability to access markets. MPDFIII is helping to increase local production by assisting the agricultural sector and businesses improve their agribusiness supply chain linkages and value chains, product quality improvement, producer and agribusiness training, processing efficiency, and market information access. The FS and PCB projects did not have specific objectives of directly promoting access to markets or increasing local production.

**Increasing Networking in ASEAN.** The three projects were largely designed and implemented as a series of projects in each CLMV country, rather than being designed as truly regional programmes. There was not a significant project design focus or statement in the objectives of any of the three projects to actively promote ASEAN and IAI networking among CLMV or the wider ASEAN members. MPDFIII has achieved some degree of CLV networking through project workshops, project-specific study visits among CLV, regional conferences and training. Networking in the PCB project was based on contact between CLMV participants in diagnostic training workshops and Senior Officials Meetings (SOMs). Training workshops in the FS project were conducted in each CLV country separately with little interaction among countries.

**Traded Commodities between ASEAN and Beyond.** None of the three projects were designed to directly trade commodities between ASEAN or more widely internationally. Economic growth resulting from the improved business enabling environment promoted by MPDFIII may result in increased trading of commodities over time, but increased trading will result from many complex economic, social and political drivers from which it is impossible to disaggregate the MPDF contribution.

**Harmonisation of Phytosanitary Measures and Food Safety Regulations.** The PCB project contributed to the harmonisation of phytosanitary measures adopted in CLMV countries with International Standards for Phytosanitary Measures (ISPMs). However, it contributed little to CLMV phytosanitary officials' understanding of applying these ISPMs to international trade. Outputs from the FS project have contributed to CLV either identifying which Codex standards are high priorities for adoption as technical regulations or adopting Codex standards as national standards. CLV government staff with food safety-related roles are generally well aware of these high priority standards and the need for their adoption.

**MPDF Role In Improving the SME Business Environment.** Overall, the 28 projects within MPDFIII are making a significant contribution to improving the SME business

environment in CLV. Access to Finance projects are helping to build stronger and diversified financial markets that serve the private sector in each country by strengthening individual financial institutions, improving/reforming financial sector infrastructure and policy; and in removing legal and regulatory framework obstacles that have previously constrained SME access to finance. Investment Climate projects are supporting CLV develop and implement policy, legal and regulatory reforms at both national and sub-national level that improve the business environment and operations. These reforms all lower transaction costs and time spent by firms on non-productive activities, thus enabling them to compete more effectively. Sustainable Business Advisory projects are strengthening and promoting private sector development by providing direct assistance to firms to help them develop sustainable business practices; better integrate into larger supply chains to improve quality, efficiencies, and income levels; and improve their competitiveness, entrepreneurship and market prospects. Access to Infrastructure projects have only just started and it is too early to assess their impact.

### **Effectiveness of the Projects**

**Achievement of Project Objectives.** The three projects have varied in their achievement of development objectives. Overall, MPDFIII is making good progress in contributing to growth and poverty reduction in CLV, and has successfully built on earlier phases of MPDF. Both the FS and PCB projects suffered from a disconnect between their development objective and specific objectives in that the project design did not establish clear linkages between objectives at different levels. Overall the FS project made some very real contributions towards the development of a modern and science-based food control system in CLV countries. However, these contributions have not resulted in reduced food safety risks for domestic consumers in these countries or an increase in food and agricultural exports that meet internationally accepted food safety standards (Codex standards). The PCB project has definitely contributed to phytosanitary building capacity in the CLMV countries, but this has not led to direct improvement in phytosanitary practices, or any promotion of trade and rural income generation, thereby reducing poverty.

**Cross Cutting Issues.** MPDFIII projects address business enabling environment issues that will lead to economic growth and indirectly **poverty reduction**. MPDFIII also includes several projects that directly address access to finance and income generation for the poor. The development objective of the PCB project refers to poverty reduction, but specific project objectives and activities did not contribute to rural income generation or poverty reduction. The FS project design did not include poverty reduction as an objective.

The projects varied in their treatment of **gender** issues. MPDFIII has been very active in addressing gender issues in the business environment with training and capacity building for both women and men being a key part of most projects. Neither the FS or PCB projects specifically targeted gender issues although male and female technicians, and in some cases women farmers in the FS project, participated in training.

**Human rights** are not a specific focus of any of the three projects. However, several MPDFIII projects are addressing labour rights, working conditions, and labour-management relations in factories in Cambodia and Vietnam.

The projects also varied in their treatment of **environmental** issues. Sound environmental management underpins MPDF's sustainable business model for all SMEs and MPDFIII projects are specifically targeting environmental issues, such as energy

efficiency and clean production, improved energy and waste management in the rice milling industry, and recycling of used lead acid batteries. The design of FS and PCB projects did not feature activities related to addressing particular environmental issues.

**Project and Risk Management, Implementation Modalities.** All three projects have been well managed, despite each having a different project management model. All three projects have also generally been effective in managing project risks.

The three projects have used different implementation modalities with MPDFIII being based on a multi-donor trust fund approach, FS being implemented by FAO using NZAID funding, and the PCB applying an MSC approach. The MPDFIII modality has been appropriate for a project that is managing about 28 individual projects across three countries at any one time. The pooling of funds from eight donors into the multi-donor trust fund for implementation by IFC has provided project management flexibility for IFC and has also enabled small donors, such as MFAT, to leverage other donor funds into a sizeable project. For projects that include more than one country, both IFC and FAO have brought the benefits of using large, international agencies that have long term, local offices in each of CLV. A weakness of the non-resident MSC approach used in the PCB project is that the MSC does not have the same leverage with government, service providers and the private sector that IFC and FAO have been able to achieve.

**Funding and Value for Money.** The costs to deliver the projects differed markedly. Overhead and support costs were calculated and reported differently by each project so it is not easy to compare these relative costs among the projects. The different nature and scale of the three projects (especially MPDFIII compared to FS and PCB) makes it difficult to compare value for money among projects.

Despite MPDFIII's high overhead cost (27%), the cost for bilateral donors, such as MFAT, to deliver such services in three countries to the same quality as IFC without a multi-donor trust fund, such as MPDFIII, are simply prohibitive. For a small donor, such as MFAT, contribution to MPDFIII provides a high quality, high status opportunity to leverage IFC's global expertise, strong presence in each CLV country, and other multi-donor contributions to achieve its regional Trade and Development objectives at minimal MFAT administrative expense (part of a Development Programme Manager's (DPM) time). The projects in MPDFIII are all at different stages of implementation, so there is a wide range in achievement of outputs and outcomes depending on each project's stage. Most completed projects achieve an overall ranking of High or Medium to High across all DAC criteria.

FAO support costs were considerably lower at about 13% of FS total project budget, but comprise different items to MPDF so it is not possible to compare the two. FAO was able to field a significant number of highly qualified food safety experts partly due to a lower cost structure. The quality of the PCB project operations appears reasonable for the amount invested by MFAT, but probably required more management inputs by the DPM due to the large number of contract variations compared to the other two projects.

The FS and PCB projects made important steps in building capacity of CLMV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. The quality of outcomes for the money spent was generally better for the FS project. However, the desired longer term impact and sustainability of these two projects will only be achievable with ongoing contributions of additional complementary projects funded by other donors.

**Sustainability of Benefits.** Analysis of the three projects against DAC criteria assesses an overall sustainability rating of Medium for the three projects combined, but varying from Low for the PCB to Medium to High for MPDFIII.

An overall Medium-High ranking for completed MPDF projects generally reflects the overall quality of project targeting, government-private sector partnership, and capacity-building approach of IFC to ensure that all MPDF projects have a high likelihood of long term impact and sustainability. The FS and PCB projects represent significant foundation steps in building capacity of CLV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. However, it is difficult to identify long lasting benefits from each of these projects. CLV government officials viewed the two projects as unfinished and hoped for ongoing support for capacity building in food safety, plant protection and other phytosanitary matters.

**Partner Government Ownership of Issues Addressed and Development Processes Initiated.** The three projects have had different degrees of government ownership of the issues addressed and development processes initiated. This has also varied by country.

MPDFIII has had very strong government commitment and ownership to improvement of the business environment and development of the private sector in CLV. Food safety is well recognised by all CLV governments as a matter requiring particular attention. The failure of Cambodian Ministers to agree on the designation of responsibilities among food control agencies continued to frustrate progress there in improving food safety and its management.

The PCB project has not attracted nearly the same level of CLV government attention in addressing phytosanitary capacity building in the pest surveillance and diagnostic areas compared to food safety. However, with growing recognition of the importance to economic development of increased food and agriculture exports that meet international sanitary-phytosanitary (SPS) requirements, greater priority will need to be attached to ensuring appropriately resourced phytosanitary regulatory systems are in place. Given that many pests are common to all CLMV countries, regional cooperation and collaboration between GMS countries should be more closely considered in future development processes related to phytosanitary matters. A strictly national approach is unlikely to be the most efficient or cost effective.

#### **Lessons Learned for Future Trade and Development Programme**

Key lessons learned from the current Asia Trade and Development programme in developing any future programme include:

##### **Strategic Framework**

**Clearly Define Any Future Strategic ASEAN or Asia Trade and Development Programme.** A major weakness of the current Asia Trade and Development programme is that there is no readily available public document defining the scope or objectives of the programme. This makes it very difficult for stakeholders and programme partners to understand the aim and purpose of the Asia T&D programme.

**Focus the Programme.** New Zealand is a very small player in ASEAN with very limited development assistance resources to support the very wide range of themes, items and actions under the IAI Workplan II. The MFAT flagships identify four broad areas, but it is not stated which specific IAI themes, items and actions they target, or how they relate to IAI.

**Fully Integrate Regional and Bilateral Trade and Development Programmes.** A major weakness of the current Asia Trade and Development programme is that it is not a truly regional programme, but three projects operating in CLMV. There is no direct linkage to trade and development activities under the bilateral programmes in CLV. The Asia Trade and Development programme is managed out of Wellington. MFAT staff in the Bangkok and Hanoi Embassies have not been involved in the Asia T&D programme at all, and have very little understanding or contact with it. As a result, the wider MFAT trade and development programme in CLV is disjointed and is not taking advantage of the opportunity for a well-integrated complementary regional and bilateral approach to trade and development.

**Base Any Future Programme in the Greater Mekong Subregion.** For MFAT to effectively contribute development assistance to the dynamic trade and development environment in ASEAN and the GMS, any well-integrated future Asia Trade and Development programme that is targeting IAI must be based in the GMS, not Wellington. This will enable MFAT trade and development staff to develop a much closer understanding of the regional trade and development issues; enable MFAT to respond quicker to development opportunities; develop closer trade and development relationships with partner governments, the private sector, business associations, and like-minded donors working in the sector; and enable MFAT trade and development staff to interact more closely with projects MFAT is funding.

**Build on Existing Successful Relationships NZ has with Partners in the Region.** New Zealand is a small player with limited funding and human resources for development assistance in trade and development in South East Asia. MFAT has developed good working relationships with IFC and FAO through MPDFs II and III, and the FS project. It is not clear how MFAT's four flagships will relate to ongoing projects, such as MPDFIII. However, for a small player like MFAT it is essential that existing successful relationships are built upon, leveraged and further developed as part of any future T&D programme to complement any new initiatives with new unproven partners.

#### **Future Direction**

**Strong Government and Private Sector Partnership in Design and Implementation of Future T&D Projects.** This has been a key feature of MPDFIII projects involving the private sector, but not so in the FS and PCB projects which have had little connection with the private sector. Any future Trade and Development programme that wishes to engage the private sector must have a strong focus on government and private sector partnership in design and throughout implementation, as well as partnership other donors.

**Flexible Project Design.** The business, trade and market access environment in South East Asia is dynamic and constantly changing. This requires development assistance projects targeting trade and development to be very flexible in their design and implementation so they can respond effectively to such changes. This has been a key lesson learned from MPDFIII where IFC has adjusted its project mix based on the needs of its government and private sector stakeholders.

**Use of Resident International Implementing Agencies.** MFAT is a very small, non-resident donor in most ASEAN countries. This creates challenges for implementation of its development assistance projects. The MPDFIII and FS projects have shown there are distinct advantages in using resident international organizations, such as IFC and FAO, for project implementation, where projects occur in more than one country. The long term and local presence of such agencies enables them to establish longer term,



partnership relationships with government officials and the private sector; good coordination with other donors supporting similar initiatives; potential access to day-to-day technical advice for project participants; and timeliness for addressing project issues. Such agencies can also access global technical resources and experience for capacity building and developing new initiatives.

**Leverage of Other Donor Funds.** MFAT participation in MPDFIII has shown the benefits of participating in a multi-donor trust fund where contributions from other donors can be pooled and leveraged. MFAT's US\$2 m contribution is leveraging another US\$47.9 m from IFC and other donors to create a US\$49.9 m fund for private sector development that is well implemented, well managed, and well regarded in CLV.

**Cooperate with Other Donors on SPS Matters.** Country-specific SPS requirements and obligations under international agricultural and trade agreements are complex and vary among countries. The comprehensive approach to SPS assistance requires a 5-10 year effort tailored to each country's specific needs, and comes at considerable expense. To achieve sustainable impact of SPS programmes across several countries requires well coordinated multi-donor assistance and strong national government support. MFAT's limited development assistance resources only allow very small scale projects (e.g. FS and PCB projects) – too small to achieve sufficient momentum to produce sustainable impacts.

**Importance of English Language Skills.** Khmer, Lao, Burmese and Vietnamese, the official languages of CLMV countries, respectively, are not languages that can be used in communications internationally or even between CLMV; English is the language used. Enhancing English language skills of the business trading community and CLMV officials (especially those with SPS-related roles) is essential to improving the capability of CLMV countries to function effectively in the international trading environment and communicate with international science and technology communities. The ASEAN Scholarships, one of MFAT's four flagship programmes, may provide an opportunity for MFAT to assist directly with this so that outputs from donor-funded trade facilitation and/or SPS-related projects are more likely to achieve sustainable impacts.

### **Key Recommendations**

The report makes 23 recommendations for the Asia Trade and Development programme, the higher priority being:

- MFAT should prepare a definitive public document that clearly specifies the aims, approach, objectives, and activities that New Zealand will undertake in any future Asia Trade and Development programme and in delivering its commitment to the Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership. (Refer Section 6.1).
- Focus New Zealand's limited development assistance resources on a very small number of specified IAI themes, items, and actions so that New Zealand's assistance is very clearly targeted, directly addresses specific IAI Workplan II items and actions that ASEAN wants; and is in items/actions where New Zealand has expertise that can add value to the IAI. (Refer Section 6.1).
- Any future Asia Trade and Development programme should be designed to focus on specified IAI themes, items and actions in the IAI Workplan II. It should fully integrate regional and bilateral activities into one single coherent, complementary programme. It should combine activities that operate at regional level in a common way across CLMV, complemented by specific bilateral activities that directly support

the in-country implementation of the regional initiative or activity. (Refer Section 6.1).

- Base any future regional Asia Trade and Development programme that is focused on ASEAN IAI in the Greater Mekong Subregion, with MFAT staff responsible for managing such a programme located in the region, possibly Hanoi given Vietnam's status as an IAI member. (Refer Section 6.1).
- In implementation of any future Asia Trade and Development programme MFAT should maintain a balance between further developing and leveraging successful relationships with existing development partners (such as IFG, FAO), and developing new relationships and projects in application of MFAT's four new flagships. (Refer Section 6.1).
- Any projects involving the private sector supported by MFAT under any future Asia Trade and Development programme or the four flagships must be flexible in their project design to respond quickly to changes in the business environment that private sector and government beneficiaries are operating in. (Refer Section 5.3.4).
- Fully engage government, the private sector and other relevant donors at all stages of design and implementation of any future Asia Trade and Development programme and four flagship programmes that target the business environment, private sector development and market access. (Refer Section 6.2.3).
- Where MFAT-supported projects are regionally-focused or include more than one country, MFAT should utilize resident international agencies in the implementation of future Asia Trade and Development projects, whatever their scale, to enhance the likelihood of sustainable impacts resulting. (Refer Section 6.2.1).
- MFAT should seriously consider ongoing participation in MPDF if MPDF goes to a fourth project at the end of MPDFII and continues to be compatible with the Asia Trade and Development programme objectives. (Refer Section 6.2.1).
- Unless MFAT can partner with like-minded donors to jointly fund projects or programmes of sufficient scale on regional SPS matters in CLMV, SPS matters should only be included in any future Asia Trade and Development programme on a bilateral basis. (Refer Section 6.2.1).
- Under the new MFAT ASEAN Scholarship programme, offer CLMV officials with trade facilitation and/or SPS-related roles two-year scholarships in New Zealand for English language training. Such scholarships should offer CLMV recipients the opportunity to be immersed in a predominantly English-speaking society as well as providing business, trade and technical language training over a lengthy period. (Refer Section 6.2.4).

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## 1 Introduction

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- Conclusions
- Recommendations and suggested follow up actions.

The report also contains appendices containing acronyms and abbreviations, terms of reference for the review, assessment of projects against Development Assistance Committee (DAC) criteria, persons met, list of data sources, and list of MPDFIII projects.

## **2 Description of the Trade and Development Programme**

### **2.1 Background and Political Context**

#### **2.1.1 New Zealand and ASEAN**

New Zealand has been providing support for economic cooperation activities to South East Asia and more specifically to the ASEAN region for well over three decades under New Zealand-ASEAN related agreements. Before the formation of NZAID in 2002, development assistance was provided through the ASEAN New Zealand Regional Cooperation Programme (ANZRCP) consistent with agreements under the ASEAN/NZ Dialogue process.

#### **2.1.2 Initiative for ASEAN Integration**

The ASEAN Heads of State/Government launched the Initiative for ASEAN Integration (IAI) at the ASEAN summit in 2000. The purpose of the IAI is to narrow the development divide and enhance ASEAN's competitiveness as a region to provide a framework for regional cooperation through which the more developed ASEAN members could help those member countries that most need it. In 2001 ASEAN Foreign Ministers adopted the Hanoi declaration on Narrowing the Development Gap (NDG) for Closer ASEAN Integration. In 2003, ASEAN leaders issued the Declaration of the ASEAN Accord (Bali Concord II) stressing that the deepening and broadening of ASEAN integration shall be accompanied by technical and development cooperation to address the development divide and accelerate the economic integration of Cambodia, Laos, Myanmar and Vietnam (CLMV). This was to be achieved through the road map for integration of ASEAN to enable all member states to move forward in a unified manner and that the benefits of ASEAN integration are shared. The Vientiane Action Programme (2004-2010), a medium-term development plan to realize the ASEAN Vision 2020 (ASEAN 1997), highlighted the strategic importance of narrowing the development gap to realize the ASEAN Community, and that the IAI be strengthened to address the needs of CLMV and sub-regional areas.

The NDG was to include specific regional cooperation activities aimed at assisting the less developed member states to achieve closer economic integration, to benefit from ASEAN schemes for regional economic integration activities, to supplement national efforts directly aimed at poverty reduction, and the promotion of equitable and inclusive development. This was operationalized through the IAI Work Plan that implemented 134 projects/programs attracting about US\$191 million from ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand) and about US\$20 million from dialogue partners, development agencies, and other partners.

#### **2.1.3 NZAID Trade and Development Policy**

Harnessing international trade for development has been a key component of New Zealand official development assistance since 2003. New Zealand's Official Development Assistance (NZODA) policy and position on harnessing international trade for development is expressed in NZAID (2003).

This document states that NZAID's policy and position is that:

- Trade can reduce poverty

- But trade delivers best when critical economic and governance factors are in place
- Developing countries face challenges in making trade work for development
- And the international donor community can play a key role in overcoming these challenges and constraints.

NZAID (2003) also states that "In line with MDG 8, *Develop a Global Partnership for Development*, NZAID is committed to supporting further development of an open, rules-based, predictable, non-discriminatory trading and financial system (Target 12), and addressing the special needs of the Least Developed Countries, land locked countries, and small island developing states." Lao PDR fits the criteria for land locked countries.

In its policy document (NZAID 2003), NZAID recognizes that trade growth and liberalization, under certain supporting conditions, can deliver sustainable poverty reduction and substantially stimulate development worldwide. The document states that the keys to an effective NZAID role, consistent with its vision and values, are:

- Targeted policy engagement on trade and development issues
- Trade-related programming that supports developing countries' ownership of trade policies, participation in multi-lateral trade processes, trade access and efforts to develop policies and institutions to harness trade for development.

Further details on this policy and position are given in NZAID (2003).

This Trade and Development Policy and the Asia Strategy (NZAID 2004) forms the policy and strategic framework under which the Asia Trade and Development programme was conceived.

#### 2.1.4 NZAID Asia Strategy

When NZAID was formed in 2002, the NZODA programme was adjusted to include private sector development and trade related activities. The NZAID Asia Strategy developed in 2004 included Trade and Development as a key theme (NZAID 2004) further defining application of the Trade and Development Policy (NZAID 2003) in South East Asia.

The Strategy states that "in South East Asia, we (NZAID) support the newer members of ASEAN (CMLV) to establish the capability and mechanisms that will facilitate their integration into national, regional and international markets". Although not specifically mentioning the IAI, this statement is consistent with the IAI's purpose. The Strategy further states that "in addition, we (NZAID) support measures to ensure the benefits of international trade extend to the rural sector, particularly poor and marginalized communities. We (NZAID) also support the development of community-based trading partnerships that seek to facilitate trade for sustainable livelihoods, assist diversification and pursue the development of comparative and competitive advantage". One of the key approaches of the Asia Strategy was to "maximize the synergies between core-bilateral partner country programmes, thematic programmes and programmes of our (NZAID's) development partners" (NZAID 2004). These items are also consistent with the IAI objectives.



### 2.1.5 Asia Trade and Development Programme

In early 2006 NZAID created a dedicated Asia Trade and Development (T&D) programme<sup>1</sup>, to promote the objectives outlined by NZAID's overarching Trade and Development Policy (NZAID 2003) and NZAID's Asia Strategy (NZAID 2004).

Under the Asia T&D programme support was provided for piloting both bilateral and regional trade and development activities, across a range of sectors. Most of the bilateral pilot projects were in Cambodia. These included support for the Cambodian garment sector; the Cambodian Government's Trade Sector Wide Approach (participation in a multi-donor exercise to support the silk sector) and for a pilot initiative on rural agribusiness in Siem Reap. Most of the regional trade and development activities were aligned with the Vientiane Action Programme (VAP) and have been focused on the less developed countries of the Greater Mekong Region, namely Cambodia, Myanmar, Laos and Vietnam, as required by ASEAN.

The creation of the Asia Trade and Development programme in 2006 saw the programme aligned with ASEAN policy goals (Vientiane Action Programme (VAP) and Initiative for ASEAN Integration (IAI)). Support included:

- Trade Facilitation Initiatives, comprising:
  - The continuation of a major project to facilitate trade expansion through the development of phytosanitary capacity, but focused on the CMLV countries of ASEAN
  - Support for Mekong Food Safety capacity-building, and
  - A project to develop metrology standards and improve legal metrology capacity in the Mekong region.
- Private Sector Development in the CLV countries (Cambodia, Laos and Vietnam) and Indonesia. This includes support to the International Finance Corporation (IFC) Mekong Private Sector Development Facility (MPDF) and the Programme for Eastern Indonesia Small and Medium Enterprise Assistance (PENSA) programme in Indonesia. Both of these facilities support a range of private sector development projects

Support for the bilateral trade and development activities under the T&D programme continued. However in 2009, a decision was taken to transfer these projects (Cambodian Silk Sector and Cambodian Agribusiness projects) to the bilateral-managed programmes.

### 2.1.6 Country Strategies

NZAID developed country strategies for Cambodia and Lao PDR (both 2005-2010) and Vietnam (2007-2016) that sit within the framework of the NZAID Asia Strategy. The Cambodia (NZAID 2005a) and Lao PDR (NZAID 2005b) strategies both include Trade and Private Sector Development as target sectors for bilateral assistance.

The goal of the strategies for each country is to eliminate poverty through a focus on sustainable rural livelihoods, and in the case of Vietnam also through basic education opportunities for poor and marginalized people.

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<sup>1</sup>Note: The consultants could not find any details or written documentation defining the Asia Trade and Development programme in MFAT files or on the MFAT website. There does not appear to be a formal document defining the programme and its objectives.

In Cambodia and Lao PDR the NZAID bilateral country strategies aim to support pro-poor tourism, natural resource management, trade and private sector development, and human resource development.

### **Cambodia**

Under trade and private sector development in Cambodia, NZAID (2005a) would support entrepreneurial and SME development in pro-poor sectors, such as agribusiness. Under the strategy, NZAID would assist rural producers improve their skills, diversify production, move into more-value-added agribusiness activities and link up with more rewarding national and international markets. The strategy also states that Cambodia requires an enabling environment that reduces the cost of doing business, while simultaneously protecting labour rights and improving industrial relations. Under the strategy, it would also work with partners to improve labour relations and promote core labour rights in sectors of significance to employment and the economy, notably the garments sector. It would also build government capabilities in the agricultural sector, to facilitate Cambodian producers' access to local, national and international markets. The Trade and Development programme would also look for spin-offs and innovative opportunities arising from the bilateral programme's engagement in pro-poor tourism and natural resource management.

Specific bilateral trade and private sector development activities are the Cambodia Silk and Agribusiness projects that transitioned from the Asia Trade and Development programme to the Cambodia bilateral programme in 2009.

The Cambodia Strategy refers to regional activities, such as the GMS Economic Cooperation Programme, ASEAN Vientiane Action Plan (VAP), and the Initiative for ASEAN Integration (IAI) as part of the regional context for the strategy. However, it does not state specifically that NZAID bilateral activities would focus on activities that will promote or contribute directly to the VAP or IAI. No further mention of the VAP or IAI is made in the description of the NZAID programme in Cambodia.

### **Lao PDR**

In the Lao PDR Country Strategy (NZAID 2005b), the Trade and Private Sector Development interventions appear to be solely from the Asia Trade and Development programme rather than from specific bilateral interventions. The Lao PDR Strategy states that "NZAID will identify opportunities for creating greater synergies between this assistance (i.e. the Asia T&D programme) and that which is provided under the Lao PDR country programme".

Engagement in the trade and private sector development area was to be at two levels:

1. Creating the environment in which Lao PDR producers can take advantage of local, national and international markets by building government capabilities in certain pro-poor sectors, particularly agriculture.
2. Supporting local initiatives, working directly with producers to develop skills and capabilities and thereby promoting income generation.

The Strategy also states that while the Trade and Development programme is not part of the country programme, it will look for spin-offs and innovative opportunities arising from the country programme's engagement in pro-poor tourism and natural resource management.

In discussing the regional context, the Lao PDR Strategy specifically states that "as a dialogue partner of ASEAN, NZAID will ensure that its Lao programme is appropriately

aligned to the VAP and IAI.” However, no further mention is made of ASEAN, the VAP or IAI in stating the programme’s objectives, sectoral focus, operating principles, modalities, resources and management or measuring performance.

## **Vietnam**

The sectoral focus of the Vietnam Country Strategy (NZAID 2007a) is on sustainable rural livelihoods, education, human resource development and health. The sustainable rural livelihoods sector is comprised of sanitary and phytosanitary capacity building and linking producers to markets. The Strategy states that NZAID will “build on the regional phyto-sanitary capacity building programme, assisting plant protection organizations at the central level to meet the requirements of the SPS agreement with a view to creating an enabling environment for trade in plant products”. While there has been New Zealand bilateral assistance for combating avian influenza, there does not appear to have been any specific direct bilateral activities under the country strategy since 2007 to complement the Asia T&D Phytosanitary Capacity Building Project.

Direct bilateral activities under the linking producers to markets item mainly comprises an agribusiness project in Binh Dinh that aims to help link poor rural households to markets and create value chains relevant to their local context. The Vietnam Strategy states that this project will attempt to create links with other activities supported by NZAID in food safety, and activities under the MPDF in relation to SMEs (i.e., projects under the Asia Trade and Development programme). The Binh Dinh project started in 2009 so there is adequate time and opportunity to link with organizations that received support under the Asia T&D programme.

As with the Cambodia and Lao PDR strategies, the Vietnam country strategy refers generally to the VAP, IAI and GMS Economic Cooperation Programme; and the NZAID strategy of sharing experience across its GMS programmes and bilateral programmes in CLV. However, no specific mention is made in the strategy of the bilateral sectoral activities directly linking to VAP and IAI activities.

## **2.2 NZODA Current Emphasis and Future Direction in South East Asia**

### **2.2.1 IAI Work Plan II**

In 2009 a Strategic Framework and the IAI Work Plan II (ASEAN 2009a) was prepared for 2009-2015 aligning with the three ASEAN Community Blueprints (ASEAN Economic Blueprint (ASEAN 2007), ASEAN Socio-Cultural Blueprint (ASEAN 2009b), and the ASEAN Political Security Blueprint (ASEAN 2009c)). The IAI Work Plan is based on the key programme areas of the each of the three Blueprints, the 1<sup>st</sup> IAI Work Plan 2002-2008, and the project ideas contained in the Mid-Term Review of the 1<sup>st</sup> IAI Work Plan 2002-2008.

The IAI Work Plan II details specific actions to be undertaken under the themes and items listed in Table 1. In addition, a general enabling action of the Work Plan is to conduct projects to raise English-language efficiency of government officials and people of the CLMV countries (ASEAN 2010a).

Table 1. IAI Work Plan II Themes and Items (ASEAN 2009a)

| Blueprint                             | Theme                                  | Item  |
|---------------------------------------|--|---|
| ASEAN Economic Community (AEC)        | A. Single Market and Production Base   | A1 Free Flow of Goods<br>A2. Free Flow of Services<br>A3 Free Flow of Investment<br>A4. Freer Flow of Capital<br>A5. Free Flow of Skilled Labour<br>A6. Priority Integration Sectors<br>A7. Food, Agriculture, and Forestry   |
|                                       | B. Competitive Economic Region         | B1. Competition Policy<br>B2. Consumer Protection<br>B3. Intellectual Property Rights (IPR)<br>B4. Infrastructure Development<br>B5. Taxation<br>B6. E-Commerce   |
|                                       | C. Equitable Economic Development      | C1. SME Development   |
|                                       | D. Integration into the Global Economy | D1. Coherent Approach Towards External Economic Relations<br>D2. Enhanced Participation in Global Supply Networks   |
| ASEAN Socio-Cultural Community (ASCC) | A. Human Development                   | A1. Advancing and Prioritising Education<br>A2. Investing in Human Resource Development<br>A3. Promotion of Decent Work<br>A4. Promoting Information and Communication Technology<br>A5. Facilitating Access to Applied Science and Technology<br>A6. Strengthening Entrepreneurship Skills for Women, Youth, Elderly and persons With Disabilities<br>A7. Building Civil Service Capability        |
|                                       | B. Social Welfare and Protection       | B1. Poverty Alleviation<br>B2. Social Safety Net and Protection from the Negative Impacts of Integration and Globalisation<br>B3. Enhancing Food Security and Safety<br>B4. Access to Healthcare and Promotion of Healthy Lifestyle<br>B5. Improving Capability to Control Communicable Diseases<br>B6. Ensuring a Drug-Free ASEAN<br>B7. Building Disaster-Resilient Nations and Safer Communities |
|                                       | C. Social Justice and Rights           | C1. Promotion and Protection of the Rights and Welfare of Women, Children, the Elderly, and Persons with Disabilities<br>C2. Protection and Promotion of the Rights of Migrant Workers  |

| Blueprint                                 | Theme   | Item   |
|---|---|--|
|   | D. Ensuring Environmental Sustainability  | C3. Promoting Corporate Responsibilities<br>D1. Addressing Global Environmental Issues<br>D2. Managing and Preventing Transboundary Environmental Pollution<br>D3. Promoting Sustainable Development through Environmental Education and Public Participation<br>D4. Promoting Environmentally Sound Technology (EST)<br>D5. Promoting Quality Living Standards in ASEAN Cities/Urban Areas<br>D6. Harmonising Environmental Policies and Databases<br>D7. Promoting the Sustainable Use of Coastal and Marine Environment<br>D8. Promoting Sustainable Management of nature Conservation and Biodiversity<br>D9. Promoting the Sustainability of Freshwater Resources<br>D10. Responding to Climate Change and Addressing its Impacts<br>D11. Promoting Sustainable Forest Management |
|   | E. Building ASEAN Identity  | E1. Promotion of ASEAN Awareness and a Sense of Community<br>E2. Preservation and Promotion of ASEAN Cultural Heritage<br>E3. Promotion of Cultural Creativity and Industry  |
| ASEAN Political-Security Community (APSC) | A. Rules-based  |  |
|   | Community of Shared Values and Norms (Political Cooperation)  |  |
|   | B. A Cohesive, Peaceful and Resilient Region with Shared Responsibility for Comprehensive Security (security Cooperation) |  |
|   | C. A Dynamic and Outward-Looking Region in an Increasingly Integrated and Interdependent World (External Relations)       |  |

## 2.2.2 Joint Declaration and Plan of Action for an ASEAN-New Zealand Comprehensive Partnership

On 22 July 2010 in Hanoi the government of New Zealand signed a Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership (ASEAN-New Zealand Government 2010a) for political and security cooperation, economic cooperation, socio-cultural cooperation, and development cooperation based essentially on the IAI Work Plan 2.

This Declaration is to be implemented by a Plan of Action (ASEAN-New Zealand Government 2010b) in which ASEAN member states and New Zealand committed to:

1. Supporting ASEAN integration under the three blueprints and the IAI Work Plan II of the Roadmap for an ASEAN Community 2009-2015, including assisting efforts to enhance ASEAN connectivity; and
2. Enhancing New Zealand's engagement with the region.

## 2.2.3 Ministry of Foreign Affairs and Trade Flagships

In mid-2010 the focus of MFAT's aid and development assistance has been revised to align more closely with New Zealand's foreign policy objectives. At the time of writing this report, MFAT is revising its ASEAN strategy to better meet ASEAN's development needs (as per ASEAN's three development blueprints and IAI Work Plan II) and New Zealand's diplomatic needs in South East Asia. The contents of this strategy document are confidential to MFAT and were not made available to the consultants. However, the consultants were advised verbally that the strategy will be made up of the following four flagship programmes:

- ASEAN Scholarship Programme – 170 scholarships per year for ASEAN students to study in New Zealand to help them develop into emerging leaders and to strengthen civil service capabilities in ASEAN countries. This figure is up from 69 currently (i.e. 100 more per year).
- Agricultural Diplomacy – application of New Zealand agricultural expertise in Asia in areas such as agribusiness, dairy, food safety, sanitary and phytosanitary to establish NZ-ASEAN agribusiness linkages
- Disaster Risk Management – this would be a scaling up of New Zealand assistance to ASEAN countries in disaster prevention/mitigation.
- Initiatives for Enterprise – comprising a Young Business Leaders Exchange Programme that will seek to develop a new generation of business relationships in the ASEAN region to underpin the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) that came into force in 2010.

The details of content, modalities and how these four flagships would be implemented in ASEAN by MFAT are still being determined at the time of writing this report.

This review has been commissioned to contribute to the MFAT decision-making process in developing its future ASEAN programme, especially with respect to future of the Asia Trade and Development programme.

### 3 Purpose and Objectives of the Review

#### 3.1 Purpose and Objectives

##### 3.1.1 Purpose

Two significant projects under the Asia Trade and Development programme are completing in 2009 (Food Safety) and 2010 (Phytosanitary Capacity Building), with a third (MPDF) being about halfway through its 2008-2013 project cycle. In addition, the Cambodia Silk and Agribusiness projects transitioned from the Trade and Development programme to the Cambodia bilateral programme in 2009. The current status of these projects provides a timely opportunity for MFAT to reconsider the aims, objectives and strategic framework of the T&D programme, within the wider context of the New Zealand government's development assistance strategy to ASEAN.

The Asia T&D programme has not been formally evaluated and this assessment is not a review of the programme itself. Through this review MFAT wishes to better understand how successful some of the projects delivered under the programme have been and to what extent they have contributed to ASEAN priorities as outlined in the IAI process.

The broad purpose of the review is to identify how the selected projects have contributed to increasing access to markets (domestic/ASEAN/international) for local producers in a way that local production has been stimulated and is growing, particularly for small rural producers.

The study will also:

1. Inform how well the selected projects aligned with and contributed to the achievement of the Asia Strategy, T&D Policy and wider ASEAN development priorities in IAI.
2. Provide information on whether the projects:
  - i) Achieved their agreed objectives
  - ii) Were effective and relevant (value for money with effective delivery approaches and mechanisms)
  - iii) Were implemented in a sustainable way.
3. Provide some valuable lessons (both successes and failures) based on the analysis undertaken under points 1 and 2 above to help inform the future direction of the T&D programme.

##### 3.1.2 Scope

Three projects (Improving Food Safety and its Management (FS), Phytosanitary Capacity Building (PCB), and the Mekong Private Sector Development Facility (MPDF)) were identified by MFAT for assessment. The Food Safety project was completed in December 2009 and the PCB project was completed in October 2010. The MPDF is ongoing and is due to end in 2013. All three projects have either CMLV or CLV focus.

The time period of the projects to be focused on by the review varied with each project.

1. The Food Safety project review covered the duration of the second phase of the project, that is, from January 2005 to December 2008.

2. The PCB project review covered the period since the original project was reviewed in 2004, i.e., from 2005 up to the time of the consultant's field mission in August 2010. The project was subsequently completed in October 2010.
3. The MPDF project which is on-going covered the period from 2008 to August 2010. This comprises the period of MFAT's involvement in the (IFC)-MPDF Phase III (2008-2013).

The three projects represent three different funding modalities. The MPDF is multi-donor funded and New Zealand is a contributor only.

The Review Team was tasked to review these projects in relation to the key objectives listed below.

### 3.1.3 Objectives

The review has three objectives listed below. Each objective has several sub-questions to be addressed (listed in Appendix 2).

**Objective 1:** Assess the relevance of the Food Safety, PCB and the MPDF projects, in particular, how well they have contributed to increasing access to markets (domestic/ASEAN/international) such that local production is increasing.

**Objective 2:** Assess the effectiveness of each of the three projects in achieving the objectives and outcomes expressed in the contract documents and the extent to which the approaches and methodologies used to implement these projects has contributed and is contributing to the long term sustainability of improved standards, standards application, market access and producer opportunity.

**Objective 3:** Identify possible lessons from the success and failures of the three projects assessed to inform high level decisions on the T&D aspects of the Asia Strategy, inform the formulation of a strategic framework for the future T&D programme and inform good practice in design and implementation of regional project activities.

### 3.2 Users of the Findings Report

The main stakeholders/users for the review findings and report are:

- MFAT including:
  - Global Development Division (GDD)
  - Development Strategy Advisory and Evaluation Division (DSAED)
  - Asia Division (ASIA)
  - Trade Negotiations Division (TND)
  - Free Trade Unit (FTU)
- Targeted local participating and counterpart government and private sector agencies in CLMV
- Implementing partners (IFC, FAO and UniQuest)
- Direct and indirect beneficiaries, including but not restricted to
  - Farmers and local producer groups
  - Small and medium enterprises, business organizations, and other stakeholders in the business enabling environment (in MPDF).



### 3.3 Short Project Descriptions

#### 3.3.1 Mekong Private Sector Development Facility

The Mekong Private Sector Development Facility (MPDF) is managed by the International Finance Corporation's (IFC) East Asia and Pacific Department (EAP). The first phase, MPDFI, ran from 1996-2001. MPDFII, supported by NZAID, ran from 2003-2007. MPDF Phase III will run for 5.5 years from 2008-2013.

Details of MPDFIII's strategic plan 2008-2013 are given in IFC (2008a). In summary, its objectives are to:

- Contribute to growth and poverty reduction in Vietnam, Cambodia and Lao PDR by delivering targeted advisory services primarily through the multi-donor partnership of MPDF, by: improving the business environment; increasing access to finance; promoting supply chain linkages; increasing sustainable business practices; and improving access to infrastructure. This work will complement the work of the World Bank Group and link with IFC's direct investment operations.
- Form strategic, long term partnerships with selected donors, including New Zealand, which will aim to complement the strategies of such donors and IFC.

At design in 2008, MPDF was structured around 5 pillars:

- Business Enabling Environment (BEE): Objective – improve the business enabling environment
- Access to Finance (ATF): Objective – increase the private sector's access to finance
- Environmental and Social Sustainability (ESS): Objective – increase sustainable business practices by private sector firms
- Supply Chain Linkages (SCL): Objective – increase value added in selected supply chains
- Access to Infrastructure (INF): Objective – increase private sector access to infrastructure

Some of these pillars were well established under MPDFI and II so some activities, especially in BEE and ATF, were rolled over into MPDFIII. Unspent funding from MPDFII was rolled over into MPDFIII with all rollover funds expended by June 2009.

In the first half of 2008, a Corporate Governance pillar aimed at raising standards and governance in Vietnam, was introduced in Vietnam. In the second half of 2008, the Supply Chain Linkages and Corporate Governance pillars were amalgamated into a Corporate Advice (CA) pillar covering projects that seek to strengthen and promote development of the private sector by providing direct assistance to firms/groups of firms. In May 2009, the BEE was renamed Investment Climate (IC) to better reflect synergies across all members of the World Bank Group.

A further amalgamation has just taken place combining Corporate Advice and ESS into a new pillar, Sustainable Business Advisory (SBA), to better reflect the changing business environment in the CLV countries. As of July 2010, there are now four pillars: Access to Finance (ATF), Sustainable Business Advisory (SBA), Investment Climate (IC), and Access to Infrastructure (INF)

Projects undertaken in MPDFIII as of July 2010 are listed in Appendix 6 grouped by pillar and country.

MPDFIII is supported by the European Union (EU), Finland, IFC, Ireland, the Netherlands, New Zealand, and Switzerland. Total funding for 2008-2012 is US\$49.9 m, of which New Zealand has pledged to provide US\$2.0 m. New Zealand has contributed US\$1.0 m to date, and is contractually committed to provide another US\$1.0 m subject to a satisfactory mid-term evaluation being conducted by IFC in the second half of 2010.

IFC's contribution to advisory services under MPDF is through a dedicated IFC budget used for overall management of the facility; development of new advisory service initiatives in close collaboration with IFC's donor partners; assess and provide feedback on best practice in technical assistance and advisory services; provide sound central administration and financial control of the Facility's activities.

### 3.3.2 Food Safety and its Management

"Improving Food Safety and its Management in Cambodia, Lao PDR and Viet Nam" (FS) was implemented by the Food and Agriculture Organization of the United Nations (FAO) and coded GCP/RAS/207/NZE. NZAID was the sole donor initially agreeing on 5 January 2005 to provide funding of US\$850,292 for the three-year project. The project was declared operational by FAO on 30 March 2005 when the Governments of Cambodia and Lao PDR had officially approved the project. Work on the project started later in Vietnam after the Government signed the Project Agreement. On 25 May 2007 a budget increase of US\$299,228 was approved, bringing the total budget to US\$1,149,520. At the same time, the project's ending date was extended from December 2007 to December 2008 giving a four-year project duration. On 8 June 2009 a further extension to December 2009 was authorized.

The original Project Document (18 October 2004) set out the project *objective* (referred to as the *development objective* latterly) as follows:

"By providing support to develop a modern and science-based food control system, this project will reduce food safety risks for domestic consumers in Cambodia, Lao PDR and Viet Nam and promote economic development through increased food and agricultural exports that meet international sanitary and phytosanitary requirements.

Five *immediate objectives* were also specified.

1. Take stock of recently completed and ongoing activities related to food safety in Cambodia, Lao PDR and Viet Nam, obtain as a minimum ministerial-level endorsement for a coordinated, farm-to-table approach for protecting food safety and quality in each country, and enhance government capacity to implement this approach.
2. To strengthen the regulatory framework for food control in Cambodia, Lao PDR and Viet Nam.
3. To upgrade the scientific, technical and managerial capability of food laboratories and inspection services in Cambodia, Lao PDR and Viet Nam to provide a sound basis for monitoring, compliance and enforcement activities.
4. To increase awareness about food safety among rural communities and enhance the safety and quality of food produced by small and medium food enterprises (SMEs) in Cambodia, Lao PDR and Viet Nam to facilitate trade and reduce health risks.
5. To initiate or expand food-borne disease surveillance in Cambodia, Lao PDR and Viet Nam.

FAO implemented FS in close collaboration with the Food Safety Department of the World Health Organization (WHO) and the WHO Regional Office for the Western Pacific. The partnership between FAO and WHO was formalised in January 2006 by way of a Letter of Agreement which indicated activities relating to *immediate objectives 4 and 5*, amounting to US\$126,240, were to be implemented directly by WHO (FAO 2010a, FAO 2010b).

### 3.3.3 Phytosanitary Capacity Building

"Phytosanitary Capacity Building in the Mekong Region" (PCB) has been implemented by a Management Services Contractor, UniQuest Pty Limited (UniQuest) as agreed on 14 March 2006. The three and a half year project commenced on 1 January 2006 and was due to end on 30 June 2009. This included a six-month Inception Period from 1 January 2006 to 30 June 2006. NZAID's requirements were originally set out in a Request for Proposal document which included the Project Design Document (PDD) "Phytosanitary Capacity Building Project for the Mekong Region – second phase" prepared by Robert Sowman and Michael Watt and dated August 2005. The project followed NZAID's Phytosanitary Capacity Building Project which ran from February 2001 to June 2004 in Cambodia, Lao PDR, Myanmar and Vietnam (CLMV).

In the Development Partnership Arrangement agreed between NZAID, CLMV and UniQuest in the period 24 July 2007 to 16 October 2007, the goal of the PCB is stated as follows:

"To improve phytosanitary practices in the Mekong countries of Cambodia, Lao PDR, Myanmar, and Vietnam, in order to promote trade and rural income generation, thereby reducing poverty."

Furthermore, with the exception of Objective 6 – *National Phytosanitary Database* the following objectives of the project are reiterated from the PDD:

1. Legislative change – *To foster drafting and enactment of national legislation in each country that meets national needs and international obligations;*
2. Awareness-raising – *To ensure that (i) senior government officials and other key stakeholders are fully aware of the need for, and benefits of, an effective phytosanitary system promoted by this project, and (ii) they commit adequate resources to achieve the project's objectives in a coordinated manner;*
3. Pest surveillance – *To build national capacity for effective pest surveillance in each country;*
4. Pest diagnosis – *To build national capacity in pest diagnosis in each country;*
5. Pest risk analysis – *To develop understanding of basic PRA/IRA principles and certification requirements of trading partners in the CMLV countries; and*
6. National Phytosanitary Database (NPD) – *To develop a sustainable NPD information system for pest records and production of phytosanitary certificates.*

Originally the PDD included (further) development of the NPD as a sub-objective to Objective 4 Pest Diagnosis. However, as noted in Letter of Variation No 1 (dated November 2006) the NPD work was elevated to a standalone objective (Objective 6) because of the importance attached to the NPD by CLMV countries.

In four Annexes to the Development Partnership Arrangement the specific project outputs and activities for each of CLMV are set out. The project was deemed to have

commenced on 1 November 2006 and to end on 31 October 2009. By way of Letters of Variation the project ended on 31 October 2010 and at the time of writing (September 2010), UniQuest had invoiced MFAT for AU\$2,060,000 (S. Brangwin, *pers comm.*) of the budgeted amount of about AU\$2,704,000 for the project.

In April 2005 NZAID signed a Letter of Agreement with FAO making available US\$48,476 to implement a project entitled "Technical Assistance in Phytosanitary Legislation – Regional – Cambodia, Laos, Myanmar, Vietnam" although UniQuest was later contracted to monitor the implementation of *Objective 1 – Legislative change*. In effect, FAO implemented *Objective 1* of the PCB.

## 4 Approach and Methodology

### 4.1 Approach

In implementing the Terms of Reference (Appendix 2), the approach taken was to assess the relevance, effectiveness, impacts, sustainability, efficiency and lessons learned from the three projects to help inform the future direction of the Asia Trade and Development programme. These criteria were based on the DAC Evaluation Quality Standards (OECD DAC 2010) and NZAID (2007b).

The review was based on a combination of:

- Document desk review
- Interviews of relevant MFAT staff in Wellington and Embassies in Hanoi and Bangkok
- Field visits to Vietnam, Laos and Cambodia to interview implementing partners (UniQuest (by telephone), IFC, FAO), selected local participating and counterpart government and private sector agencies in CLV, and a range of direct and indirect beneficiaries in Vietnam, Lao PDR and Cambodia.

A qualitative assessment of the three projects and, specific sub-projects in the case of MPDF, against the DAC criteria is given in Annex 3. It is stressed that these assessments are qualitative only and based on impressions gained from the review methods above.

The approach placed a strong emphasis on consultation with a wide range of stakeholders in MFAT and the CLMV countries in addressing the evaluation criteria. The approach taken ensured that all the relevant stakeholders were identified, consulted with their views analyzed in respect to the relevant questions specified under the three objectives in the Terms of Reference (Appendix 2). A list of persons met is given in Appendix A.

All discussions and stakeholder interviews were conducted in an atmosphere of partnership and transparency. Participatory processes were used in group discussions to ensure that the views of all participants were equally heard.

Cross-cutting issues of poverty, gender, human rights and environment were assessed in the review where relevant.

Prior to the field visit, the Review Team submitted a work plan for MFAT approval setting out how the review would be carried out and the methodology/approaches to be used and the detailed time frame for the review. This was accepted on 20 August 2010.

## 4.2 Assumptions

As noted in Section 2.1, an overarching Trade and Development Policy (NZAID 2003) and NZAID Asia Strategy (NZAID 2004) were developed soon after the establishment of NZAID in 2002. An Asia Trade and Development programme was created in early 2006. However, there does not appear to be any formal document defining the Asia T&D programme and its objectives. Accordingly, the consultants:

- Assume that NZAID's overarching Trade and Development Policy (NZAID 2003) and the Asia Strategy (NZAID 2004) provide the guiding principles and objectives to be followed by the Asia Trade and Development programme given the lack of a defining document for the programme.
- Acknowledge MFAT's increased emphasis on IA.
- Assume there will be (at least) an ASEAN Trade and Development programme supported through MFAT in the future.

The consultants' Terms of Reference (Appendix 2) refer specifically to the DAC criteria of relevance, effectiveness, and sustainability. As a result, this review places most emphasis on these three criteria, while also considering the other DAC criteria of impact and efficiency.

## 4.3 Methodology

The major tasks undertaken by the Review Team in addressing the Terms of Reference were:

1. Undertook desk review of the three projects by review of project files and relevant reports at MFAT Wellington, attended briefing with selected MFAT staff (GDD, DSAED, ASIA). Desk review documents included:
  - Relevant overarching NZAID and MFAT policies and strategies under which the projects were designed, such as the Asia Strategy, the NZAID bilateral country strategies for Vietnam, Cambodia and Lao PDR, the Trade and Development Policy and IA.
  - Existing programme documentation including:
    - Forward Aid Programmes and expenditure reports, authorities, contracts, Post management matrices and related material.
    - Relevant project proposals, progress reports and end of project assessments/evaluations submitted by partners and contractors.
    - Project proposal and report assessments undertaken by NZAID
    - Relevant evaluation reports by NZAID, other donors and partners.
2. Conducted web searches in an information search exercise to analyse additional information available to address the purpose, objectives and scope of the review.
3. Prepared and submitted a work plan for the review for approval by MFAT staff (initial draft submitted and approved 20 August 2010). The work plan was updated regularly as meetings during field visits evolved with all updates submitted to MFAT.
4. Undertook field visits (22 August-8 September 2010) to Cambodia, Laos and Vietnam to consult targeted stakeholders (MFAT staff at New Zealand embassies

in Bangkok and Hanoi, targeted officials in CLV, implementing partners (IFC, FAO, UniQuest (by telephone)), selected local participating and counterpart government and private sector agencies; and a range of direct and indirect beneficiaries in CLV. These were selected to provide a cross-section of views in addressing the purpose, scope and objectives of the review.

5. Prepared a draft final report and submitted to MFAT.
6. Conducted debriefing with MFAT Wellington.
7. Delivered final report incorporating MFAT feedback comments.

The Review Team followed the NZAID Guideline on the Structure of Evaluation and Review Reports (NZAID 2009a) in preparing the final report. An outline of the draft final report was submitted to the MFAT Development Programme Manager Trade and Development for comment on 1 September 2010. No comments were received.

#### 4.4 Limitations of the Review

Main limitations of the review were:

1. MFAT requirement for the Review Team to review all MFAT project files in Wellington when key non confidential files could have been selected and sent to the consultants for more thorough home office review. Given the large number of files (e.g. 27 relating to the Phytosanitary Capacity Building project(s)), the time allowed for document review in Wellington was inadequate.
2. Limited availability of MFAT staff in Wellington to discuss the review meant that the Review Team was not able to undertake full discussions with all MFAT stakeholders listed in the Terms of Reference (Appendix 2).
3. While perhaps unavoidable, delays in MFAT confirming contractual arrangements with the Review Team resulted in very short notice of the Review Team's field visit being given to targeted officials and implementing partners (e.g. FAO, IFC) in CLV. As a result, appropriate meetings with some key stakeholders in CLV could not be scheduled.
4. The short amount of time allocated for the field mission with limited time in each country resulted in only a selection of MPDF projects being visited. While not ideal, it appears that the projects selected in consultation with IFC for visits provided adequate coverage to obtain sufficient knowledge and overview of the status of the MPDF. Fortunately, the schedule of MPDF project visits was complemented by excellent data provision and discussion with IFC staff and project counterparts in Hanoi, Vientiane and Phnom Penh.

## 5 Findings

### 5.1 Overall Assessment

An overall assessment (using DAC criteria) of each project and the three projects combined in relation to the Asia Trade and Development programme is given in Table 2. Detailed assessment against project objectives is given in Appendix 3.

Using the DAC criteria, all three projects were assessed to be highly relevant to the Asia Trade and Development programme as defined by the Trade and Development Policy (NZAID 2003) and the Asia Strategy (2004) (refer Section 4.2). The projects were rated as Medium to High in terms of their overall effectiveness, and Medium overall in terms of their impact, sustainability, and efficiency of delivery. The three projects varied across criteria and for specific criteria (Table 2). Overall criteria, MPDFIII was rated Medium to High in terms of meeting the intent of the Asia Trade and Development programme, while the Food Safety and Phytosanitary Capacity Building projects were both rated Medium. However, many MPDFIII projects have only just begun implementation and it is too early to assess them in terms of the Asia Trade and Development programme, especially in terms of impact and sustainability.

**Table 2. Assessment of the Three Projects in relation to the Asia Trade and Development Programme using DAC Criteria**

| Project/<br>Country                   | Relevance | Effectiveness | Impact | Sustainability | Efficiency | Overall |
|---------------------------------------|-----------|---------------|--------|----------------|------------|---------|
| MPDFIII                               | H         | H             | M-H    | M-H            | M-H        | M-H     |
| Food Safety                           | H         | M             | L-M    | M              | M          | M       |
| Phytosanitary<br>Capacity<br>Building | H         | M             | L-M    | L              | M          | M       |
| Three Projects<br>- Combined          | H         | M-H           | M      | M              | M          | M       |

<sup>1</sup> H = High M = Medium L = Low. Note: these assessments are subjective.

These assessments are discussed in further detail in the following sections.

### 5.2 Relevance of the Projects

#### 5.2.1 Alignment

**Country Priorities.** All three projects address important trade and development priorities of CLMV. The MPDF projects are all identified, designed, and implemented in close collaboration between IFC, government and the private sector according to government and private sector priorities. As a result, the MPDF projects are well aligned with the needs and priorities of the three governments and the private sector in improving the private sector business enabling environment.

The FS and PCB projects both addressed matters identified by government officials within the CLV during this review as important.

The concept of the FS project emerged in 2004 from a joint FAO and WHO mission to review, at the Government's request, the national food safety system in Cambodia. The FAO Representative for Cambodia at that time was aware that NZAID was interested in strengthening food safety capacity in the sub-region as a means to promote trade in food and agricultural products (FAO 2010a). Subsequently, FAO and WHO formulated the regional FS project in consultation with FAO representatives in the region, colleagues at FAO Headquarters and the Regional Office for Asia and the Pacific, and NZAID. However, CLV government officials were not involved directly in the project design so whether the stated *development objective* of the project actually reflected CLV's priorities at the time is questionable. Approval of the project from CLV Governments was sought only after the Project Agreement was signed by NZAID and FAO. Approval from the Governments of Cambodia and Lao PDR allowed the project to become operational on 30 March 2005, but work in Vietnam did not begin until 4 October 2005 when the Government signed the Project Agreement. Clearly, all CLV Governments ultimately recognised the value of the proposed activities within the FS project design.

The PCB project met CLMV expectations in providing a "second phase" to NZAID's *Phytosanitary Capacity Building Project* implemented by the MSC, GBS & Associates, from February 2001 to June 2004. The Project Review had recommended that "NZAID support and funding in the phytosanitary area should not end" but stated that there were higher priorities for NZAID assistance than the further development of the National Phytosanitary Database (NPD), which was the focus of the 'first phase'. The PDD reflected the suggested shift in focus but the project title "Phytosanitary Capacity Building Project for the Mekong Region – second phase" perpetuated the CLMV perception that the PCB project was simply a continuation of the original phytosanitary capacity building project. Notably, during this review (and as the PCB project draws to a close) discussions with almost all officials from CLV on the project began with comments on the NPD. This indicated that consultation on the PDD was inadequate and that the project design was not well understood by CLV phytosanitary officials. Furthermore, the design did not establish a clear linkage between the "high level" project goal<sup>2</sup> and the project objectives.

In general, CLV government officials viewed the FS and PCB projects as unfinished and wished for ongoing support for capacity building in the areas of food safety, plant protection and phytosanitary matters.

**Recommendation [1]:** When formulating and documenting SPS-related project designs, consultation with beneficiary country representatives, pertinent international organisations, technical advisors (including those with hands-on experience in implementing relevant SPS regulatory systems), and other donors would ensure better alignment with beneficiary government(s) recognised priorities and improved coordination with other related initiatives.

**Recommendation [2]:** Beneficiary countries' understanding of what discrete capacity building initiatives like the FS and PCB projects can be expected to achieve could be improved if more realistically specified *development objectives* with direct alignment with the *project objectives* were included in project designs.

**NZAID's Asia Strategy.** The three projects are all well aligned with the Asia Strategy in terms of indirectly contributing to "supporting the newer members of ASEAN to establish

<sup>2</sup> Hereafter, referred to as the *development objective* for the purpose of consistency between the FS and PCB projects.



the capability and mechanisms that will facilitate their integration into national, regional and international markets”.

The MPDF, in particular, is contributing significantly to improving the business operating environment that is essential to underpin such integration. The MPDF is doing this through providing targeted advisory services through projects (Appendix 6) in CLV to improve the business environment, increasing access to finance, promoting supply chain linkages, increasing sustainable business practices, and improving access to business-related infrastructure.

Through its Sustainable Business Advisory pillar and suite of specific projects, MPDF is providing advisory services to the rural sector and agri-business, such as through the Agriculture Sector Support project in Cambodia, Bamboo Value Chain Development project in Lao PDR, and Bamboo Sector project in Vietnam. This is also consistent with the Asia Strategy's aim of “supporting measures to support the development of community-based trading partnerships that seek to facilitate trade for sustainable livelihoods, assist diversification and pursue the development of comparative and competitive advantage”. The Cambodia Agriculture Sector Support project is a good example. In this project MPDF has helped Mekong Rain and its local NGO partner (Srer Khmer) undertake an international market study, and develop a business plan for marketing and sales of organic cashew production by poor Cambodian farmers.

The development objectives of the FS and PCB projects directly aligned with the NZAID Asia Strategy and its stated approach to Trade and Development (NZAID 2004). However, there appears to be a disconnect between the development objective and the five *immediate objectives* of the FS project; similarly between the development objective of the PCB project and its six *objectives*. As a result, only three of the FS and PCB projects' combined total of 11 objectives clearly align with NZAID's Asia Strategy. Just one (Objective 5) of the PCB project's six objectives relates to 'trade' and ultimately little activity was undertaken in regard to this objective. The assumption that the project activities undertaken would contribute to “rural income generation, thereby reducing poverty” (as stated in the *development objective*) cannot be justified.

### **Bilateral Strategies<sup>3</sup> with CLV**

In general, the three projects have indirectly, and perhaps coincidentally, complemented the bilateral T&D strategies in CLV. However, there appear to be few, if any, direct programme design and operational linkages between the regional and bilateral T&D programmes and projects.

In Cambodia and Vietnam, the bilateral T&D activities appear to have been designed and operated in parallel to the regional T&D programme activities rather than to intentionally complement each other (and vice versa) even though some activities under both programmes are occurring in similar sectors. For example, the bilateral Cambodia Silk and Agribusiness Supply Chain Projects are not directly linked to the MPDF Agriculture Sector Support and Garment Sector Assistance even though they support the same sectors and deal with similar issues. In Vietnam the bilateral Binh Dinh Linking Poor Rural Households to Market project could well benefit from the interventions and lessons learned under the MPDF, such as Business Edge, Provincial Simplification,

<sup>3</sup> There is currently no NZODA bilateral T&D strategy for Myanmar - the poor human rights situation and lack of progress in establishing democratic governance process in Myanmar precludes a close bilateral relationship between New Zealand and Myanmar (MFAT Myanmar/Burma Country Information Paper, accessed 29 September 2010).

Bamboo Sector Development, etc. In Lao PDR there are no specific T&D bilateral project activities and the activities under the three "regional" projects are considered to be meeting MFAT's bilateral T&D strategy commitments.

The regional T&D programme is managed out of Wellington and the bilateral T&D programmes are managed out of the Bangkok and Hanoi Embassies. There appears to be little interaction between the two and MFAT staff at these embassies had little knowledge of the regional T&D projects. Furthermore, in being a non-resident donor in Cambodia and Lao PDR implementation of the respective bilateral strategies is difficult as is maintaining appropriate levels of donor coordination. Dependence on the local presence of international agencies/organisations (e.g. FAO, IFC) for information relevant to the development of these bilateral strategies and their implementation is inevitable yet regular dialogue between MFAT staff and CLMV-based international agency representatives is lacking.

**Recommendation [3]:** Improved alignment, cohesion and combined impact of the regional and bilateral T&D programmes in MFAT could be achieved in the future a) if the regional and bilateral activities were designed to complement and support each other directly, and b) if the regional and bilateral T&D activities were managed by the same group of MFAT managers, preferably in the region.

**Recommendation [4]:** Regular communications/meetings between MFAT T&D activity managers and CLMV-based international agency representatives are required to improve coordination, combined impact and sustainability of MFAT's T&D projects and other donor-funded projects.

**Priorities of the Initiative for ASEAN Integration:** The three projects do not appear to have been designed specifically to address IAI priorities (ASEAN 2009a) because there is little, if any, specific reference to addressing IAI in the design documents. Despite this, all three projects are indirectly supporting various IAI priorities.

The MPDF projects are contributing indirectly to most items under ASEAN Economic Community Themes A (Single Market and Production Base), B (Competitive Economic Region) and C (Equitable Economic Development) (Table 1). It is also contributing to several themes and items under the ASEAN Socio-Cultural Community (ASCC), including A2 Investing in Human Resource Development, A3 Promotion of Decent Work, A7 Building Civil Service Capability, C3 Promoting Corporate Responsibilities, and D4 Promoting Environmentally Sound technology (Table 1). The MPDF is providing advisory services in these items in each of CLV rather than on a "regional" basis, but such interventions on a country-by-country basis are necessary to underpin the business operating environment on which IAI trade and economic integration can be based.

MPDF projects in the different CLV countries based on similar approaches, but adapted locally, are providing a degree of coherence in specific areas among the CLV. Examples include:

- Business forum projects in Lao PDR and Vietnam, and the G-PSF in Cambodia
- Private credit bureau projects in each of CLV
- Bank advisory projects in Cambodia and Vietnam
- Tax simplification projects in Lao PDR and Vietnam
- Secured transactions projects in Lao PDR and Vietnam.
- Business Edge (from MPDFII).

These projects are contributing a similar approach to key business environment issues that in the longer term will help to underpin the wider IAI themes and items (Table 1).

The FS and PCB projects have both contributed to IAI themes and items (Table 1). These include AEC item A7 Food, Agriculture and Forestry as well as ASCC items A5 Facilitating Access to Applied Science and Technology, and B3 Enhancing Food Security and Safety.

The FS project has provided important initial assistance in addressing items relating to several actions under AEC item A7 Food, Agriculture and Forestry and the only action listed under ASCC item B3 Enhancing Food Security and Safety, "Conduct capacity building programs by 2011 on risk analysis including training for CLMV countries to support food safety measures". Several other food safety-related projects in the region (mostly involving country-by-country interventions) continue to provide assistance in response to the following specific actions in IAI Work Plan 2:

- Conduct capacity building for harmonization and inspection/sampling procedures
- Provide assistance to harmonize the Maximum Residue Limits (MRLs) of commonly used pesticides for widely traded crop products in accordance with international standards/guides
- Provide assistance to each CLMV country to harmonise Sanitary and Phytosanitary (SPS) measures for agricultural, food and forestry products with significant trade/trade potential.

Such projects include "Capacity Building for the Food Inspection System in Vietnam" (UNJP/VIE/042/UNJ), "Assisting countries in Southeast Asia towards achieving pesticide regulatory harmonization" (TCP/RAS/3212), "Enhancing Food Safety by Strengthening Food Inspection Systems in the ASEAN Countries" (GCP/RAS/222/JPN) and "Support to the FAO Programme on Capacity Building in Food Safety in selected ASEAN Countries" (GCP/RAS/223/JPN). However, the FS project has not provided Myanmar with any assistance to address food safety-related IAI Work Plan 2 themes and items.

### 5.2.2 Effectiveness of Project Approaches

**MPDF Relationships with Stakeholders, Sharing of Common Approaches and Experience.** In general, the MPDF has been highly effective in its approach to programme and project design, and implementation. Key features are its:

- Inclusive, consultative Government-private sector partnership approach
- Appropriate selection of partners for specific projects
- Application and adaptation of global IFC experience and lessons learned
- Use of similar approaches/frameworks for similar projects in each of CLV (see examples in previous Section)
- Adaptation and application of common approaches, outputs, training among different MPDF projects, where relevant.

A key feature of the MPDF approach to programme and project design and implementation has been close working relationships and dialogue with government, the private sector businesses and business fora at all times. This partnership approach has enabled the MPDF to identify and get agreement from government and the private sector on key bottleneck areas in the business environment to be addressed by MPDF projects in each country. This has enabled MPDF projects to be designed to directly address these constraining areas through specific projects under the four pillars with strong support of both government and the private sector.

MPDF has been careful to ensure that partner government agencies or private sector partners are appropriate to the objectives of each project, and in the case of government

are responsible for downstream implementation of legislation or policy developed under the MPDF. For example, under the Access to Finance pillar MPDF has been careful to work with relevant government ministries, central banks, private financial sector institutions (e.g., the ANZ, VisionFund, AMK MFIs in Cambodia; Anh Binh Bank in Vietnam), and supporting financial sector business associations (e.g., Vietnam Bond Market Association). This approach has contributed to improved impact of project interventions and will increase sustainability of project initiatives in the longer term.

Another feature contributing to the effectiveness of the MPDF approach has been to draw on IFC global and regional experience, and adapting this for application in CLV. This has enabled local adaptation of global best practice for development of the business enabling environment, consistency in approach among the CLV countries (where there are projects with common focus), and CLV alignment with legislation, business practice, and systems in many other countries. It has also enabled previous negative lessons learned in other countries to be avoided in the MPDF, thus contributing to effectiveness and efficiency of the project approach.

MPDF is also being effective in actively adapting and using relevant approaches, outputs, training systems previously developed under older projects for relevant adaptive transfer into other newly developed projects. Where this can be done, it increases efficiency of previous work done in developing products, and saves time in project implementation. The Sustainable Business Advisory projects in MPDF are utilizing outputs and outcomes from other MPDF subprojects in other pillars. For example, the Vietnam ECOM FTC project is actively drawing on training development experience from the Business Edge, Bank Training Centre, and International Garment Training Center programs. Similarly, the Vietnam Energy Efficiency and Cleaner Production (EECP) project is drawing on the Bank Training Center project for developing EECP finance training products.

**Promoting Access to Markets.** The three projects differed in their focus in promoting access to markets. Only the MPDF included specific projects that directly promoted market access although these are relatively few in number (5) compared to the overall total number (28) of MPDF projects. The FS and PCB projects did not have specific objectives of directly promoting access to markets. They were more aimed at improving government services including official recording, reporting, surveying and testing processes that would ultimately support farmers, agricultural product processors and exporters to access markets.

Several of the specific subprojects within the MPDF Sustainable Business Advisory pillar are helping to promote access to markets. Examples include the Cambodia Agribusiness Supply Chain Linkages Support project that assisted Mekong Rain Natural Foods with an international marketing study and business plan for marketing of organic cashews within Cambodia and into European markets, as well as certification of 690 small holders as organic cashew producers. This project also assisted rice millers in Cambodia in preparing export deals with traders in France, Singapore, Taiwan and Singapore. It also assisted with preparation of a business plan and feasibility study for rice reprocessing and export.

The ECOM Coffee Farmer Training Centre project in Vietnam is working with a global coffee processor to train farmers to promote sustainable coffee cultivation, improve quality and increase yield, reduce input cost, and increase the proportion of certified coffee produced for processing and sale.

The Bamboo Sector Development project in Vietnam (MPDFII-III) has helped to develop integrated bamboo supply chains, creating employment in rural areas, and increasing earnings for growers through improved farm gate prices for bamboo in three provinces.

The MPDF Lao Bamboo Sector Development project also aimed to raise awareness of the bamboo sector's economic potential in Houaphan province and linking bamboo from Houaphan to the Vietnam bamboo industries. This project has struggled due to weakness of bamboo processing capability in Houaphan and issues with Vietnamese buyers around raw bamboo price, volume of supply, labour skills in Houaphan, infrastructure conditions (such as power, road access), and export bureaucracy.

By working to improve labor conditions in the garment industry, the Garment Sector Assistance/Better Factories Cambodia project has improved dialogue and relationships with international buyers sensitive to labour conditions in factories they purchase from. Improved labour conditions in factories are intended to promote market access to such buyers, although for many buyers product cost remains the key driver.

There were two references to *trade* in the objectives of the FS and PCB projects: Objective 4 of the FS project was "To increase awareness about food safety ... to facilitate *trade* ..." while Objective 5 of the PCB project was "To develop understanding of ... and certification requirements of *trading* partners in the CLMV countries". However, the activities undertaken within the FS and PCB projects did not help promote markets, neither did they contribute to enhancing the capacity of officials to negotiate new market access or improved market access with trading partners. The focus of both the FS and PCB projects was more on (i) raising awareness of senior officials and politicians to garner high level support to address food safety and phytosanitary matters, and (ii) capacity building for laboratory-based officials involved in inspections, pest and/or disease surveys, sample analysis/testing, and diagnostic and identification work.

If promoting access to markets was a high T&D priority for the PCB project, a more effective project approach would have seen market access outcomes clearly identified in the project design. The timeframes involved in achieving such outcomes would also have been recognised in a project of at least 5-years' duration. New Zealand Ministry of Agriculture and Forestry (MAF) officials identified some shortcomings in the design (e.g. the project as set out in the PDD was not feasible as 3-year project (MAF Biosecurity New Zealand)) prior to the project's start. During this review, UniQuest indicated that the activities undertaken to address Objective 5 changed in the course of the PCB project's implementation – these activities were collectively referred to as "Technical Market Access". In hindsight, UniQuest believes that a market access emphasis should have been included from the start. Some more recent project designs related to trade facilitation and SPS-related matters tend to contain specific market access outcomes resulting from a programmatic approach e.g. AusAID's Pacific Horticultural and Agricultural Market Access Project (PHAMA).

**Increasing Local Production.** The three projects contributed to increasing local production to varying degrees.

Under the Sustainable Business Advisory pillar, the MPDF is contributing to increasing local production for local and export sale, including through the:

- Cambodia Agribusiness Supply Chain Linkages project (organic cashews – farmer training organic certification, provision of inputs, guaranteed buyer; rice milling and product quality)

- Lao Bamboo Value Chain project (farmer training, cross border trade promotion, supply chain linkage to Vietnamese buyers, linkage of farmers to NGO to facilitate production and trade linkages)
- Vietnam Bamboo Sector Development (supply chain integration, improvement in processing efficiency, market information access, farmer and processing training), and
- Vietnam ECOM Coffee Farmer Training Centre (training of farmer trainers, sustainable coffee cultivation, improve quality and increase yield, reduce input costs, agricultural best practice dissemination, sustainable coffee certification systems).

In contrast to the MPDF Project, the FS and PCB Projects have not contributed to increasing local production. There was no direct project design focus on increasing local production in either project. In the PCB PDD mention was made of the challenge for CLMV countries "to manage the health of their plant industries" and "maximise domestic productivity", but the emphasis, as reflected in the development objective, was to "generate rural income by participating fully in the international trade of agricultural products." Similarly, the development objective of the FS project places emphasis on promoting economic development through increased exports that meet international SPS requirements. Even if increasing local production was implicit in the projects' objectives, there was very little, if any, liaison with local producers and food processors to mutually determine export priorities and identify market access issues (e.g. consistency of supply).

**Increasing Networking in ASEAN.** In general, the three projects were largely designed and implemented as a series of projects in each of CLMV, rather than being designed as truly regional programmes. There was not a significant project design focus or statement in the objectives of any of the three projects to actively promote ASEAN and IAI linkages among CLMV or the wider ASEAN members. However, MPDFIII in particular, and PCB projects have achieved some degree of networking among CLMV countries.

For MPDFIII, there have been many forms of interaction among CLV and other ASEAN members, including:

- Ongoing networking among participants at MPDFIII and project-specific workshops where the various CLV countries were represented.
- Study visits to other CLV countries in relation to specific project activities. Examples include between CLV business forums to learn from each other's experience; Vietnam Bond Market Association (VMBA) board member study visit to learn from Indonesia's successful experience in developing the equity market after the Asian financial crisis; Vietnam, Laos and Indonesia joint study tour to China to learn from the Chinese online secured transactions registry system; Vietnam rice millers to Cambodia to provide advice under the SBA Agribusiness Supply Chain Linkages project.
- Attendance at regional conferences and training on project specific subjects.

In the PCB project, networking was based on contact between CLMV participants in diagnostic training workshops held in Vietnam and/or New Zealand, as well as communication between CLMV countries' representatives attending annual Senior Officials Meetings (SOMs).

Training workshops in the FS project were usually conducted separately in each CLV country. Any international consultants contracted to provide training in a specialized

technical area would conduct separate training in each of CLV. As a result, networking opportunities between CLV and other ASEAN countries were not facilitated in the same way as in the MPDF and PCB projects.

Language differences between ASEAN members, and particularly the CLMV countries for the FS and PCB projects, have resulted in practical challenges in implementation of the projects as truly regional projects. With Khmer, Lao, Burmese and Vietnamese being the official languages in the CLMV countries, respectively, there are natural impediments to ongoing networking. English is the common language between CLMV countries as well as project implementers. Out of necessity, English is the language used in the very occasional email communications between plant protection scientists/technicians from CLMV countries when seeking diagnostic advice from Vietnamese plant protection specialists in the Ministry of Agriculture and Rural Development's (MARD) Plant Quarantine Diagnostic Centre or UniQuest's Principal Entomologist or Principal Pathologist. In general those individuals from CLMV countries involved in the PCB project lack confidence in communicating in English (and/or lack English language skills). As a result, email communications on diagnostic matters tends to occur only between individuals that had become acquainted during the diagnostic training workshops conducted in Vietnam and New Zealand under the PCB project's Objective 4.

### **5.2.3 Contribution to Increased Collaboration Between ASEAN Countries**

One of the planned funded activities in the PCB project was to organise annual SOMs, within the Awareness Raising objective (Objective 2). The primary purpose of SOMs was to establish project priorities to be documented in annual work plans for each CLMV country, and monitor the progress of the project. These meetings were reported to play an important role in ensuring information sharing between CLMV countries, invited representatives from various donor organisations (e.g. ADB, ASEANET, AusAID, CABI, FAO, JICA, USAID) and the ASEAN Secretariat. Anecdotally better donor coordination has resulted but there is little, if any, evidence of this. Moreover, on completion of the PCB project it is unlikely that SOMs will be convened in the future (MSC, *pers comm*) therefore sustained collaboration has not been achieved.

Later during the implementation period of the PCB project the ASEAN Regional Diagnostic Network (ARDN) was also established as an initiative of the Southeast Asia LOOP of BioNET International (ASEANET, the Technical Secretariat for the ASEAN Plant Health Cooperation Network (APHCN) co-located with CABI-SEARC in Malaysia). It has been described as "a multi-agency partnership initiative" to ensure regional sharing of diagnostic expertise. The stated objective of the ARDN is to provide reliable timely identification of organisms of agricultural importance. CLMV contribution to, and use of, the ARDN service has been promoted through the PCB project, with LAO PDR and Myanmar having submitted specimens to the ARDN Clearinghouse, CABI-SEARC, in June 2010 (UniQuest 2010). However, at this time CLMV countries' participation in ARDN is likely to be as users only.

### **5.2.4 Traded Commodities between ASEAN and Beyond**

None of the three projects were designed to directly trade commodities between ASEAN or more widely internationally. However, the CLV economies all showed positive economic growth in early 2010 with Cambodia projected at 4.9% for 2010 after contracting 2.2% in 2009; Lao PDR is projected to grow by 7.8% in 2010 mainly from

power and other natural resource sector exports; and Vietnam is projected to grow at 6.5% (IFC 2010b).

MPDFIII's focus is about helping to create a business enabling environment that promotes economic growth in CLV. Such economic growth may result in increased trading of commodities over time, but increased trading will result from many complex economic, social and political drivers from which it is not possible to disaggregate the MPDF contribution.

Sectors that MPDF have assisted show positive export growth. Cambodia's garment exports grew by 10% in the first six months of 2010 on strong demand from US and EU markets. In Cambodia, tourism (MPDFII assistance) expanded by 12% in the first six months of 2010 and is projected to grow by 9% for 2010. The Cambodian agriculture sector continues to grow with milled rice exports registering US\$13.5 m in the first half 2010, up from US\$10 m for 2009. MPDFIII is actively assisting the Cambodian agriculture sector and milled rice industry under the SBA Agribusiness Supply Chain Linkages project.

Lao PDR's export earnings are led by electricity exports (expected to grow by 150% in 2010) and minerals (32% growth in 2010). Other non-resource exports in the sectors more typical of the SMEs assisted by MPDF (agriculture, garments, and wood products) are expected to increase by 33% in 2010. Lao PDR garment exports are projected to rebound to over US\$200 m for 2010 based on renewed demand from the EU and US. Tourism (assisted by MPDFII) began to recover in early 2010 as tourist arrivals increased by more than 10% in the first quarter 2010 compared to 2009 driven by a greater number of regional tourists.

Under the Sustainable Business Advisory pillar, MPDFIII is directly assisting the milled rice industry in Cambodia with rice market access and export promotion with traders from France, Singapore, Taiwan, and Thailand. An initial shipment of 44 tons (US\$37,400 value) was made to France in early 2010 to test the export process. Mekong Rain Natural Foods (supported under the Agribusiness Supply Chain project) in Cambodia facilitated over US\$600,000 in cashew sales to India.

Looking longer term than MPDFIII, one very notable current example of commodity trading, ASEAN networking and IAI are the current initiatives to integrate the ASEAN garment industry as an alternate source of textiles to the China. This is actively occurring at present through the Asian Federation of Textiles (AFTEX) and manufacturers. The Cambodian garment industry and the Garment Manufacturers Association of Cambodia (GMAC) is actively involved in this IAI activity. It has 24 Memoranda of Understanding (MOUs) with factories in other ASEAN countries, including Thailand, Indonesia, and Malaysia with an estimated sales volume of US\$32bn. A presentation was given at the recent ASEAN Summit on this initiative. Representation is being made through the ASEAN Free Trade Agreement to allow free passage of materials among factories in ASEAN countries with issuance of just one common certificate so the garment industry can operate as an integrated ASEAN block. This initiative is being led by the industry itself now. Assistance provided by earlier MPDF phases and other donor support to the Cambodian garment industry have all contributed to the industry getting to this position.

There was reference to *trade* in one objective of each of the FS and PCB projects. However, formal analyses (e.g. reference to trade statistics, as noted in the logical framework of the FS project) of whether the FS and PCB projects have contributed to an increase in the number of traded commodities between ASEAN members and beyond



has not been provided in project reports. Neither project has resulted in any additional commodities being traded with other ASEAN members or other countries. However, during PCB project implementation, the change in emphasis of Objective 5 to "Technical Market Access" led to use of Vietnamese surveillance data obtained for lychee (under Objective 3) in preparing a pest list including 22 invertebrates and 15 pathogens. Also under Objective 5, a pest list was prepared for mangoes including 31 invertebrates and 22 pathogens. MARD officials in Vietnam have forwarded both pest lists to Australia, and the mango one to New Zealand as a first step in the process of advancing market access submissions to Australian and New Zealand national plant protection organisations (NPPOs). No response has yet been received to these market access submissions but in time, these submissions may result in exports of mangoes and lychees to Australian and New Zealand markets. The development of an import health standard for mangoes from Vietnam is included in New Zealand Ministry of Agriculture and Forestry's 2009-2011 work programme ([www.biosecurity.govt.nz](http://www.biosecurity.govt.nz), accessed 25 October 2010).

#### 5.2.5 Harmonisation of Phytosanitary Measures with International Standards for Increase in Trade of Agriculture Products

International Standards for Phytosanitary Measures (ISPMs), developed under the Commission on Phytosanitary Measures (CPM) in accordance with the International Plant Protection Convention (IPPC), are the international standards relevant to phytosanitary matters. All CLMV countries are contracting parties to the IPPC and Cambodia, Myanmar and Vietnam are members of the World Trade Organization (WTO) with Lao PDR actively negotiating accession to the WTO at this time. These international memberships were considered in defining the context of the PCB project and determining the development objective to improve phytosanitary practices in CLMV countries for trade promotion, but ISPMs have not featured specifically in the annual work plans and/or implementation of the project.

The texts of most ISPMs are quite general. They are intended as guidelines to NPPOs as to what is considered acceptable to meet obligations under the IPPC, rather than detailed prescriptions on what or how measures must be implemented by any NPPO. This reflects the different plant health status in different countries or areas<sup>4</sup>. The activities undertaken in the PCB project are undoubtedly relevant to improving CLMV countries' phytosanitary practices. However, harmonization or compliance with ISPMs such as *ISPM 6 Guidelines for surveillance* (1997), *ISPM 4 Requirements for the establishment of pest free areas* (1996), *ISPM 12 Guidelines for phytosanitary certificates* (2001) and *ISPM 27 Diagnostic protocols for regulated pests* (2006) cannot be expected to lead to access to international markets and increased trade.

The PCB project's training and/or mentoring activities did not focus on the relevant ISPMs with the possible exception of activities undertaken under Objective 6 (relating to the NPD and production of phytosanitary certificates). As a result, there have been few opportunities taken to encourage CLMV country participants to determine the need for, or purpose of, particular surveillance activities in their respective countries. For example, Vietnam MARD officials needed to ask themselves "why conduct a survey of lychee?" especially if the need for a lychee pest list, as part of market access

<sup>4</sup> Area means "an officially defined country, part of a country or all or parts of several countries" (ISPM 5 *Glossary of Phytosanitary Terms*).

submissions to Australia and New Zealand, had not been established in consultation with growers/farmers, potential exporters and importers.

**Recommendation [5]:** Any future MFAT development assistance on phytosanitary matters should include ongoing training and mentoring of senior CLMV phytosanitary officials and industry representatives (e.g. farmer groups, exporters) to a) instill an overview of what are likely to be the important components of an appropriate phytosanitary regulatory system for their country/region, and b) how particular ISPMs apply.

### 5.2.6 Harmonisation of Food Safety Regulations with Internationally Accepted Standards

The *Codex Alimentarius*, or food code, has become the global reference point for consumers, food producers and processors, national food control agencies and the international food trade ([www.fao.org](http://www.fao.org), accessed 25 October 2010). It is comprised of a collection of standards, codes of practice, guidelines and other recommendations. Some of the texts are very specific while others are more general. The Codex Alimentarius Commission (CAC) was established in the 1960s by FAO and WHO. Its purpose was to develop these food standards, guidelines and related texts as a contribution to the protection of public health and fair trade practices in the food trade. Member Governments (including CLMV countries) are expected to support, and, as far as possible, adopt standards from the *Codex Alimentarius*.

In this regard, Objective 2 of the FS project has paved the way or contributed to CLV either identifying which Codex standards are high priorities for adoption (as technical regulations in Cambodia (S. Chaudhary, pers. comm.)), or adopting Codex standards as national standards. For example, in Lao PDR under the Food Law (Government of the Lao PDR 2004) relevant Codex standards are automatically recognised in the absence of national food standards. Notable outcomes of the FS project include:

- (i) The National Food Safety Policy in Lao PDR (Government of the LAO PDR 2009a) which gives one of its essential elements as "Promote and support food trade to be safe, following the standards of Codex Alimentarius and agreements related to food safety such as those of ASEAN and World Trade Organization (SPS, Technical Barriers to Trade (TBT))", and
- (ii) The eventual upgrading of food safety legislation in Vietnam under the Ministry of Health, Vietnam Food Administration clearly focused on meeting relevant technical regulations on conditions to assure food safety in Vietnam as well as countries to which food is exported from Vietnam.

### 5.2.7 MPDF Role in Improving the SME Business Environment

Overall, the MPDF is making a significant contribution to improving the SME business environment in CLV. MPDF III is building on the strong achievements of MPDF I and II.

Projects in the Access to Finance pillar are helping to build stronger and diversified financial markets that serve the private sector in each country by strengthening individual financial institutions and improving/reforming financial sector infrastructure and policy. The ATE has also been successful in removing obstacles in the legal and regulatory framework that have previously constrained SME access to finance. Removal of such barriers is enabling SMEs better access to finance at lower transaction costs enabling them to invest, grow and *compete* more effectively.

The Investment Climate pillar is improving the environment for doing business in CLV by addressing mutually agreed priority issues for both the governments and business communities. It is supporting the development and implementation of policy, legal and regulatory reforms at both national and sub-national level that improve the business environment and operations, in areas such as the improvement of licensing and inspection frameworks, reduction of tax filing requirements, streamlining business registration, licensing, and procedures for obtaining land for SMEs. These all lower transaction costs and time spent for firms on non-productive activities, thus enabling them to compete more effectively. Key features of the IC pillar are very strong public-private sector dialogue, and improving capacity and outreach through collaboration with government counterparts, business associations, and the media.

The Sustainable Business Advisory Pillar is focused on strengthening and promoting development of the private sector by providing direct assistance to firms. MPDFIII is working with firms and business associations to help them better integrate into larger supply chains to **improve quality**, efficiencies, and income levels. This also includes working with the wider business community and directly with firms to improve corporate governance standards and awareness. The SBA pillar is also assisting firms to adopt sustainable business practices, increasing the competitiveness of industries and companies through improved environmental, social and labour standards. This in turn is leading to improved firm productivity, cost effectiveness, operational and technical efficiencies, as well as improved **entrepreneurship**, and market prospects through enhanced industry and/or company reputation. The SBA projects are working with proven private sector and institutional partners with long term potential that can provide services to a large number of beneficiaries where resources and experience can be maximized by replicating successful initiatives.

The Access to Infrastructure pillar is new in MPDFIV and has only just started. However, access to infrastructure is critical to SME development, job creation, economic growth and poverty reduction, especially for more remote areas of CLV. Projects related to off-grid rural electrification managed through public-private partnerships, and Lao water and sanitation review for public-private partnership are currently being assessed. It is too early to assess the impact of this pillar at present.

A key feature of the MPDF has been to apply similar principles and approaches, adapted locally, to common key business environment issues that occur in CLV (Sections 5.2.1 and 5.2.2). This has particularly been the case under the Access to Finance and Investment Climate pillars where similar MPDFIII projects are being implemented in two or more countries (business forums, private credit bureau, bank advisory, tax simplification, secured transactions projects). Basing policy, legislation, regulatory reforms and business procedures on similar principles and approach, but adapted locally, will improve CLV coherence in these areas that in the longer term will help to increase the ease of doing business among countries, and reduce barriers to free flow of goods and services for SMEs.

### **5.2.3 Networking of Scientific and Technical Institutions with Private Sector Participation in CLMV and ASEAN**

**Networking of Scientific and Technical Institutions in CLMV and ASEAN.** As outlined in Section 5.2.3 and directly supported to an extent through the PCB project, the establishment of the ASEAN Regional Diagnostic Network represents an important networking initiative ensuring regional sharing of diagnostic expertise present in ASEAN scientific and research institutions.

Although there have been issues associated with progressing Objective 6 of the PCB project (refer Section 5.3.1), there has been a positive outcome from the agreed way forward. It relates to senior officials from CLMV National Plant Protection Organizations (NPPOs) resolving in April 2008 to have an alternative NPD developed locally. As such, the replacement NPD would be owned by CLMV countries and provide a more sustainable option to meet their phytosanitary information system needs. Subsequent investigation by UniQuest's appointed IT Expert confirmed that high capacity expertise was available in Vietnam for the development of a replacement NPD. As a result, a Vietnamese IT Specialist has been contracted, through a tender process administered by UniQuest with significant assistance from MARD, to develop a NPD with export and import certification functionality for Vietnam with subsequent rollout in Cambodia, Lao PDR and Myanmar. This appears to have presented an opportunity for within-CLMV IT capacity, presumably a private sector contractor, to connect with CLMV NPPOs. The need for future upgrades to the replacement NPD and development of additional functionalities perhaps presents similar opportunities to utilize increasing regional IT capacity.

**Relationships with the Private Sector.** A focus of both the FS and PCB projects was on capacity building of relevant CLMV government services – human resources and laboratory equipment. Consequently, most project activities did not involve the private sector.

One notable exception in the FS project was the training of trainers (ToT) courses on food safety management for SMEs in Cambodia and Lao PDR (Objective 4). The ToT courses targeted SME quality management staff, food inspectors, government hygiene trainers, representatives of NGOs and producer groups, food hygiene trainers from universities and technical institutes. Ultimately, the 10-day course in Cambodia included just government representatives, i.e. from MIME, MOH, Camcontrol (MOC) and the Cambodia Institute of Technology. The similar one in Lao PDR also had fewer private sector participants than anticipated. Despite this, agreement from key stakeholders on next steps suggests there has been an increase in networking between different government services, scientific and technical institutions, NGOs and the private sector in Cambodia and Lao PDR as a result of these FS project activities. The project developed a model good manufacturing practice (GMP) programme for the Lao water bottling industry. Building on this, the FS project in Cambodia drafted model GMP programmes for Cambodia's water bottling industry and for producers of fish sauce in Cambodia (FAO 2010a). This was done at the request of national Cambodian counterparts from MIME. There is little, if any, additional evidence to suggest the FS project has contributed to stronger networks in scientific and technical institutions across CLMV countries let alone other ASEAN members.

#### 5.2.9 Awareness Raising of Applied Science and Technology Practices

As indicated in Section 5.2.2, the FS and PCB projects tended to focus on:

- (i) Raising awareness of senior officials and politicians to garner high level support to address food safety and phytosanitary matters, and
- (ii) Capacity building for laboratory-based officials involved in inspections, pest and/or disease surveys, sample analysis/testing, and diagnostic and identification work.

Neither project directly targeted production sectors.

Activities within each project included training staff in laboratory testing and analyses, diagnostic techniques and/or survey methodologies. The main purpose of the training was to familiarize government service staff in science-based best practice approaches. Recipients of such training or mentoring sessions are now more aware of the applied science and technology practices relevant to their testing, analytical or diagnostic roles. Sophisticated, high technology research laboratories are not required to establish appropriate food control and phytosanitary systems. Rather, the facilities, equipment and techniques supported tend to be at the 'low-technology' end utilizing standardised, cost-effective approaches and equipment. To a large extent, advancing beyond the structured training sessions is hindered by the lack of day-to-day access to computerised web-based information systems<sup>5</sup> and the lack of English language skills. English is the key language for global communication of scientific endeavors and publication of advances in knowledge or approaches.

### 5.3 Effectiveness of the Projects

#### 5.3.1 Achievement of Objectives

Overall, MPDFIII is making good progress to achieving its development objective of contributing to growth and poverty reduction in CLV. It is building further on the achievements of earlier phases of MPDE and continuing to introduce new and relevant products to improve the business environment, increase access to finance, promote supply chain linkages; and increase sustainability of business practices. The Access to Infrastructure pillar is only just underway, but the second half of MPDFIII should see new and useful projects financed under this pillar.

The FS project was completed in December 2009. The PCB project was largely completed around the same time but activity related to Objective 6 – National Phytosanitary Database has continued through 2010. To a degree, both projects suffer from a disconnect between their development objective and specific objectives in that the design did not establish a clear linkage between them.

In the FS project five specific objectives and nine accompanying outputs were identified in pursuit of the development objective (refer Section 3.3.2). The specific objectives and associated outputs remained constant throughout the project, but the activities under the outputs differed based on the specific needs and priorities of CLV countries. In reference to the development objective, the project has made some very real contributions towards the development of a modern and science-based food control system in CLV countries. However, there is no evidence to indicate that these contributions have resulted in a reduction in food safety risks for domestic consumers in these countries or an increase in food and agricultural exports that meet internationally accepted food safety standards (Codex standards). In terms of the specific objectives, the activities undertaken have certainly ensured progress in improving the food control systems in each of the countries.

CLV representatives from the national partners – Camcontrol, Ministry of Commerce in Cambodia, Food and Drug Department (FDD), Ministry of Health in Lao PDR and Vietnam Food Administration (VFA), Ministry of Health in Vietnam all regarded the FS project as "successful". Camcontrol, FDD and VFA highlighted notable achievements

<sup>5</sup> For example, internationally-accessible pest databases, taxonomic keys and other related online resources relevant to plant protection and other phytosanitary matters; websites such as [www.codexalimentarius.net](http://www.codexalimentarius.net) and [www.ippc.int](http://www.ippc.int).

related to Objective 3; Objectives 1, 2 and 3; and Objectives 1 and 3, respectively. On the whole, the project has provided significant foundation assistance to CLMV countries in improving food safety and its management despite the "broad objectives and very small budget" (as the FS project was described by an interviewee). Nevertheless, the contribution is but a step in an ongoing process.

The PCB project's development objective was underpinned by six specific objectives (refer Section 3.3.3). Four of these objectives relate to capacity building and there can be no doubt the project activities undertaken in the CLMV countries have contributed to building capacity therein. However, there is little evidence that the increase in capacity has led to direct improvement in phytosanitary practices, let alone any promotion of trade and rural income generation, thereby reducing poverty. To some degree this is related to the lack of funds to continue the work and/or complete the processes. To a greater degree, this is related to shortcomings in the project's design: the PCB project's design ensured a focus on particular activities relevant to a country's phytosanitary regulatory system, but no emphasis was placed on the system as a whole and how particular activities/outputs may contribute to medium-long term market access gains. As a result, the participant countries (except for Vietnam) lack direction as to what to do next with the skills and/or data obtained during the project (e.g. exactly how is a pest list used). In terms of the specific objectives, the MSC and representatives from CLMV countries recognised Objectives' 3 and 4 activities (pest surveillance and pest diagnosis) as being the most successful. These same two objectives have contributed most to achieving the PCB project's development objective.

In the course of this review, activities related to Objectives 1, 5 and 6 of the PCB project stand out for very different reasons. Objective 1 was essentially implemented by FAO prior to NZAID's engagement of the MSC. For all intents and purposes, the outcomes of this part of the PCB project are not being used even though new plant quarantine legislation was drafted for Cambodia and Lao PDR. Little activity occurred in regard to Objective 5 Pest Risk Analysis. UniQuest and NZAID (Letters of Variation Nos 6, 8 and 9) recognized that the outputs anticipated under this Objective were essentially covered by other donor agencies (notably AusAID through its Sanitary and Phytosanitary Capacity Building Program 2004-2009). Taking this into consideration, the emphasis of any activity undertaken under Objective 5 changed. Despite the shift in emphasis to "technical market access", there was insufficient time during the project to follow through effectively on the pest lists resulting from activities under Objectives 2 and 3.

Unfortunately, Objective 6 relating to the development of a sustainable NPD information system is the flagship objective for the PCB project. The first phase of NZAID's Phytosanitary Capacity Building Project (February 2001-June 2004) delivered a "very complex NPD information system with 21 components, only two of which were operational" (as stated by an interviewee). CLMV countries clearly had expectations (refer Section 5.2.1) that during the second phase, the PCB project would develop a sustainable NPD information system for pest records and production of phytosanitary certificates. However, problems inherited from the first phase by the MSC have impeded progress considerably and resulted in necessary project extensions. If the newly constructed NPD was delivered to all CLMV countries in the closing days of the PCB project, its operation will be hailed as one of the notable project achievements.

### 5.3.2 Enabling and Inhibiting Factors

**Enabling Factors.** The different nature of the three projects has resulted in a range of different enabling factors, some of which are common across each project, and others that are project-specific.

Many important enabling factors have contributed to the good progress made by MPDFIII towards its development objective. Key factors include:

- Long term IFC commitment to CLV since MPDF inception in 1996 has enabled very good long term, trusting partnership relationships with government, and the private sector in CLV. This strong partnership approach has been a key success factor.
- Secure financing of the US\$49.9m MPDFIII Trust Fund by multiple donors has provided ready access to funds to implement MPDFIII on schedule and at an appropriate scale.
- Well established proven IFC Advisory Services programme and project design, implementation, and management systems developed and already in place under MPDFs I and II. These have been further refined in MPDFIII (e.g. project reporting formats), as required, from lessons learned in the two earlier phases.
- Practical partnership approach at all stages of project design and implementation to address specific business environment constraints/issues resulting in practical solutions for the business environment or businesses.
- IFC has well established offices in CLV so has good local presence to work daily with partners to deliver MPDFIII projects. The CLV offices contain local and international professional staff enabling a sound mix of local knowledge and international experience to be applied to projects.
- Ability to quickly access global IFC Advisory Services experience, expertise, and products to address local business environment issues.
- Strong capacity-building component of most MPDF projects since 1996 has developed a growing pool and local knowledge of SME entrepreneurs in CLV that new projects can further build on.
- Strong recognition by government and the private sector that the overall MPDF programme has made a major contribution to improving the business environment in CLV since 1996. It is well recognized as a high profile and successful project.

There are a number of enabling factors that have ensured the success of the FS project, including:

- Ongoing long term presence of FAO in the region (FAO Regional Office for Asia and the Pacific, Bangkok) and locally, in each of the CLV countries (Phnom Penh, Vientiane, Hanoi), has enabled
  - (i) More trusting relationships with government officials (holding political appointments and technical roles)
  - (ii) Better communication/coordination with various donors with an interest in supporting complementary food safety capacity building initiatives in one or more of the CLV countries
  - (iii) Greater access to day-to-day technical advice for CLV participants
  - (iv) Continued support through FAO's regular program resources, and
  - (v) More opportunities to tackle food safety issues (directly or indirectly project-related) when the time was right.

- As an UN organization, FAO has access to a larger pool of international technical specialists to call on to assist in training initiatives (often incurring lower 'consultancy fees' than MFAT independently-recruited consultants).

Enabling factors for the PCB project are less obvious. One notable factor is:

- UniQuest, as a well-established and Australian-based MSC was able to recruit high calibre consultants from Australia and New Zealand in key technical roles to implement the project. The inclusion of the two Landsare Research scientists in the implementation of the PCB project has been a key factor in the achievements made under Objectives 3 and 4.

**Inhibiting Factors.** There do not appear to be many major factors that have inhibited MPDFIII implementation. There is a small risk of applying IFC products developed and well accepted in other countries without adequate and rigorous testing, adaptation and consultation in the CLV environment. However, IFC is cognizant of this issue and has been very rigorous in its approach to controlling this risk. A second, but related, issue is the time taken for uptake or acceptance of some interventions, especially involving legislation and the regulatory environment, where application of MPDFIII assistance may require considerable change and long implementation time frames that may be beyond MPDFIII's ability to continue project support.

As with MPDFIII, there do not appear to be any major factors that have inhibited FS project implementation, or the ultimate success of the project. However, two extensions were required for the project's delivery; the first as a result of the need to replace the initial Chief Technical Advisor due to ill health, and the second, to allow greater flexibility in the implementation of the final training programmes and to allow adequate time between training events for trainees to gain experience with using new skills before building further on these. Given considerable donor interest in supporting food safety-related capacity building projects, there is a risk that certain national staff may become overburdened with training events, while trying to continue with their everyday duties and applying best practice approaches and/or new analytical techniques learned through training.

One major factor has inhibited the PCB project implementation. The IP-related and unresolved problems associated with the first phase-NPD inherited by the MSC has threatened the otherwise good relationship between UniQuest and CLMV partners, as well as the reputation of MFAT. Two other possible inhibiting factors are:

- The frequent changes in personnel in the Wellington-based MFAT programme manager role, which has resulted in an "on-again off-again" relationship between MFAT and the MSC, lacking constructive dialogue.
- The recruitment by the MSC of Australians and New Zealanders to key technical implementation roles. Such recruitments draw on people with a strong "island" approach to NPPPO responsibilities, perhaps lacking insights into regional approaches that may meet the needs of neighboring countries sharing land borders (e.g. CLMV countries) and an estimated 90% of established pests.

### 5.3.3 Cross Cutting Issues

**Poverty.** Both the MPDFIII and the PCB projects have specific reference to poverty reduction in their development objective/goal statement. There is no reference to poverty reduction in the development or immediate objectives of the FS project.



Many of the MPDFIII projects address the wider business enabling environment issues that will lead to economic growth and indirectly poverty reduction, but MPDFIII also includes several projects that directly address access to finance and income generation of the poor.

In Cambodia, the Supporting Financial Institutions project under the Access to Finance pillar, has assisted AMK (a rural microfinance institution (MFI)) develop products for lending to the rural poor through group credit systems. MPDF assistance began in 2008 and AMK now has 250,000 clients in all provinces, making it the largest rural MFI in terms of client numbers in Cambodia. MPDFIII is continuing to assist AMK develop new savings, micro-insurance, and agriculture package loans for the poor. Under the Sustainable Business Advisory pillar, the Cambodia Agribusiness Supply Chain Linkages project is directly assisting the rural poor through the rice milling programme, assistance for Mekong Rain for organic cashew development and certification. In Lao PDR, the Bamboo Sector Development project has sought to develop the bamboo sector in Houaphan province along integrated supply chains, thereby creating employment in rural areas and increasing grower incomes through improved farm gate prices. The ECOM Coffee Farmer Training Center project in Vietnam is also training farmers in sustainable coffee production systems to increase grower income.

In the manufacturing sector, assistance to the Cambodia Garment Assistance Program over all phases of MPDF and growth of the industry has provided employment opportunities for large numbers of rural and urban poor.

Six-monthly MPDFIII project reporting does not specifically list numbers of project beneficiaries whose incomes have been raised above the poverty line. However, surrogate indicators such as value of loans disbursed by MFIs, value financing facilitated, client numbers, and total savings suggest that MPDFIII is contributing both and indirectly to poverty reduction.

The development objective of the PCB project refers to poverty reduction, but this reference was not translated into any of the project's six specific objectives. As a result (and as suggested in Section 5.2.1), the project activities could not be expected to, and did not, contribute to "rural income generation, thereby reducing poverty". Instead they were intended to directly address legislative shortcomings and capacity building needs within CLMV government ministries and institutions.

The FS project has no reference to poverty reduction in any of its objectives, and has not had any direct or indirect effect in reducing poverty in CLV countries. Similar to the PCB project, project activities were directed at resolving legislative shortcomings, issues around institutional roles and responsibilities, as well as capacity building needs.

**Gender.** MPDFIII has been very active in addressing gender issues in the business environment because both women and men participate actively at all levels in business and SMEs. Training and capacity building has been a key component of most MPDFIII projects and reporting on all projects includes the number of women participating in workshops and training. Many training products within MPDFIII projects have specifically targeted women's needs in relation to the business issues being addressed.

Neither of the FS or PCB projects specifically targeted gender issues. Capacity building, including training workshops, formed a major part of both projects' outputs. Given the technical nature of building science-based food control and phytosanitary regulatory systems, arrangements for all training exercises ensured participation of male and female technical staff.

One of the FS project Objective 4 outputs focused on developing and implementing public food safety education programmes to be piloted in rural communities in Cambodia and Lao PDR. In both countries, trained volunteers were involved in implementing the necessary baseline study of rural household food safety practices. In Lao PDR, 36 women – two each from 18 local villages – together with two staff members from Provincial and District Food and Drug Units were trained. In Cambodia 40 Village Health Support Group volunteers from Kampong Chhnang and Kampong Thom were trained. Appropriately, the volunteers comprised mostly women. The subsequent design of the educational posters produced in food preparation (i.e. cleaning, separating raw and cooked foods, cooking foods thoroughly) also targeted women. In CLV countries, women tend to be responsible for the procurement of food for the household.

**Human Rights.** Human rights are not a specific focus of any of the three projects. Despite this, MPDFIII projects such as the Cambodia Garment Sector Assistance Program have been addressing labor rights in factories with the International Labor Organisation (ILO). This project is continuing to support Better Factories Cambodia to develop into an independent institution capable of providing labour standards monitoring and training services to the industry after ILO phase out. It is also providing training for improving working conditions and employee management relations in Cambodian garment factories. Similarly, the Better Work Vietnam project is aiming to improve industrial competitiveness in Vietnam's garment sector through improving working conditions and labour-management relations.

**Environment.** Sound environmental management is a key focus of MPDFIII. The role of the private sector in applying sustainable and environmentally sound business practices underpins the MPDFIII business model for SME development and interventions in all four pillars. Specific examples highlighting this commitment include the Vietnam Energy Efficiency and Cleaner Production (EECP) project. The objective of the EECP project is to reduce emissions and improve use of natural resources by increasing available financing to support cleaner production and energy efficient investments, and by supporting enterprises that are upgrading to achieve energy efficiencies, cost savings, higher productivity and better environmental performance. The Cambodia Agribusiness Supply Chain Linkages project is working closely with rice millers associations and mills on promotion of improved energy and waste management practices in the milling industry. The Vietnam Used Lead Acid Battery (ULAB) project is assisting the Vietnam Environmental Administration to develop regulations and guidelines for ULAB collection, disposal, transport, handling and recycling. It is also assisting the battery industry to design and test a scheme of ULAB take back, and support a recycling plant to set up a model take back supply chain.

As designed, the FS and PCB projects do not feature activities related to addressing particular environmental issues. Topics addressing environmental issues and related to plant protection, such as integrated pest management (IPM)<sup>6</sup> and GAP that could be associated with the PCB project, were not included. Instead, the PCB project placed greater emphasis on regulatory components of the CLMV countries' phytosanitary systems because other projects or programmes (e.g. FAO Regional Vegetable IPM Programme in South and Southeast Asia, establishment of Vietnamese Good

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<sup>6</sup> FAO promotes IPM as "an ecosystem approach to crop production and protection that combines different management strategies and practices to grow healthy crops and minimize the use of pesticides".

Agricultural Practice (VietGAP) through support from MARD) have targeted these matters.

#### 5.3.4 Project and Risk Management

**Project Management.** All three projects have been well managed, despite each having a different project management model.

MPDF is a well managed programme of about 28 projects with regular six-monthly reporting on progress, expenditure and development results in a standard format. IFC has been responsive to donor requests for improving reporting of development results and now reports in detail on specific projects by output, outcome, and impacts.

A key feature of the MPDF III has been flexibility in project design to include or drop projects based on stakeholder needs. An initial list of projects was planned by IFC and stakeholders in 2008 (IFC 2008a), but as stakeholder needs or the business environment changed some projects from this initial list were dropped and others added as MPDF III progressed. This flexibility reflects good project and donor responsiveness to changes in the dynamic business environment in CLV.

**Recommendation [6]:** Any projects involving the private sector supported by MFAT under any future Asia Trade and Development programme or the four flagships must be flexible in their project design to respond quickly to changes in the business environment that private sector and government beneficiaries are operating in.

Given the large amount of short term activity involving specialist consultants, the FS project was appropriately managed through the appointment of a Chief Technical Advisor (CTA). Unfortunately, the need to replace the initial CTA (for reasons of ill health) slowed the project's progress and contributed to the requirement of an extension. The project was subject to the usual reporting processes applied by FAO, including six-monthly progress reporting and the collation of a Final Report within three months of project completion. However, there has been some delay in MFAT receiving the Final Report (draft received August 2010) and there is no specific reference in the draft to the verifiable indicators given in the FS project's logical framework.

The PCB project has been well managed by UniQuest. NZAID's contract with UniQuest required six-month progress reporting, as well as annual work plans and annual reports. Progress reports have been provided to MFAT quarterly. A handover plan and the end-of-commission report were not available at the time of writing this report. Overall, any issues arising in the project's implementation have been addressed appropriately by UniQuest's appointed Project Manager(s) and in consultation with MFAT. MSC's handling of problems arising is well respected by the management staff of the CLV national plant protection agencies. The issues requiring particular attention from UniQuest's Project Manager(s) were largely the result of shortcomings in the project design and unresolved IP-related issues inherited by UniQuest from the earlier phase of NZAID's phytosanitary capacity building investment in the NPD.

Frequent changes in personnel in the Wellington-based MFAT programme manager role (refer Section 5.3.2) have perhaps affected both the FS and PCB projects. The most recent change occurred in mid-2009 as the FS project was concluding and shortly before the PCB project was extended. The PCB extension was to accommodate remaining work related to *Objective 6 National Phytosanitary Database* involving the contracting of a Vietnamese IT vendor to develop a NPD to replace the original one. The change in MFAT personnel has proven frustrating for both MFAT and UniQuest at this late stage in the PCB project.

**Effectiveness of Risk Management.** IFC has been very effective in managing MPDFIII project risk. It has done this in many ways, including:

- Inclusive, consultative government-private sector partnership approach to project identification, selection, design and implementation
- Systematic feasibility study, business case approach to developing projects and deciding whether or not to support them
- Appropriate selection of partners for specific projects, working with public and private sector partners that have long term responsibility or well established commitment to the project sector
- Application and adaptation of global IFC experience and lessons learned
- Use of similar well proven approaches, locally adapted, for similar projects in each of CLV
- Adaptation and application of common approaches, outputs, training among different MPDF projects, where relevant.

This high level of risk management is reflected in the M-H overall DAC criteria assessment rankings, and M-H efficiency rating (Table 2).

Some projects have been riskier, more difficult and slower to implement than others for many different reasons. Some of the projects involving legislative reform have taken longer than planned due to the time required for new legislation and implementing regulations to go through the approval process. Some of the newer more innovative financial and technology products under the Access to Finance and Sustainable Business Advisory pillars have taken time for project partners to fully understand and buy-in to the longer term benefits of the project interventions. Examples include the Energy Efficiency and Cleaner Production (EECP), Used Lead Acid Battery Recycling projects in Vietnam. However, these issues are now being overcome through training and awareness raising and the projects are proceeding. Some projects are also dealing with very difficult and complex issues that do not have easy solutions, but resolution is essential to remove barriers to SME development, such as the Business Access to Land project in Vietnam.

Procedures to enable appropriate risk management were put in place at the inception of the FS and PCB projects. Accordingly, FAO provided six-monthly project progress reports to the NZAID programme manager which included a section "Problems Encountered and Actions Taken or Requested to Resolve Them". Quarterly progress reports on the PCB project, with a section "Emerging Risks and Risk Management Strategies" were forwarded by UniQuest to NZAID. FAO and UniQuest were as effective as could be expected in managing FS and PCB project risks, respectively. On the whole, responses to issues arising (e.g. ill health of Chief Technical Advisor, failure of Cambodian Ministers to agree on the designation of responsibilities among food control agencies, lack of resolution on IP issues from earlier project phase) during implementation of both projects resulted in appropriate management of any threats to the projects' success.

### 5.3.5 Implementation Modalities

**Description of Modalities Used.** The three projects have used three different modalities.

MPDFIII is financed through the MPDFIII multi-donor trust fund with pledged total capital of US\$49.9 m (IFC 2010b). Donor funds are pooled and applied by IFC to projects and

other costs according to the annual work plan and budget agreed at the annual donor and partner meetings.

MPDFIII projects are implemented by IFC staff based in CLV country offices with support as required from consultants (national and international) and internationally-based IFC staff. Projects are aligned with MPDF and IFC's four pillars (Access to Finance, Investment Climate, Sustainable Business Advisory, and Access to Infrastructure) and are country-based (Appendix 6).

Through a Donor Agreement, NZAID as the sole donor agreed to make funds available to FAO for implementing the FS project (refer Section 3.3.2). Originally designed as a three-year effort, NZAID was to deposit US\$850,292 with FAO as Funds-in-Trust. The total included a charge of 13 percent to cover FAO's project service cost. In 2007, a budget increase of US\$299,228 was approved bringing the total budget to US\$1,149,520 to ultimately fund the four-year FAO/WHO/Government Co-operative Trust Fund Programme, GCP/RAS/207/NZE.

FAO accepts such voluntary contributions and establishes the associated trust funds on the proviso that the purposes of the contributions are consistent with the policies, aims and activities of FAO. Under the Donor Agreement, any costs incurred by FAO in connection with the project are chargeable to the Trust Fund and FAO will not incur any financial liabilities in excess of the amounts actually received. Ultimately responsibility for the execution of the project rests with FAO; the Donor, MFAT in this case, is in no way responsible for arrangements with any organizations, companies or persons designated by FAO for the execution of the project.

**Strengths and Weaknesses.** The strengths of using international organizations such as IFC, FAO (or WHO for part of the FS project), in implementation of development assistance projects in ASEAN countries include:

- Ongoing long term presence of international agencies in the region and locally, in each of the CLV countries (e.g. IFC and FAO offices in Phnom Penh, Vientiane, and Hanoi).
- Establishment of longer term, more trusting relationships with government officials (holding political appointments and technical roles).
- Greater opportunity for better communication/coordination with various donors with an interest in supporting complementary initiatives in one or more of the CLMV countries (e.g. coordination of seven bilateral donor inputs by IFC in MPDFII).
- Potential access to day-to-day technical advice for CLMV participants.
- Continuity of support through IFC and FAO's regular program resources.
- Increased opportunities to tackle project issues (directly or indirectly project-related) when the time is right.
- Access to a larger pool of international technical specialists and global experience to call upon to assist in training and developing new initiatives.

An additional key strength of MPDFIII is that has been able to build on the lessons learned, and relationships developed with government and the private sector in MPDFI and MPDFII.

Weaknesses of the MPDF approach for MFAT include the fact that MFAT is contributing to a multi-donor trust fund and has no control over exactly how its funds are used within the MPDFIII programme by IFC. MFAT's non-participation at the September 2010

annual MPDFIII donor meetings further weakens its ability to influence direction of MPDFIII.

A weakness of the PCB is that it is being implemented by a non-resident contractor which means it has not had the same leverage with government and government service providers that IFC and FAO have been able to achieve.

**Comparisons.** The MPDFIII presents a very different modality to the FS and PCB projects, and a significantly different scale of development assistance (US\$49.9 million cf. US\$1.15 million and US\$2.19 million, respectively). For small scale projects like the FS and PCB projects focused on capacity building of government services, the funding and implementation modality offered by FAO generally appears to be a better option for New Zealand to cost effectively contribute to SPS-related projects in CLMV countries. However, if New Zealand and/or Australia possess unique expertise required for successful project execution, a project modality ensuring straightforward access to this specialist expertise should be adopted. An international organization like FAO, under its present policies, aims and activities, may not always be in a position to access such expertise.

### 5.3.6 Funding and Value for Money

The costs to deliver the projects differed markedly. Overhead and support costs were calculated and reported differently by each project so it is not easy to compare these relative costs among the projects. The different nature and scale of the three projects (especially MPDFIII compared to FS and PCB) makes it difficult to compare value for money among projects.

**Quality of Operations versus Money Spent** Total MPDFIII expenditures to date account for 48% of the total fund (US\$24.1 m spent of US\$49.9 m, including multi-donor EC funding) (IFC 2010b). Program expenditure comprises about 73% of total expenditure to date, other programme management 10%, general and administration 17% (combined overhead 27%) (IFC 2010b). Programme monitoring and evaluation is included in Other Programme Management as an overhead even though it relates directly to projects because the costs are easier to capture centrally (IFC, *pers comm*).

Expenditure by country in FY10 totaled 56% in Vietnam, 32% in Cambodia, and 12% in Lao PDR (IFC 2010b).

The budget for FY11 is US\$10.7 m, of which 74% is for project implementation and management, 11% for Other Programme Management, and 15% for General and Administration (IFC 2010b).

Staff cost for MPDFIII comprises 34% of total expenditures, consultants 23%, and travel 14% of total expenditure cost (IFC 2010b). The MPDFIII activities are largely delivered by IFC staff and consultants, hence their relatively large contribution to total cost.

As of 30 June 2010, there were 63 staff (including support staff) working in the IFC Mekong Advisory Service and 14 consultants (IFC 2010b). Of the 63 staff, 20 were located in Cambodia (32%), 8 in Lao PDR (13%) and 35 in Vietnam (56%). This staff balance reflects the relative size of the MPDFIII program in each country.

Professional IFC staff (total 44) by pillar comprised:

- Access to Finance: 10
- Investment Climate: 18

- Sustainable Business Advisory: 15
- Access to Infrastructure: 1.

The 27% combined overhead cost appears high, but must be considered in relation to the general high quality of programme design, management, global expertise and experience brought by IFC to CLV under MPDFIII. The costs for bilateral donors, such as MFAT, to deliver such services in three countries to the same quality as IFC without a multi-donor trust fund, such as MPDFIII, are simply prohibitive. For a small donor, such as MFAT, contribution to MPDFIII provides a high quality, high status opportunity to leverage IFC's global expertise, strong presence in each CLV country, and other multi-donor contributions to achieve its regional Trade and Development objectives at minimal MFAT administrative expense.

Actual administrative costs for MFAT to administer its US\$2 m contribution to MPDFIII are very small (small part of a DPM time) in relation to the overall quality of operations and outcomes being delivered.

Table 3 shows total expenditures on completion of the FS project while Table 4 summarises the project expenditure in each of the CLV countries. Total expenses amounted to 100.6% of the budget totals at conclusion of the project. Approximately 25.3% of the total expenses related to in-country expenditure (Table 4) throughout the project's duration. Of the in-country expenditure of US\$293,275, 67.9%, 20.3% and 11.8% was expended in Cambodia, Lao PDR and Vietnam, respectively. No investment in laboratory equipment was made in Vietnam (Table 4) through this project because a World Bank project committed funding for the acquisition of equipment there.

A large proportion of the FS project's expenses (53.5%) related to international consultants and their travel and DSA expenses. Given the relatively small budget for the entire FS project, a remarkable number of short term activities involving 19 highly qualified food safety experts in a variety of specialised areas were undertaken for the sum of US\$618,334. Some of the technical specialists were recruited at well below the usual consultant rates. Much planning and logistical support was involved in FS project implementation – something that could not have been provided effectively or efficiently other than through an international organization, such as FAO, with long term CLV country presence.

As of 16 September 2010, MFAT had been invoiced AU\$2,060,000 for PCB project implementation, and was expecting an invoice for a further AU\$100,000 for NPD activities on completion of the contract at the end of October 2010 (S. Brangwin, pers. comm.). With reference to Letter of Variation No 11 to the Management Services Contract, the total amended contract price for the PCB project was AU\$2,704,030. The quality of PCB project management and operations appears reasonable for the amount invested by MFAT. In every year of the project, UniQuest was underspent on budget, more so in the earlier years of the project. At no point in the development of the annual contract work plans and associated financial projections (budget) has the total contract value been adjusted downwards by NZAID/MFAT. NZAID also made available funds of US\$48,476 for FAO to implement *Objective 1 Legislative change*.

**Table 3. Food Safety Project Budget Versus Actual Total Expenditures on Completion – in FAO's Expenditure Categories (US\$) (Source: FAO 2010b)**

| Item  | Project Totals (US\$) |                  |                |
|---|-----------------------|------------------|----------------|
|   | Budgets               | Expenses         | Balance        |
| Consultants (15 national and 19 international recruitments)                                       | 309,708               | 314,061          | (4,353)        |
| Contracts (WHO)   | 85,510                | 85,510           | 0              |
| Travel (includes international consultants travel and daily subsistence allowance (DSA))          | 269,649               | 341,181          | (71,531)       |
| Training (in-country training)  | 105,400               | 62,859           | 40,541         |
| Expendable Procurement (<\$1000)  | 34,761                | 68,408           | (33,737)       |
| Non Expendable Procurement (>\$1000, laboratory equipment)  | 129,790               | 103,847          | 25,943         |
| Technical Support Services (provided by FAO Rome-based personnel, R Clarke and legal specialists) | 51,825                | 21,825           | 30,000         |
| General Operating Expenses  | 32,258                | 25,146           | 7,112          |
| Support Costs (FAO 13% flat rate)   | 132,245               | 133,029          | (784)          |
| General Overhead Expenses   | 373                   | 373              | 0              |
| <b>Total Expenditure</b>  | <b>1,149,520</b>      | <b>1,156,330</b> | <b>(6,810)</b> |

**Table 4. Food Safety Project In-Country Expenditures by Country from 2005 to 2010 (US\$) (Source: FAO 2010c)**

| Country             | National Recruitment <sup>1</sup> | Equipment                  | Training                  | Miscellaneous | TOTAL (US\$)   |
|---------------------|-----------------------------------|----------------------------|---------------------------|---------------|----------------|
| Cambodia            | 14,569                            | 154,164                    | 27,785                    | 2,029         | 198,547        |
| Lao PDR             | 13,089                            | 18,181                     | 14,258                    | 13,694        | 59,222         |
| Vietnam             | 9,250                             | 0                          | 20,816                    | 4,440         | 34,506         |
| <b>TOTAL (US\$)</b> | <b>36,908</b>                     | <b>172,345<sup>2</sup></b> | <b>62,859<sup>3</sup></b> | <b>20,163</b> | <b>292,275</b> |

<sup>1</sup>National consultants (cf. International) proportion of *Consultants* item in Table 3

<sup>2</sup>Total of *Expendable Procurement* and *Non Expendable Procurement* items in Table 3

<sup>3</sup>Training item in Table 3.

**Quality of Outcomes versus Money Spent.** The projects in MPDFIII are all at different stages of implementation. Some have rolled over from MPDFII, while others are under development and it is still too early to assess outcomes. As a result, there is a wide range in achievement of outputs and outcomes among projects depending on their stage. This is reflected in reporting of development results for the first half 2010 in IFC 2010b.



The analysis of MPDF projects in Appendix 3 indicates that most completed projects achieve an overall ranking of High or Medium to High across all DAC criteria. Completed projects with a ranking of Medium-High in Appendix 3 are commonly projects where the MPDFIII contribution to the project has been completed, but the longer term impact and sustainability of the project still depends on government implementation or rollout, such as legislation, which occurs over a longer time period than the MPDF support.

Given that MPDFIII is only half way into its five year cycle, an overall DAC criteria ranking of Medium to High at mid-term is a good result. MPDFIII is implementing approximately 28 projects for a total cost of US\$49.9 m, but the potential impact on longer term economic growth outcomes through creating the business environment to stimulate the private sector in CLV far exceeds this investment amount.

As a result, it can be concluded that the quality of outcomes being achieved through MPDF and its three phases is money well spent, especially for small donors, such as MFAT.

**Recommendation [7]:** MFAT should approve payment of the 2<sup>nd</sup> US\$1.0 m contribution as per its contract with IFC following receipt of a satisfactory IFC mid-term review report of the MPDFIII.

MFAT is a relatively small donor and accordingly both the FS and PCB projects are small projects. As indicated in Section 5.2.1, it is difficult to assess the projects' outcomes against their high level development objectives. However, the FS and PCB projects' activities represent important steps in building capacity of CLMV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. In comparing these similarly sized projects, the quality of outcomes for the money spent appears better for the FS project – CLV government personnel were exposed to an exceptional range of food safety technical expertise in a way that appears to have ensured some understanding of national food safety issues in the context of the international food safety code, the *Codex Alimentarius*. In contrast, by design training/mentoring activities undertaken in the PCB project targeted laboratory-based diagnostic staff in CLMV countries and there has been little advancement in their understanding of how their accomplishments may contribute to negotiating new or improved market access for their country's plant products. The comparison of the quality of FS and PCB projects' outputs and outcomes above is reflected in the analysis of each project using the various DAC criteria (Appendix 3), particularly the sustainability criterion. Regardless, it will be difficult to directly assess the longer term impact and sustainability of each project. The desired longer term impact and sustainability of both projects will only be achieved in conjunction with the ongoing contributions of additional complementary projects funded by other donors.

### 5.3.7 Sustainability of Benefits

**DAC Criteria.** Analysis of the three projects against DAC criteria (Table 2) assesses an overall sustainability rating of Medium, but varying from Low for the PCB project to Medium to High for MPDFIII.

Sustainability of each MPDFIII project was qualitatively assessed in Appendix 3. An overall ranking sustainability of Medium-High was assessed for projects that have been completed or are close to complete, and where there is enough indicator data and progress description provided in project reports (IFC 2009a, IFC 2009b, IFC 2010a, IFC

2010b). Discussions with partners, stakeholders and beneficiaries were used to confirm these rankings, where possible.

Many of these projects in the Medium-High ranking began in MPDFII and have rolled over into MPDFIII for completion. Most of the projects started in MPDFIII are ranked as Too Early to Assess (TE) in terms of sustainability because they are still in the early or middle stages of implementation.

The overall Medium-High ranking for completed MPDF projects generally reflects the overall quality of project targeting, government-private sector partnership, and capacity-building approach for all projects under MPDFIII to ensure that projects supported have a high likelihood of long term impact and sustainability.

As noted previously (e.g. Sections 5.2.1 and 5.3.4), the FS and PCB projects' activities represent significant foundation steps in building capacity of CLV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. Taken in isolation, however, it is difficult to identify long lasting benefits from each of these projects. Consequently, it is not surprising that CLV government officials viewed the two projects as unfinished and hoped for ongoing support for capacity building in the areas of food safety, plant protection and other phytosanitary matters. If no additional support from other donors for SPS-related projects had been or was subsequently forthcoming, there would likely be little to show for the efforts and investment made under the FS and PCB projects.

**Capacity Building.** Capacity-building has been a key component of all three projects.

Capacity-building has been an integral part of all MPDFIII projects and has been designed specifically to address the focus of each project and the needs of project stakeholders. Such capacity building has taken many forms, at many different levels, and is well documented in progress reports and project reporting (IFC 2009a, IFC 2009b, IFC 2010a, IFC 2010b). It has been a key factor in achieving project impact and longer sustainability of MPDF project interventions.

The need for development of professional training service providers to assist capacity-building in CLV was recognized early in MPDF. One outcome from this has been the Business Edge and other professional training programs, such as the Bank Training Center in Vietnam. Business Edge (MPDF 2002-2008) developed a pool of 85 certified practitioner trainers and a network of eight private sector training firms to sustain the Business Edge product in Vietnam. It has established a Business Edge Brand that has become a benchmark for quality for training services. These have been supported by a suite of 31 self-study books, 36 one/two-day training courses, train the trainer programs, tools for training needs assessment, and training impact assessment. The Business Edge framework and products are also being used in other ATF and SBA projects in Vietnam, e.g. ECOM-ETC.

The focus of the PCB project is capacity building, particularly activities relating to Objectives 3 and 4. However, an operating environment in which national CLV staff can apply their new-found skills is often lacking and any benefits and/or confidence gained from training or mentoring are lost in a short space of time. This situation arises because activities such as crop surveys and the associated diagnostic work are not recognised by government (probably through the lack of higher level policies) as an integral part of a phytosanitary regulatory system and receive little ongoing support, in turn resulting in the Low DAC sustainability rating for the PCB project. An equivalent situation is apparent with CLV food control systems, especially in Cambodia, but good

progress in obtaining high level awareness of the importance of food safety, and consequential political support, has been made in the last two years (especially through Objectives 1 and 2 of the FS project). The FS project was thus assessed to have a Medium rating for sustainability. Capacity building activities under Objectives 2 and 3 have contributed to a more collective vision for modern and risk-based food control systems in Lao PDR and Vietnam.

**Improved Standards and Standards Application.** The FS project has paved the way or contributed to CLV either identifying which Codex standards are high priorities for adoption (as technical regulations in Cambodia (S. Chaudhary, pers. comm.)), or adopting Codex standards as national standards (refer Section 5.2.6). Notable outcomes of the FS project include:

- (i) The Lao PDR National Food Safety Policy (Government of the LAO PDR 2009a) which gives one of its essential elements as "Promote and support food trade to be safe, following the standards of Codex Alimentarius and agreements related to food safety such as those of ASEAN and World Trade Organization (SPS, TBT)", and
- (ii) The eventual upgrading of food safety legislation in Vietnam under the Ministry of Health, Vietnam Food Administration clearly focused on meeting relevant technical regulations on conditions to assure food safety in Vietnam and countries importing food from Vietnam.

Only time will tell if these FS project outcomes contribute to improved standards and their application.

International Standards for Phytosanitary Measures (ISPMs) did not feature specifically in the annual work plans and/or implementation of the PCB project. Nevertheless, the activities undertaken in the PCB project were relevant to improving CLMV countries' phytosanitary practices, harmonization and compliance with ISPMs such as *ISPM 6 Guidelines for surveillance* (1997), *ISPM 4 Requirements for the establishment of pest free areas* (1996), *ISPM 12 Guidelines for phytosanitary certificates* (2001) and *ISPM 27 Diagnostic protocols for regulated pests* (2006). However, there seems to be little recognition yet by CLMV governments that surveillance activities and the associated diagnostic work should become an inherent part of regular CLMV government services.

**Market Access and Producer Opportunity.** The three projects differed in their focus in promoting access to markets (refer Section 5.2.2).

The MPDF included several specific projects that directly promoted market access (Section 5.2.2) but the real MPDF benefits to improving market access are coming from the improvements made to the wider business enabling environment and freeing up the private sector as a result. Improvements to the wider business enabling environment, such as reform of business legislation, streamlining business regulations, improving access to finance, training in sustainable business practice, etc are all helping to improve the efficiency and competitiveness of the private sector through the MPDF. This in turn, is enabling the private sector to better access and grow their markets, locally, nationally and internationally (e.g. the Cambodia garment sector), and therefore increasing producer opportunity earlier in the value chain. Over the longer term, it is likely that the improvements made to the overall business enabling environment in CLV as a result of the MPDF will have far wider and more significant impact on the ability of the private sector to access markets than just the five direct market access projects currently supported. The reason for this is that the impacts of the wider improvements to

the business environment will enable all of the private sector to benefit, including producers early in the value chain.

The FS and PCB projects did not have specific objectives of directly promoting access to markets (refer Section 5.2.2). They were more aimed at improving the government services including official recording, reporting, surveying and testing processes that would ultimately support farmers, agricultural product processors and exporters to access markets. Consequently, the activities undertaken in the FS and PCB projects have not helped gain access to new markets for food and agricultural products. Neither have they contributed to enhancing the capacity of officials to negotiate new market access or improved market access with trading partners.

The FS and PCB Projects have not contributed to increasing local production. This is because there was no direct project design focus on providing producers with new market opportunities, whether local, national or international.

**Continued Partner Government Involvement.** MPDFIII is only half way through its 2008-2013 project cycle so CLV partner government involvement will continue for the remainder of the project period.

In CLV countries, there appears to be a continuing dependence on and/or expectation of donor assistance on SPS-related matters. To date, CLV governments seem content to accept all the donor assistance on offer to establish appropriate food control and phytosanitary regulatory systems with minimal commitment of national resources (including human resources) for maintenance and ongoing development of these systems. However, CLV governments appear to be making efforts to ensure better coordination and improved focus of this donor assistance on their respective priorities on SPS matters.

**Exit Strategies.** IFC is undertaking its own mid-term review of MPDFIII in September-December 2010. At this stage, it is understood that IFC plans to continue its Advisory Services in the GMS for the foreseeable future and that consideration is being given to an MPDFIV to follow on from MPDFIII in 2013 (IFC, *pers comm.*).

No specific exit strategies were devised in the course of the FS and PCB projects. Projects funded by other donors have continued to support capacity building on food safety-related matters, but not in all areas covered by the FS project. Unfortunately, continuation and expansion of the work on quality assurance with SMEs and educating rural communities on food safety undertaken under Objective 4 has not received specific support, although FAO's Regular Programme work has provided some continuity.

Recommendations from UniQuest relating to further MFAT investment in phytosanitary capacity building were due with the PCB project's Handover Plan (at the end of the contract period).

### 5.3.8 Partner Government Ownership of Issues Addressed and Development Processes Initiated

The three projects have had different degrees of government ownership of the issues addressed and development processes initiated. This has also varied by country.

MPDFIII has had very strong government commitment and ownership to improvement of the business environment and development of the private sector in Cambodia, Laos and Vietnam. Evidence of this is the strong government-IFC partnership approach, active public-private sector dialogue in each country, and the large number of

government ministries and departments at different levels participating in MPDFIII projects in CLV. Some of the MPDFIII projects are helping CLV governments tackle difficult areas, such as legislative and regulatory reform in the financial and business sectors. The fact that governments are seeking MPDFIII assistance in such areas indicates ownership of the issues and trust in the expertise and assistance that MPDFIII can bring to resolution of these issues.

Food safety is well recognised by all CLV governments as a matter requiring particular attention. The national food control systems in Cambodia, Lao PDR and Vietnam face a number of challenges that hinder their ability to ensure a supply of safe food for domestic consumers as well as ensuring compliance of food and agricultural exports with relevant international standards. The region has been affected by various food-borne and waterborne diseases, food contamination events and scares such as chemical and veterinary drug residues in food. Consequently, CLV partner governments (as conveyed by officials) appreciated the NZODA contribution to improving CLV countries' food control systems. The four-year FS project was declared operational in March 2005 and all CLV countries eventually signed agreements committing to the project's development objective (refer Section 3.2.2). Vietnam was slower to commit to the FS project than Cambodia and LAO PDR. This may have been due to the relatively small size of the project (in the funding sense) failing to attract the attention of officials facing prospects of much larger offers of support from donors (e.g. ADB, CIDA). Cambodia was quick to come on board, but the failure of Cambodian Ministers to agree on the designation of responsibilities among food control agencies continued to frustrate progress there in improving food safety and its management. A number of much larger scale food safety-related projects have been similarly frustrated in Cambodia.

FAO's Regular Programme work in food safety and food security has provided some continuity in the development processes in both Cambodia and Lao PDR. Notably, FAO's Technical Cooperation Programme (TCP/CMB/3104(D)) "Strengthening the Sanitary and Phytosanitary Services" (FAO 2010d) and its implementation of STDF Project #246 "Developing an SPS Action Plan for Cambodia" have set out recommendations on immediate and longer term actions to improve the working of Cambodia's management system for Sanitary and Phytosanitary (SPS) issues (WTO STDF 2010). The development processes of which both the FS and PCB projects have been part are ongoing.

The PCB project has not attracted nearly the same level of CLV government attention in addressing phytosanitary capacity building, particularly in the pest surveillance and diagnostic areas. The same priority is not attached to phytosanitary matters as food safety because of food safety scares (e.g. melamine adulteration of milk) and with no major disruptions to trade in plant products from the region yet. However, greater priority will need to be attached to ensuring appropriately resourced phytosanitary regulatory systems are in place because of growing recognition of the importance of increased food and agriculture exports that meet international SPS requirements to economic development in CLV. Many pests are common to all CLMV countries, so regional cooperation and collaboration between CLMV countries should be more closely considered in future development processes related to phytosanitary matters. As in the European Union, a strictly national approach is unlikely to be the most efficient or cost effective.

**Recommendation [8]:** A CLMV-wide regional approach to the development of phytosanitary measures should be considered in the future given that many pests of

plants are common to all CLMV countries and land borders are porous to the spread of new pests in the region.

## 6 Lessons Learned for Future Trade and Development Programme

### 6.1 Strategic Framework

Under the Joint Declaration for ASEAN New Zealand Comprehensive Partnership and Plan of Action, New Zealand has committed to support ASEAN integration under the three development blueprints and IAI Workplan II (ASEAN New Zealand Government 2010a).

MFAT has identified four flagship programmes: ASEAN Scholarship Programme, Agricultural Diplomacy, Disaster Risk Management, and Initiatives for Enterprise. At the time of conducting this review, the details of these flagships were not defined. It is unclear how the four flagships will be packaged for delivery and how they will relate to any future Asia Trade and Development programme.

Key lessons learned from the current Asia Trade and Development programme in developing the future ASEAN programme include:

**Clearly Define Any Future Strategic ASEAN or Asia Trade and Development Programme.** A major weakness of the current Asia Trade and Development programme is that there is no readily available public document defining the scope or objectives of the programme. This makes it very difficult for stakeholders and programme partners to understand the aim and purpose of the Asia T&D programme.

**Recommendation [9]:** MFAT should prepare a definitive public document that clearly specifies the aims, approach, objectives, and activities that New Zealand will undertake in any future Asia Trade and Development programme and in delivering its commitment to the Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership.

**Focus the Programme.** New Zealand is a very small player in ASEAN with very limited development assistance resources to support the very wide range of themes, items and actions under the IAI Workplan II. The MFAT flagships identify four broad areas, but it is not stated which specific IAI themes, items and actions they target, or how they relate to IAI.

**Recommendation [10]:** Focus New Zealand's limited development assistance resources on a very small number of specified IAI themes, items, and actions so that New Zealand's assistance is very clearly targeted, directly addresses specific IAI Workplan II items and actions that ASEAN wants; and is in items/actions where New Zealand has expertise that can add value to the IAI.

**Fully Integrate Regional and Bilateral Trade and Development Programmes.** A major weakness of the current Asia Trade and Development programme is that it is not a truly regional programme, but three projects operating in CLMV. There is no direct linkage to trade and development activities under the bilateral programmes in CLV. The Asia T&D programme is managed out of Wellington. MFAT staff in the Bangkok and Hanoi Embassies have not been involved in the Asia T&D programme at all, and have very little understanding or contact with it. In Hanoi, the NZ Embassy and IFC are located in the same building, but there is almost no interaction between MFAT staff and IFC. As a result, the wider MFAT trade and development programme in CLV is

disjointed and is not taking advantage of the opportunity for a well-integrated complementary regional and bilateral approach to trade and development.

**Recommendation [11]:** Any future Asia Trade and Development programme should be designed to focus on specified IAI themes, items and actions in the IAI Workplan II. It should fully integrate regional and bilateral activities into one single coherent, complementary programme. It should combine activities that operate at regional level commonly across CLMV, complemented by specific bilateral activities that directly support the in-country implementation of the regional initiative or activity.

One example of how such regional-bilateral programme integration could work is that in Vietnam and Lao PDR MPDFIII has helped with development and training of Young Business Associations through the Vietnam and Lao Business Forums. Under the new MFAT Initiative for Enterprise flagship, assistance for the Young Business Leaders Exchange Programme for Lao PDR and Vietnam would directly complement and add further value to the work MPDFIII is doing with such groups.

**Base Any Future Programme in the Greater Mekong Subregion.** The trade and development environment in ASEAN and the GMS is very dynamic and undergoing constant change. For MFAT to effectively contribute development assistance to this dynamic and constantly changing situation, any well-integrated future Asia Trade and Development programme that is targeting IAI must be based in the GMS, not Wellington. Basing the programme in the region would enable:

- (i) MFAT trade and development programme staff to develop a much closer understanding of the regional trade and development issues.
- (ii) MFAT to respond quicker to development opportunities; develop closer trade and development relationships with partner governments, the private sector, business associations, and like-minded donors working in the sector.
- (iii) MFAT trade and development staff to interact more closely with projects it is funding.
- (iv) MFAT to attend and contribute more effectively to regular project meetings. It would also avoid the situation where the MFAT Trade and Development DPM could not attend the MPDFIII September 2010 annual meeting because of lack of travel funds.

**Recommendation [12]:** Base any future regional Asia Trade and Development programme that is focused on ASEAN IAI in the Greater Mekong Subregion, with MFAT staff responsible for managing such a programme located in the region, possibly Hanoi given Vietnam's status as an IAI member.

**Recommendation [13]:** MFAT should allocate funds in its 2011/12 budget to ensure participation in MPDFIII donor/stakeholder meetings in September 2011 given it did not participate in 2010.

**Build on Existing Successful Relationships NZ has with Partners in the Region.** New Zealand is a small player with limited funding and human resources for development assistance in trade and development in South East Asia. MFAT has developed good working relationships with IFC and FAO through MPDFs II and III, and the FS project. It is not clear how MFAT's four flagships will relate to ongoing projects, such as MPDFIII. However, for a small player like MFAT it is essential that existing successful relationships are built upon, leveraged and further developed as part of any future T&D programme to complement any new initiatives with new unproven partners.

**Recommendation [14]:** In implementation of any future Asia Trade and Development programme MFAT should maintain a balance between further developing and leveraging successful relationships with existing development partners (such as IFC, FAO), and developing new relationships and projects in application of MFAT's four new flagships.

## 6.2 Future Direction

### 6.2.1 Delivery Mechanisms/Modalities

**Leverage of Other Donor Funds.** MFAT participation in MPDFIII has shown the benefits of participating in a multi-donor trust fund where contributions from other donors can be pooled and leveraged. MFAT's US\$2 m contribution is leveraging another US\$47.9 m from IFC and other donors to create a US\$49.9 m fund for private sector development that is well implemented and well regarded in the GMS.

**Recommendation [15]:** MFAT should seriously consider ongoing participation in MPDF if MPDF goes to a fourth project at the end of MPDFIII and continues to be compatible with the Asia Trade and Development programme objectives.

**Use of Resident International Implementing Agencies.** New Zealand is a very small player in ASEAN. MFAT's position as a non-resident donor in most member countries creates considerable challenges for the implementation of development assistance projects. The MPDFIII and FS projects in CLV have shown that, whatever the scale of development assistance projects, there are distinct advantages in utilizing resident, international organizations (such as IFC and FAO) in their implementation. Their long term and local presence in the region allows for

- (i) The establishment of longer term, more trusting relationships with government officials and the private sector;
- (ii) Greater opportunity for better coordination with other donors supporting similar initiatives;
- (iii) Potential access to day-to-day technical advice for project participants; and
- (iv) Increased opportunities to tackle project-related issues when the time is right.

Such agencies also have access to a larger pool of technical specialists and global experience to draw on for assistance in training and developing new initiatives. In the longer term, there is an increased likelihood of more sustainable impacts from projects implemented by resident, international agencies.

**Recommendation [16]:** Where MFAT-supported projects are regionally-focused or include more than one country, MFAT should utilize resident international agencies in the implementation of future Asia Trade and Development projects, whatever their scale, to enhance the likelihood of sustainable impacts resulting.

**Role of Managing Service Contractors.** UniQuest has done a good job of managing the PCB project in relation to its terms of reference, but it has not had the same degree of local presence, access to international resources, etc that IFC and FAO have been able to bring to bear for multi-country projects. This is in no way a criticism of UniQuest, but reflects the resources available to an MSC. In the NZODA programme there have been many examples of successful MSC projects, but these have generally been projects focused on a single country or region of a single country. Such projects are perhaps better matched with the resources that a small NZ or Australian MSC can bring to bear. MSCs have a role in any future Asia Trade and Development programme, but



are perhaps better suited to implementing in-country bilateral activities that should be part of the integrated regional/bilateral T&D programme that is proposed here.

**Recommendation [17]:** MFAT should consider the use of MSCs for implementation of specific bilateral trade and development activities (where relevant) under any new Asia Trade and Development programme, rather than management of multi-country activities that are better suited to larger regional or international agencies.

**Cooperate with Other Donors on SPS Matters.** Many developing countries find it difficult to compete in the international agricultural marketplace and seek trade-related technical assistance, especially on SPS matters. NZAID supported the FS and PCB projects in response to the need for such assistance expressed by CLMV officials. However, SPS regimes that meet country-specific SPS needs and obligations are complex. The necessary comprehensive approach (one that includes aspects of food safety and animal and plant health) to SPS assistance requires a multiyear effort (no less than five years and more like 10) and comes at considerable expense. Tailoring a cost-effective SPS capacity building programme to meet a country's specific needs, implementing it and ensuring its sustainability requires long term commitment. It requires working with trading partners' regulatory agencies to ensure the country's producers as well as regulatory agencies understand the SPS measures specified by key markets. New Zealand's limited development assistance resources only allow very small scale projects (e.g. the FS and PCB projects) - too small to achieve sufficient momentum to produce sustainable impacts.

**Recommendation [18]:** Unless MFAT can partner with like-minded donors to jointly fund projects or programmes of sufficient scale on regional SPS matters in CLMV, SPS matters should only be included in any future Asia Trade and Development programme on a bilateral basis.

## 6.2.2 Approaches in Relation to Regional Framework

**Cooperation Among ASEAN Members on Phytosanitary Matters.** It has been estimated that 90% of pests of plants are common to CLMV countries. Land borders, such as those separating Cambodia from Lao PDR, Cambodia from Vietnam, Lao PDR from Myanmar, and Lao PDR from Vietnam, are inevitably porous to the spread of any new pests to the region. These factors potentially enable a CLMV-wide approach or at least collaboration between two or more CLMV countries to managing risks from new pests and/or establishing phytosanitary measures or procedures for exported plant products that meet trading partners' requirements. Such measures may include:

- The establishment and maintenance of pest free areas or areas of low pest prevalence;
- Active surveillance for new pests in high risk areas for entry and establishment in the region (not necessarily in each CLMV country); and
- Full inspections/testing of imported plants and plant products only at particular border stations to the CLMV region (rather than at each land border).

CLMV harmonisation and cooperation in addressing particular phytosanitary issues (e.g. negotiating new market access) could result in considerable efficiencies.

**Recommendation [19]:** A CLMV-wide regional approach to the development of phytosanitary measures should be assessed for inclusion if any large scale SPS-related

development assistance proposals are considered for co-funding with other donors as part of MFAT's future Asia Trade and Development programme.

### 6.2.3 Targeting, Design, Alignment to the Expressed Country Needs

**Strong Government and Private Sector Partnership in Design and Implementation of Future T&D Projects.** This has been a key feature of MPDF III projects involving the private sector, but not so in the FS and PCB projects which have had little connection with the private sector. Any future Trade and Development programme that wishes to engage the private sector must have a strong focus on government and private sector partnership in design and throughout implementation, as well as other donors.

**Recommendation [20]:** Fully engage government, the private sector and other relevant donors at all stages of design and implementation of any future Asia Trade and Development programme and four flagship programmes that target the business environment, private sector development and market access.

**Rationalising Government Services.** In Cambodia, the failure of Ministers to agree on the designation of responsibilities among food control agencies slowed progress on the FS project and continues to frustrate adoption of food safety-related legislation as well as progress on other food safety-related donor funded projects. Although not unique to Cambodia, numerous ministries are presently involved in the national food control system and there are overlapping responsibilities. Without clarification of the food safety duties of each ministry, there is potential duplication of efforts, lack of accountability and tension among the ministries. Since the FS project concluded and the EC-funded EU-Multrap Trade Facilitation Project closed, there is the realisation that institutional re-organisation is a necessary step to the successful implementation of the food-chain approach desired by Cambodia. New Zealand's government departments have become quite accustomed to institutional re-organisations and have expertise in the area of change management that may be of assistance to Cambodia.

**Recommendation [21]:** Bilateral assistance to provide independent specialised guidance on the establishment of a single food safety agency in Cambodia, setting out the process to bring together the groups within different agencies that have food safety-related roles should be offered through the Asia Trade and Development programme. Importantly, it is not technical assistance being sought on food safety, rather change management guidance from a human resources perspective.

### 6.2.4 Lessons for Enhanced/Improved Effectiveness and Outcomes

**Importance of English Language Skills.** Khmer, Lao, Burmese and Vietnamese, the official languages of CLMV countries, respectively, are not languages that can be used in communications internationally. Unfortunately, they are not even languages that enable effective communication between CLMV countries; English is the language used. Individuals from CLV countries involved in the FS and PCB projects lack confidence in communicating in English and/or lack English language skills. Enhancing English language skills of the business trading community and CLMV officials (especially those with SPS-related roles) is an essential step to improving the capability of CLMV countries to function effectively in the international trading environment and communicate with international science and technology communities. One of MFAT's four flagship programmes, the ASEAN Scholarship Programme may provide an opportunity for New Zealand to assist directly. As a result, outputs from other donor-funded trade facilitation and/or SPS-related projects are more likely to achieve sustainable impacts.

**Recommendation [22]:** Under the new MFAT ASEAN Scholarship Programme, offer CLMV officials with trade facilitation and/or SPS-related roles two-year scholarships in New Zealand for English language training. Such scholarships should offer CLMV recipients the opportunity to be immersed in a predominantly English-speaking society as well as providing business, trade and technical language training over a lengthy period.

**Partner Government Commitment.** One of the IAI Work Plan II (under AEC item A7 Food, Agriculture and Forestry) actions is to "Provide assistance to each CLMV country to harmonise Sanitary and Phytosanitary (SPS) measures for agricultural, food and forestry products with significant trade/trade potential". Despite this, the level of commitment from CLMV governments and politicians to food safety, plant and animal health has been largely influenced by food safety scares (e.g. melamine adulteration of milk) and zoonotic disease outbreaks (e.g. avian influenza, H5N1) in the region. Plant health and quarantine matters have not commanded nearly the same attention from CLMV governments, as shown in implementation of the PCB project and the expectation from CLMV that ongoing assistance for capacity building will be provided solely by donors. In recognition of the increasing importance of agricultural exports to economic development and the need to meet international SPS requirements, greater priority will need to be attached to ensuring appropriately resourced phytosanitary regulatory systems are in place. This will require the commitment of national resources (including human resources) for maintenance and ongoing development of such systems.

Food safety is well recognised by all CLV governments as requiring particular attention, but further legislative and regulatory reforms are needed in CLV so improvement in food safety and its management can continue. In Cambodia, the failure of Ministers to agree on the designation of responsibilities among food control agencies slowed progress on the FS project and continues to frustrate progress on other food safety-related donor funded projects. The importance of ensuring an integrated approach to SPS assistance encompassing the relevant domestic government agencies and political will for change and reform cannot be underestimated.

**Recommendation [23]:** When assessing SPS-related development assistance proposals, especially bilateral ones with CLMV countries, MFAT should take into consideration any necessary legislative and regulatory reforms, and the partner government's commitment to such reforms and associated allocation of resources. Generating the political will for reform and effecting legislative change can take several years. Project durations should reflect this.

## 7 Conclusions

### 7.1 Project Relevance

**Country Priorities.** All three projects address important trade and development priorities of CLMV. The MPDF projects have all been identified, designed, and implemented in close collaboration between IFC, government and the private sector according to government and private sector priorities. As a result, the MPDF projects are well aligned with the needs and priorities of the three governments and the private sector in improving the private sector business enabling environment. The FS and PCB projects both addressed matters identified by government officials within the CLV during this review as important.

**Alignment with NZAID's Asia Strategy.** The three projects are all well aligned with the Asia Strategy in terms of indirectly contributing "supporting the newer members of ASEAN to establish the capability and mechanisms that will facilitate their integration into national, regional and international markets". The MPDFIII, in particular, is contributing significantly to improving the business operating environment that is essential to underpin such integration.

**Bilateral Strategies with CLV.** In general, the three projects have indirectly, and perhaps coincidentally, complemented the bilateral T&D strategies in CLV. However, there appear to be few, if any, direct programme design and operational linkages between the regional and bilateral T&D programmes and projects. The regional T&D programme is managed out of Wellington and the bilateral T&D programmes are managed out of the Bangkok and Hanoi Embassies. There appears to be little interaction between the two and MFAT staff at these embassies had little knowledge of the regional T&D projects.

**Priorities of the Initiative for ASEAN Integration.** The three projects do not appear to have been designed specifically to address IAI priorities (ASEAN 2009a) because there is little, if any, specific reference to addressing IAI in the design documents. Despite this, all three projects are indirectly supporting various IAI priorities.

The MPDF projects are contributing indirectly to most items under ASEAN Economic Community (AEC) Themes A (Single Market and Production Base), B (Competitive Economic Region) and C (Equitable Economic Development) (Table 1). It is also contributing to several themes and items under the ASEAN Socio-Cultural Community (ASCC), including A2 Investing in Human Resource Development, A3 Promotion of Decent Work, A7 Building Civil Service Capability, C3 Promoting Corporate Responsibilities, and D4 Promoting Environmentally Sound technology (Table 1).

The FS and PCB projects have both contributed indirectly to AEC item A7 Food, Agriculture and Forestry, and ASCC items A5 Facilitating Access to Applied Science and Technology, and B3 Enhancing Food Security and Safety.

The FS project (CLV only) has provided important foundation assistance in beginning to address items for specific actions listed under AEC item A7 Food, Agriculture and Forestry, and ASCC item B3 Enhancing Food Security and Safety, "Conduct capacity building programs by 2011 on risk analysis including training for CLMV countries to support food safety measures".

**Promoting Access to Markets.** The three projects differed in their focus in promoting access to markets. Only the MPDF included specific projects that directly promoted market access although these are relatively few in number (5) compared to the overall total number (28) of MPDFIII projects. However, the wider impacts of improving the business enabling environment for the private sector, and especially SMEs will have significant impact on the ability of the private sector to access markets in the longer term. The FS and PCB projects did not have specific objectives of directly promoting access to markets. They were more aimed at improving government services including official recording, reporting, surveying and testing processes that would ultimately support farmers, agricultural product processors and exporters to access markets.

**Increasing Local Production.** The three projects contributed to increasing local production to varying degrees. MPDFIII is doing this through assisting the agricultural sector and businesses improve their agribusiness supply chain linkages, value chains through product quality improvement, producer and agribusiness training, processing

efficiency, and market information access. The FS and PCB Projects have not contributed to increasing local production because there was no direct project design focus on increasing local production in either.

**Increasing Networking in ASEAN.** In general, the three projects were largely designed and implemented as a series of projects in each CLMV country, rather than being designed as truly regional programmes. There was not a significant project design focus or statement in the objectives of any of the three projects to actively promote ASEAN and IAI networking among CLMV or the wider ASEAN members. However, MPDFIII in particular, has achieved some degree of CLV networking through MPDF project workshops, project-specific study visits among CLV, regional conferences and training. Networking in the PCB project was based on contact between CLMV participants in diagnostic training workshops held in Vietnam and/or New Zealand, as well as communication between CLMV countries' representatives attending annual Senior Officials Meetings (SOMs). Training workshops undertaken during the FS project were generally conducted separately in each CLV country.

**Traded Commodities between ASEAN and Beyond.** None of the three projects were designed to directly trade commodities between ASEAN or more widely internationally. MPDFIII's focus is about helping to create a business enabling environment that promotes economic growth in CLV. Such economic growth may result in increased trading of commodities over time, but increased trading will result from many complex economic, social and political drivers from which it is not possible to disaggregate the MPDF contribution.

**Harmonisation of Phytosanitary Measures with International Standards for Increase in Trade of Agriculture Products.** Reference to international phytosanitary standards (i.e. ISPM 4, 6, 12 and 27) was not made in the PCB project's annual work plans and the relevant standards (i.e. ISPM 4, 6 and 12) did not explicitly guide the approach taken to activities undertaken for Objectives 3 and 4. The activities undoubtedly contributed to the harmonisation of phytosanitary measures adopted in CLMV with international standards. However, the PCB project has contributed little to CLMV phytosanitary officials' understanding of the application of such ISPMs to international trade.

**Harmonisation of Food Safety Regulations with Internationally Accepted Standards.** As member governments of the Codex Alimentarius Commission, CLMV countries are expected to support, and adopt Codex standards as far as possible. Outputs from the FS project have paved the way or contributed to CLV either identifying which Codex standards are high priorities for adoption as technical regulations or adopting Codex standards as national standards. In general, CLV government service staff with food safety-related roles are well aware of these high priority standards and the need for their adoption.

**MPDF Role In Improving the SME Business Environment.** Overall, MPDFIII is making a significant contribution to improving the SME business environment in CLV.

Projects in the Access to Finance pillar are helping to build stronger and diversified financial markets that serve the private sector in each country by strengthening individual financial institutions and improving/reforming financial sector infrastructure and policy. The ATF has also been successful in removing obstacles in the legal and regulatory framework that have previously constrained SME access to finance.

The Investment Climate pillar is supporting CLV develop and implement policy, legal and regulatory reforms at both national and sub-national level that improve the business environment and operations. These reforms all lower transaction costs and time spent by firms on non-productive activities, thus enabling them to compete more effectively. Key features of the Investment Climate pillar are very strong public-private sector dialogue; and improving capacity and outreach through collaboration with government counterparts, business associations, and the media.

The Sustainable Business Advisory Pillar is strengthening and promoting development of the private sector by providing direct assistance to firms. MPDFIII is working with firms and business associations to help them better integrate into larger supply chains to **improve quality**, efficiencies, and income levels. The SBA pillar is also assisting firms to adopt sustainable business practices, increasing the competitiveness of industries and companies through improved environmental, social and labour standards. This in turn is leading to improved firm productivity, cost effectiveness, operational and technical efficiencies, as well as improved **entrepreneurship**, and market prospects through enhanced industry and/or company reputation.

The Access to Infrastructure pillar is new in MPDFIII and has only just started. It is too early to assess the impact of this pillar at present.

**Networking of Scientific and Technical Institutions in CLMV and ASEAN.** The recent establishment of the ASEAN Regional Diagnostic Network (ARDN) is an important networking initiative that enables sharing of diagnostic expertise present in ASEAN scientific and research institutions. Promoted through the PCB project, CLMV use of the identification service will play an important part in ensuring sustainable impact from the diagnostic capacity building activities of the project.

**Relationships with the Private Sector in Food Safety.** Training of trainers courses on food safety management for SMZs were included in FS project activities in Cambodia and Lao PDR. Within each country, networking between participating representatives from relevant government services, scientific and technical institutions, NGOs and the private sector have increased.

**Awareness Raising of Applied Science and Technology Practices.** Both the FS and PCB projects included training of relevant government service staff in science-based best practice approaches relevant to their testing, analytical or diagnostic roles. Advancing beyond structured training sessions has unfortunately been hindered by the lack of day-to-day access to computerised web-based information systems, and the lack of English language skills.

## 7.2 Project Effectiveness

**Achievement of Objectives.** The three projects have varied in their achievement of development objectives. Overall, MPDFIII is making good progress to achieving its development objective of contributing to growth and poverty reduction in CLV. It is building further on the achievements of earlier phases of MPDF and continuing to introduce new and relevant products to improve the business environment, increase access to finance, promote supply chain linkages; and increase sustainability of business practices. These all underpin an improved business environment for trade development in CLV.

Both the FS and PCB projects suffered from a disconnect between their development objective and specific objectives in that the design did not establish a clear linkage

between them. Overall the FS project made some very real contributions towards the development of a modern and science-based food control system in CLV countries. However, these contributions have not resulted in reduced food safety risks for domestic consumers in these countries or an increase in food and agricultural exports that meet internationally accepted food safety standards (Codex standards). In terms of the specific objectives, the activities undertaken have certainly ensured progress in improving the food control systems in each of the countries.

The PCB project has definitely contributed to phytosanitary building capacity in the CLMV countries. However, this increase in capacity has not led to direct improvement in phytosanitary practices, or any promotion of trade and rural income generation, thereby reducing poverty. This is mainly related to shortcomings in the project design which focused on activities relevant to each country's phytosanitary regulatory system, but placed no emphasis on the system as a whole and how activities/outputs contributed to medium-long term market access gains. It is also partly related to lack of funds to continue the work and/or complete the processes once the PCB project ended.

**Enabling and Inhibiting Factors.** The different nature of the three projects have resulted in a range of different enabling factors, some of which are common across each project, and others that are project-specific. Common enabling factors between the MPDFIII and FS projects have been the long term regional and in-country presence of IFC and FAO in CLV that has resulted in:

- Establishment of long term, collaborative, and trusting relationships with government and the private sector (in the case of IFC) in each country
- Greater opportunity for better coordination with other donors supporting similar initiatives in each country
- Potential access to day-to-day technical advice for project participants from IFC and FAO
- Increased opportunities to tackle project-related issues in a timely manner because of local or regional presence of technical advisors.

IFC and FAO have also drawn on access to a global pool of products, technical specialists and experience for technical advice and capacity building. IFC has also brought secure financing of sufficient scale through the multi-donor trust fund. It has also been able to bring a practical partnership approach with government and the private sector at all stages of project design and implementation, further building on MPDFI and II.

For the PCB project, UniQuest was able to draw on high calibre consultants from Australia and New Zealand, but was unable to provide the local presence factors to the same degree that IFC and FAO were able to provide. One possible inhibiting factor of using Australian and New Zealand consultants is their strong "island" approach to plant protection when the neighboring countries of the GMS share land borders and an estimated 90% of established pests.

There do not appear to be many major factors that have inhibited the MPDFIII and FS projects. However, in the PCB project, the unresolved problems with the first-phase National Phytosanitary Database inherited by the MSC threatened the otherwise good relationship between UniQuest and CLMV partners, as well as the reputation of NZAID/MFAT.

**Cross Cutting Issues.** The MPDFIII and the PCB projects have specific reference to poverty reduction in their development objective/goal statement, but the FS project does not.

Many of the MPDFIII projects address wider business enabling environment issues that will lead to economic growth and indirectly poverty reduction. MPDFIII also includes several projects that directly address access to finance and income generation of the poor, including support to microfinance institutions for the poor, agribusiness supply chain linkages working with poor farmers, and the garment industry.

The development objective of the PCB project refers to poverty reduction, but this reference was not translated into any of the project's six specific objectives. As a result, project activities did not contribute to rural income generation or poverty reduction, but address legislative shortcomings and capacity building needs within CLMV government ministries and institutions.

The projects varied in their treatment of gender issues. MPDFIII has been very active in addressing gender issues in the business environment with training and capacity building for both women and men being a key part of most projects. Reporting on all MPDFIII projects includes the number of women participating in workshops and training. Many training products in MPDFIII have specifically targeted women's needs in relation to the business issues being addressed. Neither of the FS or PCB projects specifically targeted gender issues although male and female technicians, and in some cases women farmers in the FS project, participated in training.

Human rights is not a specific focus of any of the three projects. However, several MPDFIII projects are addressing labour rights, working conditions, and labour-management relations in factories in Cambodia and Vietnam.

The projects also varied in their treatment of environmental issues. Sound environmental management is an integral part of many MPDFIII projects with some projects specifically targeting environmental issues, such as energy efficiency and clean production, improved energy and waste management in the rice milling industry, and recycling of used lead acid batteries. The private sector's role in applying sustainable and environmentally sound business practices underpins MPDFIII's business model for SME development and interventions in all four pillars. The design of FS and PCB projects did not feature activities related to addressing particular environmental issues. Topics addressing environmental issues and related to plant protection such as integrated pest management (IPM) and GAP that could have been associated with the PCB project were not included.

**Project and Risk Management.** All three projects have been well managed, despite each having a different project management model.

MPDFIII is a flexible, well-managed programme of about 28 projects with regular six-monthly reporting on progress, expenditure and development results in a standard format. IFC's flexibility in adding or dropping projects based on the changing business environment reflects good project and donor responsiveness to changes in the dynamic business environment in CLV.

The FS and PCB projects have also been well managed based on their project design, with regular progress reporting generally on schedule. Issues in the PCB project were largely the result of short comings in the project design and unresolved IP-issues inherited by UniQuest from the earlier phase of NZAID's investment in the National Phytosanitary Database.



All three projects have generally been effective in managing project risks. In MPDFIII, some projects have been riskier and more difficult to implement than others for various reasons. Other projects have taken longer (especially those involving legislative reform) due to the time required for new legislation and implementing regulations to go through the approval process. These projects are dealing with very difficult and complex issues that do not have easy solutions, but these issues are being overcome through training and awareness raising. Threats arising in the FS and PCB projects from ill health of the FS CTA, failure of Cambodian Ministers to agree on responsibilities among food control agencies in the FS project, and IP issues from the earlier phase of the PCB were appropriately managed by FAO and UniQuest.

**Implementation Modalities.** The three projects have used different implementation modalities with MPDFIII being based on a multi-donor trust fund approach, FS being implemented by FAO using NZAID funding, and the PCB applying an MSC approach.

The MPDFIII modality has been appropriate for a project that is managing about 28 individual projects at any time. The pooling of multi-donor funds into the trust fund for use by IFC based on an agreed annual work plan has provided IFC with the project management flexibility and authority to use the funds appropriately without having to go back to each donor for detailed project management decisions. The multi-donor trust fund approach has also enabled small donors, such as MFAT, to leverage other donor funds into a sizeable project that is well managed by IFC. One weakness of the approach for MFAT may be that it has no control over exactly how its funds are used by IFC within MPDFIII.

For projects that include more than one country, both IFC and FAO have brought the benefits of using large, international agencies that have long term, local offices in each of CLV (refer Section 5.3.5). A weakness of the non-resident MSC approach used in the PCB project is that the MSC does not have the same leverage with government, service providers and the private sector that IFC and FAO have been able to achieve. The MSC approach may be better suited to specific bilateral projects where specialist New Zealand or Australian expertise can be applied to specific issues.

For small scale projects like the FS and PCB projects focused on capacity building of government services in more than one country, the funding and implementation modality offered by FAO may be a better option for New Zealand to cost effectively contribute rather than the MSC approach.

**Funding and Value for Money.** The costs to deliver the projects differed markedly. Overhead and support costs were calculated and reported differently by each project so it is not easy to compare these relative costs among the projects. The different nature and scale of the three projects (especially MPDFIII compared to FS and PCB) makes it difficult to compare value for money among projects.

MPDFIII's high overhead cost (27%) must be considered in relation to the general high quality of programme design, management, global expertise and experience brought by IFC to CLV under MPDFIII. The cost for bilateral donors, such as MFAT, to deliver such services in three countries to the same quality as IFC without a multi-donor trust fund, such as MPDFIII, are simply prohibitive. For a small donor, such as MFAT, contribution to MPDFIII provides a high quality, high status opportunity to leverage IFC's global expertise, strong presence in each CLV country, and other multi-donor contributions to achieve its regional Trade and Development objectives at minimal MFAT administrative expense (part of a DPM time).

FAO support costs are considerably lower at about 13% of FS total project budget, but comprising different items to MPDF. FAO was able to field a significant number of highly qualified food safety experts partly due to a lower cost structure. Much planning and logistical support was involved in FS project implementation – something that could not have been provided efficiently other than through an international organization, such as FAO, with long term CLV country presence. The quality of the PCB project operations appears reasonable for the amount invested by NZAID/MRAT, but probably required more management inputs by the DPM due to the large number of contract variations compared to the other two projects.

The projects in MPDFIII are all at different stages of implementation, so there is a wide range in achievement of outputs and outcomes depending on their stage. Most completed projects achieve an overall ranking of High or Medium to High across all DAC criteria. Lower ranked projects are commonly those where the MPDFIII contribution to the project has been completed, but the longer term impact and sustainability still depends on government implementation or rollout, such as legislation, which occurs over a longer time period than the MPDF support. Given that MPDFIII is only half way into its five year cycle, an overall DAC criteria ranking of Medium to High at mid-term is a good result.

The FS and PCB projects' activities represent important steps in building capacity of CLMV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. The quality of outcomes for the money spent was better for the FS project – CLV government personnel were exposed to an exceptional range of food safety technical expertise. This has ensured some understanding of national food safety issues in the context of the international food safety code, the *Codex Alimentarius*. In contrast, the design of the PCB project targeted laboratory-based staff in CLMV and has resulted in little advancement of how their knowledge may contribute to negotiating new or improved market access for their country's plant products. It will be difficult to directly assess the longer term impact and sustainability of the FS and PCB projects. The desired longer term impact and sustainability of both projects will only be achieved in conjunction with the ongoing contributions of additional complementary projects funded by other donors.

**Sustainability of Benefits.** Analysis of the three projects against DAC criteria assesses an overall sustainability rating of Medium for the three projects combined, but varying from Low for the PCB to Medium to High for MPDFIII.

Many MRDFII projects rated Medium-High for sustainability began in MPDFII and have rolled over into MPDFIII for completion. Most of the projects started in MPDFIII are ranked as Too Early to Assess in terms of sustainability because they are still in the early or middle stages of implementation. The overall Medium-High ranking for completed MPDF projects generally reflects the overall quality of project targeting, government-private sector partnerships, and capacity-building approach for all MPDF projects to ensure they have a high likelihood of long term impact and sustainability.

The FS and PCB projects' activities represent significant foundation steps in building capacity of CLV government institutions to appropriately regulate and manage sanitary and phytosanitary matters. However, it is difficult to identify long lasting benefits from each of these projects. CLV government officials viewed the two projects as unfinished and hoped for ongoing support for capacity building in food safety, plant protection and other phytosanitary matters.

Capacity-building has been a key component of all three projects. It has been an integral part of all MPDFIII projects and has been designed specifically to address the focus of each project and the needs of project stakeholders. Such capacity building has taken many forms, at many different levels, and has been a key factor in achieving project impact and longer sustainability of MPDF project interventions.

Capacity building has also been a key focus of the PCB project. However, an operating environment in which national CLV staff can apply their new skills is often lacking and any benefits from training are quickly lost because there is little ongoing support from government for field and diagnostic activities where such skills can be applied. A similar situation occurs with CLV food control systems, especially in Cambodia, but good progress in obtaining high level awareness of the importance of food safety and political support, has been made in the last two years. The FS project was thus assessed to have a Medium rating for sustainability. Capacity building activities under the FS have contributed to a more collective vision for modern and risk-based food control systems in Lao PDR and Vietnam.

The FS project has contributed to CLV either identifying which Codex standards are high priorities for adoption (as technical regulations in Cambodia) or adopting Codex standards as national standards. International Standards for Phytosanitary Measures (ISPMs) did not feature specifically in the annual work plans of the PCB project. However, the activities undertaken were relevant to improving CLMV countries' phytosanitary practices, harmonization and compliance with ISPMs. As yet there seems to be little recognition by CLMV Governments that surveillance activities and the associated diagnostic work should become an inherent part of regular CLMV government services.

The three projects differed in their focus in promoting access to markets. The MPDF included several specific projects that directly promoted market access, but the real MPDF benefits to improving market access are coming from the improvements made to the wider business enabling environment and freeing up the private sector as a result. The FS and PCB projects did not have specific objectives of directly promoting access to markets and have not contributed to increasing local production.

**Partner Government Ownership of Issues Addressed and Development Processes Initiated.** The three projects have had different degrees of government ownership of the issues addressed and development processes initiated. This has also varied by country.

MPDFIII has had very strong government commitment and ownership to improvement of the business environment and development of the private sector in CLV. This is shown by the strong government-IFC partnership approach, active public-private sector dialogue in each country, and the large number of government ministries and departments at different levels participating in MPDFIII projects in CLV. Some of the MPDFIII projects are helping CLV governments tackle difficult areas, such as legislative and regulatory reform in the financial and business sectors. The fact that governments are seeking MPDFIII assistance in such areas indicates ownership of the issues and trust in the expertise and assistance that IFC can bring to resolution of these issues.

Food safety is well recognised by all CLV governments as a matter requiring particular attention. CLV partner governments have appreciated the NZAID contribution to improving their food control systems. However, the failure of Cambodian Ministers to agree on the designation of responsibilities among food control agencies continued to frustrate progress there in improving food safety and its management.

The PCB project has not attracted nearly the same level of CLV government attention in addressing phytosanitary capacity building in the pest surveillance and diagnostic areas. The same priority is not attached to phytosanitary matters as food safety. However, greater priority will need to be attached to ensuring appropriately resourced phytosanitary regulatory systems are in place in CLV because there is growing recognition of the importance to economic development of increased food and agriculture exports that meet international SPS requirements. Given that many pests are common to all CLMV countries, regional cooperation and collaboration between CLMV countries should be more closely considered in future development processes related to phytosanitary matters. A strictly national approach is unlikely to be the most efficient or cost effective.

## 8 Recommendations and Suggested Followup Actions

### 8.1 Recommendations

**Recommendation [1]:** When formulating and documenting SPS-related project designs, consultation with beneficiary country representatives, pertinent international organisations, technical advisors (including those with hands-on experience in implementing relevant SPS regulatory systems), and other donors would ensure better alignment with beneficiary government(s) recognised priorities and improved coordination with other related initiatives. (Refer Section 5.2.1).

**Recommendation [2]:** Beneficiary countries' understanding of what discrete capacity building initiatives like the FS and PCB projects can be expected to achieve could be improved if more realistically specified *development objectives* with direct alignment with the *project objectives* were included in project designs. (Refer Section 5.2.1).

**Recommendation [3]:** Improved alignment, cohesion and combined impact of the regional and bilateral T&D programmes in MFAT could be achieved in the future a) if the regional and bilateral activities were designed to complement and support each other directly, and b) if the regional and bilateral T&D activities were managed by the same group of MFAT managers, preferably in the region. (Refer Section 5.2.1).

**Recommendation [4]:** Regular communications/meetings between MFAT T&D activity managers and CLMV-based international agency representatives are required to improve coordination, combined impact and sustainability of MFAT's T&D projects and other donor-funded projects. (Refer Section 5.2.1).

**Recommendation [5]:** Any future MFAT development assistance on phytosanitary matters should include ongoing training and mentoring of senior CLMV phytosanitary officials and industry representatives (e.g. farmer groups, exporters) to a) instill an overview of what are likely to be the important components of an appropriate phytosanitary regulatory system for their country/region, and b) how particular ISPMs apply. (Refer Section 5.2.5).

**Recommendation [6]:** Any projects involving the private sector supported by MFAT under any future Asia Trade and Development programme or the four flagships must be flexible in their project design to respond quickly to changes in the business environment that private sector and government beneficiaries are operating in. (Refer Section 5.3.4).

**Recommendation [7]:** MFAT should approve payment of the 2<sup>nd</sup> US\$1.8 m contribution as per its contract with IFC following receipt of a satisfactory IFC mid-term review report of the MPDFIII. (Refer Section 5.3.6).

**Recommendation [8]:** A CLMV-wide regional approach to the development of phytosanitary measures should be considered in the future given that many pests of plants are common to all CLMV countries and land borders are porous to the spread of new pests in the region. (Refer Section 5.3.8).

**Recommendation [9]:** MFAT should prepare a definitive public document that clearly specifies the aims, approach, objectives, and activities that New Zealand will undertake in any future Asia Trade and Development programme and in delivering its commitment to the Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership. (Refer Section 6.1).

**Recommendation [10]:** Focus New Zealand's limited development assistance resources on a very small number of specified IAI themes, items, and actions so that New Zealand's assistance is very clearly targeted, directly addresses specific IAI Workplan II items and actions that ASEAN wants; and is in items/actions where New Zealand has expertise that can add value to the IAI. (Refer Section 6.1).

**Recommendation [11]:** Any future Asia Trade and Development programme should be designed to focus on specified IAI themes, items and actions in the IAI Workplan II. It should fully integrate regional and bilateral activities into one single coherent, complementary programme. It should combine activities that operate at regional level commonly across CLMV, complemented by specific bilateral activities that directly support the in-country implementation of the regional initiative or activity. (Refer Section 6.1).

**Recommendation [12]:** Base any future regional Asia Trade and Development programme that is focused on ASEAN IAI in the Greater Mekong Subregion, with MFAT staff responsible for managing such a programme located in the region, possibly Hanoi given Vietnam's status as an IAI member. (Refer Section 6.1).

**Recommendation [13]:** MFAT should allocate funds in its 2011/12 budget to ensure participation in (MPDFII) donor/stakeholder meetings in September 2011 given it did not participate in 2010. (Refer Section 6.1)

**Recommendation [14]:** In implementation of any future Asia Trade and Development programme MFAT should maintain a balance between further developing and leveraging successful relationships with existing development partners (such as IFC, FAO), and developing new relationships and projects in application of MFAT's four new flagships. (Refer Section 6.1).

**Recommendation [15]:** MFAT should seriously consider ongoing participation in MPDF if MPDF goes to a fourth project at the end of MPDFIII and continues to be compatible with the Asia Trade and Development programme objectives. (Refer Section 6.2.1).

**Recommendation [16]:** Where MFAT-supported projects are regionally-focused or include more than one country, MFAT should utilize resident international agencies in the implementation of future Asia Trade and Development projects, whatever their scale, to enhance the likelihood of sustainable impacts resulting. (Refer Section 6.2.1).

**Recommendation [17]:** MFAT should consider the use of MSCs for implementation of specific bilateral trade and development activities (where relevant) under any new Asia

Trade and Development programme, rather than management of multi-country activities that are better suited to larger regional or international agencies. (Refer Section 6.2.1).

**Recommendation [18]:** Unless MFAT can partner with like-minded donors to jointly fund projects or programmes of sufficient scale on regional SPS matters in CLMV, SPS matters should only be included in any future Asia Trade and Development programme on a bilateral basis. (Refer Section 6.2.1).

**Recommendation [19]:** A CLMV-wide regional approach to the development of phytosanitary measures should be assessed for inclusion if any large scale SPS-related development assistance proposals are considered for co-funding with other donors as part of MFAT's future Asia Trade and Development programme. (Refer Section 6.2.2).

**Recommendation [20]:** Fully engage government, the private sector and other relevant donors at all stages of design and implementation of any future Asia Trade and Development programme and four flagship programmes that target the business environment, private sector development and market access. (Refer Section 6.2.3).

**Recommendation [21]:** Bilateral assistance to provide independent specialised guidance on the establishment of a single food safety agency in Cambodia, setting out the process to bring together the groups within different agencies that have food safety-related roles should be offered through the Asia Trade and Development programme. Importantly, it is not technical assistance being sought on food safety, rather change management guidance from a human resources perspective. (Refer Section 6.2.3).

**Recommendation [22]:** Under the new MFAT ASEAN Scholarship Programme, offer CLMV officials with trade facilitation and/or SPS-related roles two-year scholarships in New Zealand for English language training. Such scholarships should offer CLMV recipients the opportunity to be immersed in a predominantly English-speaking society as well as providing business, trade and technical language training over a lengthy period. (Refer Section 6.2.4).

**Recommendation [23]:** When assessing SPS-related development assistance proposals, especially bilateral ones with CLMV countries, MFAT should take into consideration any necessary legislative and regulatory reforms, and the partner government's commitment to such reforms and associated allocation of resources. Generating the political will for reform and effecting legislative change can take several years. Project durations should reflect this. (Refer Section 6.2.4).

## 8.2 Suggested Followup Actions

Section 8.1 lists 23 recommendations put forward by the consultants as a result of the assessment of the three projects, namely MPDFIII, FS and PCB, included in the review. Recommendations [7], [9] and [13] constitute suggested followup actions requiring the immediate attention of GDD, MFAT. Recommendation [7] relates to MFAT's commitment to MPDFIII until its completion in 2013 as one of several donors funding the project. Recommendation [9] relates to MFAT's immediate priority of establishing a strategic framework for the Asia T&D programme. Recommendation [13] refers to the urgent need to allocate funds in the 2011/12 budget to ensure MFAT appropriately honours its current commitment to MPDFIII.

At this time, however, the most important followup action is for the MFAT stakeholders in this review, including GDD, DSAED, ASIA, TND and FTU, to consider all the above recommendations (Section 8.1) and integrate these with the four flagship programmes

already identified as the focus of its future Asia Trade and Development programme and obligations to ASEAN IAI.

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## Appendix 1. Acronyms and Abbreviations

|        |  |
|--------|--|
| ADB    | Asian Development Bank   |
| AEC    | ASEAN Economic Community   |
| ANZRCP | ASEAN New Zealand Regional Cooperation Programme   |
| ARDN   | ASEAN Regional Diagnostic Network  |
| ASEAN  | Association of South East Asian Nations  |
| ASCC   | ASEAN Socio-Cultural Community   |
| ASIA   | Asia Division, MFAT  |
| ATF    | Access to Finance pillar, MPDF   |
| AusAID | Australian Agency for International Development  |
| AU\$   | Australian Dollar  |
| BEE    | Business Enabling Environment pillar, MPDF   |
| CA     | Corporate Advice pillar, MPDF  |
| CAB    | Commonwealth Agricultural Bureaux  |
| CABI   | The trading name for CAB International   |
| CAC    | Codex Alimentarius Commission  |
| CIDA   | Canadian International Development Agency  |
| CLMV   | Cambodia, Lao PDR, Myanmar, Vietnam  |
| CLV    | Cambodia, Lao PDR, Vietnam   |
| Codex  | Codex Alimentarius   |
| CPM    | Commission on Phytosanitary Measures   |
| CTA    | Chief Technical Advisor  |
| DAC    | Development Assistance Committee, Organisation for Economic Cooperation and Development (OECD) |
| DOA    | Department of Agriculture, MAE (Lao PDR)   |
| DPM    | Development Programme Manager  |
| DSA    | Daily Subsistence Allowance  |
| DSAED  | Development Strategy Advisory and Evaluation Division, MFAT                                    |
| EAP    | East Asia and Pacific  |
| ESS    | Environment and Social Sustainability pillar, MPDF   |
| EU     | European Union   |
| FA     | Fisheries Administration, MAFF (Cambodia)  |
| FAO    | Food and Agriculture Organization of the United Nations  |
| FDD    | Food and Drug Department, MOH (Lao PDR)  |
| FDQCC  | Food and Drug Quality Control Center, MOH (Lao PDR)  |
| FS     | Improving Food Safety and its Management in Cambodia, Lao PDR and Viet Nam                     |
| FTA    | Free Trade Agreement   |
| FTU    | Free Trade Unit, MFAT  |
| GAP    | Good Agricultural Practice   |
| GDD    | Global Development Division, MFAT  |
| GMP    | Good Manufacturing Practice  |
| GMS    | Greater Mekong Subregion   |
| HACCP  | Hazard Analysis and Critical Control Point System  |
| IAT    | Initiative for ASEAN Integration   |
| IC     | Investment Climate pillar, MPDF  |
| IFC    | International Finance Corporation  |
| ILO    | International Labour Organisation  |
| INF    | Access to Infrastructure pillar, MPDF  |



|         |   |
|---------|---|
| IP      | Intellectual Property   |
| IPM     | Integrated Pest Management  |
| IPPC    | International Plant Protection Convention   |
| ISC     | Institute of Standards of Cambodia, MIME  |
| ISPM    | International Standard for Phytosanitary Measures   |
| IT      | Information Technology  |
| JICA    | Japanese International Cooperation Agency   |
| Lao PDR | Lao People's Democratic Republic  |
| MAF     | Ministry of Agriculture and Forestry (Lao PDR)  |
| MAFF    | Ministry of Agriculture, Forestry and Fisheries (Cambodia)  |
| MARD    | Ministry of Agriculture and Rural Development (Vietnam)   |
| MFAT    | New Zealand Ministry of Foreign Affairs and Trade   |
| MFI     | Microfinance Institutions   |
| MIME    | Ministry of Industry, Mines and Energy (Cambodia)   |
| MOC     | Ministry of Commerce (Cambodia)   |
| MOH     | Ministry of Health (Cambodia, Lao PDR or Vietnam)   |
| MPDF    | Mekong Private Sector Development Facility  |
| MRL     | Maximum Residue Limit   |
| MSC     | Management Services Consultant  |
| NAFIQAD | National Agro-Forestry-Fisheries Quality Assurance Department, MARD, Vietnam  |
| NDG     | Narrowing the Development Gap for Closer ASEAN Integration  |
| NGO     | Non-Government Organisation   |
| NPD     | National Phytosanitary Database   |
| NPPO    | National Plant Protection Organisation  |
| NZAID   | New Zealand Agency for International Development (now New Zealand's International Aid Programme, Ministry of Foreign Affairs and Trade) |
| NZODA   | New Zealand Official Development Assistance   |
| PCB     | Phytosanitary Capacity Building in the Mekong Region  |
| PDD     | Project Design Document   |
| PENSA   | Programme for Eastern Indonesia Small and Medium Enterprise Assistance  |
| PPC     | Plant Protection Center, DOA, MAF, Lao PDR  |
| PPD     | Plant Protection Department, MARD, Vietnam  |
| PPRI    | Plant Protection Research Institute, MARD, Vietnam  |
| PQD     | Plant Quarantine Division, DOA, MAF, Lao PDR  |
| PQDC    | Plant Quarantine Diagnostic Centre, PPD, MARD, Vietnam  |
| SBA     | Sustainable Business Advisory pillar, MPDF  |
| SCL     | Supply Chain Linkages pillar, MPDF  |
| SME     | Small and Medium-sized Enterprises  |
| SOM     | Senior Officials Meeting  |
| SPS     | Sanitary-PhytoSanitary  |
| STDF    | Standards and Trade Development Facility, WTO   |
| T&D     | Trade and Development   |
| TBT     | Technical Barriers to Trade   |
| TND     | Trade Negotiations Division, MFAT   |
| T&T     | Training of Trainers  |
| UNIDO   | United Nations Industrial Development Organization  |
| USAID   | United States Agency for International Development  |
| US\$    | United States Dollar  |
| VAP     | Vientiane Action Programme  |

VFA  
WHO  
WTO

Vietnam Food Administration, MOH  
World Health Organization  
World Trade Organization

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## Appendix 2. Terms of Reference for the Review

### TERMS OF REFERENCE FOR REVIEW OF THREE TRADE AND DEVELOPMENT PROJECTS

#### 1 Background Information and Context

New Zealand has been providing support for economic cooperation activities to South East Asia and more specifically to Association of South East Asian Nations (ASEAN) region for well over three decades under the ASEAN related agreements. Development assistance, before the formation of the New Zealand Agency for International Development (NZ Aid) in 2002, was provided through the ASEAN New Zealand Regional Cooperation Programme (ANZRC) and in line with agreements under the ASEAN/NZ Dialogue process.

With the formation of NZ Aid in 2002 the programme's ambit was adjusted to focus on private sector development and trade related activities. In early 2006 NZ Aid created a dedicated Asia Trade and Development (T&D) programme, to promote the objectives outlined by NZ Aid's overarching T & D and NZ Aid's Asia Strategy. In mid-2009, NZ Aid was reintegrated into the Ministry of Foreign Affairs and Trade as the New Zealand Aid Programme.

Under the New Zealand Aid Programme's Asia T&D programme support was provided for piloting both bilateral and regional trade and development activities, across a range of sectors. Most of the bilateral piloting projects were in Cambodia. These included support for the Cambodian garment sector; the Cambodian Government's Trade Sector Wide Approach (SWAp) (participation in a multi-donor exercise to support the Silk sector) and for a pilot initiative on rural agribusiness in Siem Reap. Most of the regional T&D activities were aligned with the Vientiane Action Programme (VAP) have been focused, as required by ASEAN, on the less developed countries of the Greater Mekong Region, namely Cambodia, Myanmar, Laos and Vietnam (CLMV).

#### 1.1 Current Emphasis

The creation of a dedicated Asia T&D programme in 2006 saw the programme aligned with ASEAN policy goals, VAP and Initiative for ASEAN Integration (IAI). Support included:

- Trade Facilitation Initiatives:
  1. The continuation of a major project to facilitate trade expansion through the development of Phytosanitary capacity but focused on the CLMV countries of ASEAN.
  2. Support for Mekong Food Safety capacity-building
  3. Project to develop metrology standards and improve legal metrology capacity in the Mekong region.

- Private Sector Development in Cambodia, Laos and Vietnam (CLV) and Indonesia. This includes support to the International Finance Corporation (IFC) Mekong Private Sector Development Facility and the Programme for Eastern Indonesia Small and Medium Enterprise Assistance (PENSA). Both of these facilities support a range of private sector development projects.

Support for the bilateral trade and development activities under the T&D programme continued. However in 2009, a decision was taken to transfer these projects (Cambodian Silk Sector and Cambodian Agribusiness projects) to the bilateral managed programmes.

## 2 Rationale and Purpose of the Review

With many activities under the Asia T&D programme completing during the current fiscal year, and/or migrating to bilateral programme management, there is a rare opportunity for fundamental reconsideration of the aims and objectives of the programme. This opportunity occurs as MFAT moves to establish a strategic framework for the Asia T&D programme.

The Asia T&D programme has not been subject to a formal evaluation. While this review is not a review of the programme itself, MFAT wishes to better understand how successful some of the projects delivered under the programme have been and to what extent they have contributed to ASEAN priorities as outlined in the Initiatives for ASEAN Integration (IAI) process.

The broad purpose of the review is to identify how the selected projects have contributed to increasing access to markets (domestic/ASEAN/international) for local producers in a way that local production has been stimulated and is growing, particularly for small rural producers.

In addition the study will:

1. Inform how well the selected projects aligned with and contributed to the achievement of the Asia Strategy, T&D Policy and wider ASEAN development priorities in IAI
2. Provide information on whether the projects:
  - i) Achieved their agreed objectives
  - ii) Were effective and relevant (value for money with effective delivery approaches and mechanisms)
  - iii) Were implemented in a sustainable way.
3. Provide some valuable lessons (both successes and failures) based on the analysis undertaken under dot points 1 and 2 above to help inform the future direction of the T&D programme.

### 3 Scope

Three projects, namely, Improving Food Safety and its Management (FS), Phytosanitary Capacity Building (PCB), and the Mekong Private Sector Development Facility (MPDF) have been identified for assessment. The Food Safety project was completed in December 2009 and the PCB project will be completed in October 2010. The MPDF, an

on-going project, is due to end in 2013. All three projects have either CMLV or CLV focus.

The time period of the projects to be focused on by the review varies with each project.

1. The Food Safety project will cover the duration of the second phase of the project, that is, from January 2005 to December 2008.
2. The PCB project will cover the period since the original project was reviewed in 2004 - that is, from 2005 up to the present. The project is due for completion in October 2010.
3. The MPDF project which is on-going will cover the period from 2008 to the present, which is the period of MFAT's involvement in the (IFC)-MPDF Phase III (2008-2013).

The three projects represent three different funding modalities. The MPDF is multi-donor funded and so it is acknowledged that NZ is a contributor only.

The Review Team will review these projects in relation to the key objectives listed below. When undertaking the analysis of these projects the Review Team will take into account the Development Assistance Committee (DAC) criteria of relevance, effectiveness and sustainability.

The stakeholders for the review are mainly MFAT (including Global Development Division (GDD), Development Strategy Advisory and Evaluation Division (DSAED), Asia Division (ASIA), Trade Negotiations Division (TND), Free Trade Unit (FTU), targeted local participating agencies, implementing partners and producer groups.

#### **4 Objectives of the Review**

**Objective 1:** Assess the relevance of the Food Safety, PCB and the Mekong MPDF projects, in particular, how well they have contributed to increasing access to markets (domestic/ASEAN/international) such that local production is increasing.

- a) How well did the Food Safety, PCB and MPDF achieve alignment with the New Zealand Aid Programme's Asia Strategy and the bilateral strategies with the CLV countries and the priorities of the IAI?
- b) How effective were the project approaches taken in the CMLV countries in promoting access to markets, at increasing local production and increasing networking in ASEAN, that is:
  - i) Did these projects contribute to increased collaboration between the ASEAN countries?
  - ii) Did they increase the number of traded commodities between the ASEAN countries and beyond?
  - iii) Did they lead CLMV countries to harmonise Sanitary and Phytosanitary measures with international standards such that trade in agriculture products has increased?

- iv) Did they lead to CLV countries harmonising food safety regulations with internationally accepted standards?
- v) Is the MDPF project enhancing competitiveness; cultivating entrepreneurship; enhancing standardisation and quality improvement for Small and Medium Enterprises (SMEs) in CLV countries?
- vi) Did increased capacity building through these projects establish stronger networks in scientific and technological institutions with active participation of the private sector both within the CMLV and within ASEAN?
- vii) Did they heighten awareness of applied Science and Technology practices that enhance productive capacity and for sustainable development potential in the public and private sector of the CLMV Countries and within the ASEAN region?

**Objective 2:** Assess the effectiveness of each of the three projects in achieving the objectives and outcomes expressed in the contract documents and the extent to which the approaches and methodologies used to implement these projects has contributed and is contributing to the long term sustainability of improved standards, standards application, market access and producer opportunity.

- a) Has the objectives of each project been achieved and if not why not?
- b) What were the important enabling factors and what were the inhibiting factors causing implementation delays to how effectively they were managed?
- c) How did these three projects perform in addressing the cross cutting issues of poverty, gender, human rights and environment?
- d) Were the projects efficiently managed (that is, quality of the operations vs. funding spent, including the effectiveness of risk management)?
- e) To what extent were adequate efforts were made during design, implementation and in the preparation of project phase-out (for those projects either completed or being completed in the current financial year) to achieve sustainability of benefits? (Assess in terms of exit strategies; capacity building and continued partner government involvement.)
- f) Have these projects been successful in creating ownership of the issues addressed and development processes initiated?
- g) Assess and draw comparisons between the different funding and implementation modalities used by the three projects to identify the relative merits in generating tangible outcomes at both national and regional levels.

**Objective 3:** Identify possible lessons from the success and failures of the three projects, assessed to inform high level decisions on the T&D aspects of the Asia Strategy, inform the formulation of a strategic framework for the future T&D programme and inform good practice in design and implementation of regional project activities.

- a) Based on the analysis undertaken under objectives 1 and 2, what were the lessons (both the successes and the failures) that could assist in framing the future direction of the T&D programme? For example:
  - Which of the delivery mechanisms/modalities were more effective?
  - What approaches worked best in a regional framework?

- Were the projects funded appropriately targeted, effectively configured and aligned to the expressed needs of the countries involved?
- What might have enhanced/improved effectiveness and outcomes?

## 5 Methodology

The methodology will reflect a strong emphasis on consultative processes and based on principles of partnership and transparency. Effective participatory processes will be used wherever possible.

Cross-cutting issues of poverty, gender, human rights and environment must be reflected in the review.

It is expected that the Review Team will formulate a plan that sets out how the review will be carried out and the methodology/approaches to be used and the detailed time frame for the review.

The approach taken will ensure that all the relevant stakeholders are identified, consulted with their views analysed in respect to the relevant questions and appropriately incorporated in the report. The review plan will identify the stakeholders in MFAT and CLV countries to be consulted and be agreed with MFAT staff.

The review should meet the DAC Evaluation Quality Standards.

The Review Team will:

- i) Attend a briefing with MFAT staff.
- ii) Conduct a preliminary information mapping exercise to determine the extent to which the information available is sufficient to address the purpose, objectives and scope.
- iii) Draft a plan for the review for approval by MFAT staff.
- iv) Undertake a full desk review of the three projects.
- v) Undertake field visits to Cambodia, Laos and Vietnam to consult the targeted stakeholders as appropriate.
- vi) Present a draft summary of findings at the completion of the assignment to MFAT staff.
- vii) Deliver a final report.

The Desk Review will take into account:

1. Relevant overarching New Zealand Aid Programme policies and strategies such as the Asia Strategy and its recent review, the New Zealand Aid Programme's Bilateral Country Strategies in Asia, the T&D Policy and IAI.
2. Existing programme documentation including:
  - Forward Aid Programmes and expenditure reports, authorities, contracts, Post management matrices and related material.

- Relevant project proposals, progress reports and end of project assessments/evaluations submitted by partners and contractors.
- Project proposal and report assessments undertaken by NZAID
- Relevant evaluation reports by NZAID, other donors and partners.

The Review Team will allocate sufficient time to consult and discuss with:

- i) MFAT staff
- ii) Targeted officials in partner countries (in CLV)
- iii) Contractors/grant recipients (IFC, Food and Agriculture Organisation of the United Nations (FAO), and UniQuest Pty Ltd)
- iv) Targeted partners and donors
- v) Targeted direct and indirect beneficiaries.

When in the field, the Review Team will consult a limited selection but well targeted group of stakeholders to address the purpose, scope and objectives of the review.

## **6 Outputs and Reporting Requirements**

The Review Team will produce the following outputs:

1. Output 1: A work plan for the review (outlining the proposed methodology and including a proposed list of persons to consult both in NZ and in the Mekong region) for discussion and approval with MFAT staff before the review commences.
2. Output 2: A draft review document for consultation (both electronic and hard copy) detailing the review findings under the scope and specific objectives set for the review.
3. Output 3: A verbal debrief with MFAT staff on the review findings
4. Output 4: A final written report within five days of receiving feedback from MFAT staff on the draft report. The final report should include, inter alia, detailed methodology on the analysis of qualitative data.

The Review Team will refer to the New Zealand Aid Programme Guideline on the structure of review reports to ensure correct formatting and structure. The Contractor will ensure that the assignment is carried out with due diligence, efficiency and economy in accordance with the time specified in this Contract, observing sound management and technical practices and complying with professional consulting standards.

The Development Programme Manager T&D will prepare a submission to the Evaluation and Review Committee. MFAT releases review reports to the public. Anything that would prevent the release of the report should be placed in a confidential annex.



## 7 Timing

The indicative timing for the review

| Milestone Event | Specific Deliverables   | Due Date          |
|-----------------|---|-------------------|
| 1               | Work plan provided to MFAT for approval   | 13 August 2010    |
| 2               | Desk review and field visit completed   | 10 September 2010 |
| 3               | Draft review report delivered to MFAT   | 27 September 2010 |
| 4               | Final review document delivered to MFAT and Form B providing feedback on MFAT performance completed | 15 October 2010   |

## 8 Management of the Review and Follow-up work

The review will be managed by the Development Programme Manager T&D with the support of a DSAED Adviser.

Following submission of the final report, MEAT (GDD, DSAED, ASIA, ASEAN Posts) will consider the report's findings as it provides learning relevant to the development of a strategic framework for the future Asia T&D programme.

## 9 Sources of Written Information

Listed below are some of the relevant New Zealand Aid Programme guidelines:

1. Respective project documents, monitoring reports and reviews
2. NZAID guidelines for
  - i) Structure of Evaluation and Review Reports
  - ii) Screening Guide for Mainstreamed and other Cross-cutting Issues
  - iii) DAC Evaluation Quality Standards

### Appendix 3. Assessment of Projects Against DAC Criteria

Ratings: H = High M = Medium L = Low TE = Too early to assess NE = Not evaluated

MPDF Pillars:

ATF: Access to Finance IC: Investment Climate INF: Infrastructure

SBA: Sustainable Business Environment combining Corporate Advice (CA) and Environmental and Social Sustainability (ESS)

Assessment Method: 1 = Document review, 2 = Partner discussion (e.g. IFC), 3 = Stakeholder meeting (e.g. govt), 4 = Beneficiary discussion (e.g. firm, farmer)

Table 1: Assessment Against Project Design

| Project/Country  | Relevance | Effectiveness | Impact | Sustainability | Efficiency | Overall | Assessment Method |
|--|-----------|---------------|--------|----------------|------------|---------|-------------------|
| MPDF   |           |               |        |                |            |         |                   |
| Cambodia   |           |               |        |                |            |         |                   |
| CAM: MPDFIII   |           |               |        |                |            |         |                   |
| ATF Bank Advisory  | H         | H             | H      | H              | H          | H       | 1, 2, 3           |
| ATF Credit Bureau  | H         | TE            | TE     | TE             | H          | TE      | 1, 2              |
| ATF Mobile Phone Banking   | H         | H             | H      | H              | H          | H       | 1, 2              |
| IC Government-Private Sector Forum Secretariat                             | H         | H             | H      | M-H            | H          | H       | 1, 2, 3, 4        |
| IC Alternative Dispute Resolution Phase II                                 | H         | TE            | TE     | TE             | TE         | TE      | 1, 2, 3           |
| SBA (CA) Agriculture Sector Support  | H         | H             | TE     | TE             | M-H        | TE      | 1, 2, 3, 4        |
| SBA <sup>1</sup> (ESS) Garment Sector Assistance/Better Factories Cambodia | H         | H             | H      | M-H            | H          | H       | 1, 2, 3           |
| CAM: MPDFII-III <sup>3</sup>   |           |               |        |                |            |         |                   |
| ATF Supporting Financial Institutions                                      | H         | H             | H      | H              | H          | H       | 1, 2, 3           |
| IC Provincial Business Environment Scorecard <sup>1</sup>                  | H         | H             | H      | M-H            | H          | H       | 1, 2              |
| Special Economic Zones Legal and Institutional Framework                   | H         | M-H           | M      | M              | M-H        | M-H     | 1, 2              |
| Cambodia – Overall   | H         | H             | H, TE  | TE, MH to H    | H          | H       |                   |
| Lao PDR  |           |               |        |                |            |         |                   |

| Project/Country                             | Relevance | Effectiveness | Impact | Sustainability | Efficiency | Overall | Assessment Method |
|---|-----------|---------------|--------|----------------|------------|---------|-------------------|
| LAO: MPDFII                                 |           |               |        |                |            |         |                   |
| ATF Secured Transactions                    | H         | M             | TE     | TE             | TE         | TE      | 1, 2, 3           |
| ATF Credit Information Bureau               | H         | H             | TE     | TE             | TE         | TE      | 1, 2              |
| IC Lao Business Forum                       | H         | H             | H      | M-H            | H          | H       | 1, 2, 3, 4        |
| IC Business (Enterprise) Law                | H         | H             | H      | H              | H          | H       | 1, 2              |
| IC Investment Law                           | H         | H             | TE     | TE             | H          | TE      | 1, 2, 3           |
| IC Tax Simplification                       | H         | H             | TE     | TE             | TE         | TE      | 1, 2              |
| SBA (CA) Bamboo Value Chain Development     | H         | L-M           | L-M    | L-M            | M          | L-M     | 1, 2              |
| INF Hydro Rural Electrification             | M-H       | TE            | TE     | TE             | TE         | TE      | 1, 2              |
| INF Water and Sanitation Sector Review      | M-H       | TE            | TE     | TE             | TE         | TE      | 1, 2              |
| LAO: MPDFII-III <sup>3</sup>                |           |               |        |                |            |         |                   |
| ATF Financial Institutions Law              | H         | M-H           | M-H    | M-H            | M-H        | M-H     | 1, 2              |
| Lao PDR - Overall Vietnam                   | H         | H             | TE, H  | TE, M          | M-H        | TE      | -                 |
| VN: MPDFII                                  |           |               |        |                |            |         |                   |
| ATF Bank Advisory                           | H         | H             | M-H    | M-H            | H          | H       | 1, 2              |
| ATF Capital Markets                         | H         | M             | TE     | TE             | M          | M       | 1, 2              |
| ATF Secured Transactions Phase II           | H         | M             | TE     | M-H            | M          | M-H     | 1, 2              |
| ATF Cleaner Production-Energy Efficiency    | H         | H             | TE     | TE             | H          | H       | 1, 2              |
| IC Vietnam Business Forum                   | H         | H             | H      | M              | H          | H       | 1, 2, 3, 4        |
| IC Business Tax Simplification              | H         | M             | TE     | TE             | M          | TE      | 1, 2, 3           |
| IC Land Stage 2                             | H         | M             | TE     | TE             | M          | TE      | 1, 2, 3           |
| IC Business Licensing                       | H         | H             | TE     | TE             | H          | H       | 1, 2              |
| SBA (CA) Corporate Governance               | H         | M-H           | TE     | TE             | M-H        | TE      | 1, 2, 3           |
| SBA (CA) ECOM Coffee Farmer Training Centre | H         | M-H           | TE     | TE             | M-H        | TE      | 1, 2, 3           |
| SBA (ESS) Better Work Vietnam               | H         | M             | M-H    | M-H            | M          | M-H     | 1, 2              |
| SBA (ESS) Battery Recycling                 | M         | TE            | TE     | TE             | TE         | TE      | 1, 2, 3           |
| VN: MPDFII-II <sup>2</sup>                  |           |               |        |                |            |         |                   |
| ATF Private Credit Bureau                   | H         | H             | M-H    | M-H            | H          | H       | 1, 2              |
| ATF Bank Training Center                    | NE        | NE            | NE     | NE             | NE         | NE      | 1, 2              |

| Project/Country                 | Relevance | Effectiveness | Impact       | Sustainability | Efficiency | Overall | Assessment Method |
|---------------------------------|-----------|---------------|--------------|----------------|------------|---------|-------------------|
| IC Provincial Simplification    | NE        | NE            | NE           | NE             | NE         | NE      |                   |
| SBA (Q/P) Bamboo Development    | H         | H             | H            | H              | H          | H       | 1, 2              |
| SBA (Q/P) Business Edge         | H         | H             | H            | H              | H          | H       | 1, 2              |
| SBA (ESS) Better Work Training  | NE        | NE            | NE           | NE             | NE         | NE      |                   |
| Vietnam - Overall               | H         | H, MH         | TE, H-<br>MH | TE, M-H        | M-H        | TE, H   |                   |
| MPDF - Overall                  | H         | H             | M-H          | M-H            | M-H        | M-H     |                   |
| Food Safety                     |           |               |              |                |            |         |                   |
| Cambodia                        | H         | M             | L            | L-M            | M-H        | M       | 1, 2, 3           |
| Laos                            | H         | M             | L            | L-M            | M-H        | M       | 1, 2, 3           |
| Vietnam                         | H         | M             | L            | L-M            | M-H        | M       | 1, 2, 3           |
| Food Safety - Overall           | H         | M             | L            | L-M            | M-H        | M       |                   |
| Phytosanitary Capacity Building |           |               |              |                |            |         |                   |
| Cambodia                        | H         | M             | L            | L              | M          | L-M     | 1, 2, 3, 4        |
| Laos                            | H         | M             | L            | L              | M          | L-M     | 1, 2, 3           |
| Myanmar                         | H         | M             | M            | -              | M          | M       | 1, 2              |
| Vietnam                         | H         | M             | M            | L              | M          | M       | 1, 2, 3           |
| Phytosanitary - Overall         | H         | M             | L-M          | L              | M          | M       |                   |

<sup>1</sup> SBA: Sustainable Business Environment combining Corporate Advice (CA) and Environmental and Social Sustainability (ESS)

<sup>2</sup> Projects begun under MPDF II and completed by December 2009 (or earlier) under MPDF II

**Table 2: Assessment Against Trade and Development Programme Objectives**

| Project/Country                 | Relevance | Effectiveness | Impact | Sustainability | Efficiency | Overall |
|---------------------------------|-----------|---------------|--------|----------------|------------|---------|
| MPDF III                        | H         | H             | M-H    | M-H            | M-H        | M-H     |
| Food Safety                     | H         | M             | L-M    | M              | M          | M       |
| Phytosanitary Capacity Building | H         | M             | L-M    | L              | M          | M       |
| Three Projects - Combined       | H         | M-H           | M      | M              | M          | M       |

**Appendix 4. List of Persons Met By Project and Organisation**

| Project/Organisation  | Person | Position   | Email Address |
|---|--------|--|---------------|
| General<br>New Zealand Aid<br>Programme, Ministry of<br>Foreign Affairs and Trade<br>(MFAT) |        | Development Programme Manager – Trade and<br>Development, Global Development Group (GDD) |               |
|   |        | Trade and Development Advisor, DSAED   |               |
|   |        | Asia Manager, GDD  |               |
|   |        | 1st Secretary NZ Embassy, Bangkok  |               |
| Mekong Private Sector Development Facility (MPDF III)                                       |        | 2nd Secretary, NZ Embassy, Bangkok   |               |
|   |        | MZAD Manager, NZ Embassy, Hanoi  |               |
|   |        | Development Programme Coordinator, NZ Embassy,<br>Hanoi                                  |               |
|   |        | Development Programme Coproordinator, NZ Embassy,<br>Hanoi                               |               |
| International Finance<br>Corporation (IFC), Hanoi,<br>Vietnam                               |        | Vietnam Projects Manager for Investment Climate<br>Advisory Services in the Mekong       |               |
|   |        | Project Officer, Access to Finance Program   |               |
|   |        | Operations Officer, Advisory Services, Mekong Region                                     |               |
|   |        | Project Officer, Investment Climate Advisory Services in<br>the Mekong                   |               |
| International Finance<br>Corporation (IFC),<br>Vientiane, Lao PDR                           |        | Project Officer, Corporate Governance  |               |
|   |        | Head of Office   |               |
| International Finance<br>Corporation (IFC), Phnom<br>Penh, Cambodia                         |        | Project Officer, Investment Climate  |               |
|   |        | Resident Representative  |               |
| Foreign Investment  |        | Program Manager, Investment Climate Advisory Services<br>in the Mekong World Bank Group  |               |
|   |        | Project Manager, Investment Climate Advisory Services in<br>the Mekong World Bank Group  |               |
|   |        | Deputy Director General, Foreign Investment Agency                                       |               |

| Project/Organisation  | Person | Position   | Email Address |
|---|--------|--|---------------|
| Agency (FIA), Ministry of Planning and Investment (MPI), Vietnam        | (FIA)  |  |               |
| Department for Planning and Investment, Bac Ninh province, Vietnam      |        | Deputy Head, Service Sector Division                         |               |
| State Securities Commission, Hanoi, Vietnam                             |        | Interpreter  |               |
| Hanoi Young Business Association, Vietnam                               |        | Vice Director  |               |
| General Department of Taxation, Hanoi, Vietnam                          |        | Interpreter  |               |
| Ministry of Planning and Investment (MPI), Vientiane, Lao PDR           |        | General Director, International Cooperation Department       |               |
| Lao Business Forum (LBF), Vientiane, Lao PDR                            |        | Deputy Director, Securities Issuance Department              |               |
| Lao Consulting Group (LCG), Vientiane, LAO PDR                          |        | International Cooperation Department                         |               |
| Ministry of Industry, Mines and Energy (MIME), Phnom Penh, Cambodia     |        | President and Vice Chairman                                  |               |
| Sciaroni and Associates, Phnom, Cambodia                                |        | Deputy Director, Reform Department                           |               |
| Angkor Mikroheranhvatho, Kampuchea Co., Ltd (AMK), Phnom Penh, Cambodia |        | Officer  |               |
| Garment Manufacturers   |        | Interpreter  |               |
|   |        | Director General, Investment Promotion Department            |               |
|   |        | Vice President Lao National Chamber of Commerce and Industry |               |
|   |        | Secretary General, Lao National Chamber of Commerce          |               |
|   |        | LBF Coordinator  |               |
|   |        | Managing Director  |               |
|   |        | Director General, General Department of Industry             |               |
|   |        | Senior Partner   |               |
|   |        | Deputy Chief Executive Officer                               |               |
|   |        | Chairman   |               |

| Project/Organisation   | Person | Position  | Email Address |
|--|--------|---|---------------|
| Association in Cambodia (GMAC), Phnom Penh   |        | Chief Executive Officer   |               |
| Mekong Rain Natural Foods  |        | Advisor   |               |
| Srer Klymer  |        |   |               |
| Food Safety  |        |   |               |
| Food and Agriculture Organization of the United Nations (FAO), FAO Headquarters, Rome, Italy |        | Food Quality and Safety Officer, Nutrition and Consumer Protection Division                                   |               |
| Food and Agriculture Organization (FAO) of the United Nations, Bangkok, Thailand             |        | Assistant Director-General and Regional Representative for Asia and the Pacific                               |               |
|  |        | Senior Food Safety and Nutrition Officer  |               |
|  |        | Regional Marketing and Rural Finance Officer  |               |
|  |        | Chief Technical Advisor/Team Leader for Integrated Pest Management in Vegetables in South and South East Asia |               |
|  |        | Food Safety Project Coordinator   |               |
|  |        | Regional Coordinator  |               |
|  |        | United Nations Volunteer, Associate Nutrition Officer   |               |
| Food and Agriculture Organization (FAO) of the United Nations, Hanoi, Vietnam                |        | Assistant FAO Representative  |               |
|  |        | Programme Officer   |               |
| Food and Agriculture Organization (FAO) of the United Nations, Vientiane, Lao PDR            |        | Emergency Operations Officer, Agronomy and Rural Development, Officer in Charge                               |               |
|  |        | Technical Laboratory Officer  |               |
| Food and Agriculture Organization (FAO) of the United Nations, Phnom Penh, Cambodia          |        | FAO Representative  |               |
|  |        | Programme Assistant   |               |
| Ministry of Agriculture and Rural Development  |        | FAO International Consultant TCP/CMB/3201/(TCPF)  |               |
|  |        | Deputy Director General   |               |
|  |        | Officer, Planning and General Affairs   |               |

| Project/Organisation  | Person | Position   | Email Address |
|---|--------|--|---------------|
| (MARD), National Agro-Forestry Fisheries Quality Assurance Department (MAFIQAD), Hanoi, Vietnam |        | Division of Agro-Forestry Food Products Quality Assurance<br>Division of Laboratories Management<br>Interpreter  |               |
| Vietnam Food Administration (VFA), Hanoi  |        | Director, Division of Legal Affairs and Foreign Relations  |               |
| Ministry of Health (MOH), Vientiane, Lao PDR  |        | Deputy Director General, Food and Drug Department<br>Head of Food Control Division, Food and Drug Department NPC of GCP/RAS/207/NZE<br>Director, Food and Drug Quality Control Center<br>Deputy Director, Food and Drug Quality Control Center<br>Food and Drug Quality Control Center   |               |
| Ministry of Agriculture, Forestry and Fisheries (MAFF), Phnom Penh, Cambodia                    |        | Deputy Director General, Fisheries Administration<br>Acting Chief, Bilateral and Multilateral Cooperation Office, Dept of International Cooperation<br>Vice-Chief of Veterinary Public Health, Dept Animal Husbandry and Production (DAHP)<br>National Agriculture Laboratory  |               |
| Ministry of Commerce (MOC), CAMCONTROL, Phnom Penh, Cambodia                                    |        | Director-General, Advisor to the Prime Minister<br>Deputy Director General<br>Deputy Director General<br>Deputy Director, Laboratory Department<br>Deputy Director, Technical Affairs and Public Relations Department<br>Director<br>Laboratory Director<br>Chief, Food Chemical Laboratory<br>Officer<br>Vice Chief, Food Safety Bureau<br>Chief Officer, Food Chemical Testing Laboratory. |               |

OFFICIAL INVESTIGATION ACT



OFFICIAL INFORMATION ACT

| Project/Organisation  | Person | Position   | Email Address |
|---|--------|--|---------------|
| Phnom Penh, Cambodia  |        | Industrial Laboratory Center of Cambodia (ILCC)                                      |               |
| Ministry of Industry, Mines and Energy (MIME), Phnom Penh, Cambodia                                       |        | Deputy Director-General, Institute of Standards of Cambodia (ISC)                    |               |
| Pasteur Institute of Cambodia, Phnom Penh   |        | Technician   |               |
| Royal University of Agriculture   |        | Lecturer   |               |
| World Health Organisation (WHO), Phnom Penh, Cambodia   |        | Technical Officer Nutrition  |               |
| Phytosanitary Capacity Building   |        |  |               |
| UniQuest  |        | Project Manager  |               |
|   |        | Deputy Manager, SPS and Biosecurity International Development                        |               |
| Ministry of Agriculture and Rural Development (MARD), Plant Protection Research Institute (PPRI), Vietnam |        | Deputy Director-General Science and International Cooperation Department Interpreter |               |
| Ministry of Agriculture and Rural Development (MARD), Plant Protection Department, Vietnam                |        | Deputy Director-General  |               |
|   |        | Director, Plant Quarantine Diagnostic Centre   |               |
|   |        | Director, Centre for Post-Entry Plant Quarantine No. 1                               |               |
|   |        | Recorder   |               |
|   |        | Interpreter  |               |
| Ministry of Agriculture and Forestry (MAF), Department of Agriculture, Vientiane, Lao PDR                 |        | Deputy Director-General, Department of Agriculture                                   |               |
|   |        | Director, Regulatory Division  |               |
|   |        | Deputy Director, Plant Quarantine Division   |               |
| Ministry of Agriculture and Forestry (MAF), Department of Agriculture, Plant Protection Center,           |        | Technical Officer, Plant Quarantine Division   |               |
|   |        | Director   |               |
|   |        | Technical Officer, Entomology  |               |
|   |        | Technical Officer, Entomology  |               |
|   |        | Technical Officer, Entomology  |               |

| Project/Organisation   | Person | Position  | Email Address |
|--|--------|---|---------------|
| Vientiane, Lao PDR   |        | Technical Officer, Plant Pathology  |               |
|  |        | Technical Officer, Plant Pathology  |               |
| Ministry of Agriculture, Forestry and Fisheries (MAFF), General          |        | Deputy Director   |               |
| Directorate of Agriculture, Plant Protection, Sanitary and Phytosanitary |        | Senior Officer  |               |
| Department, Phnom Penh, Cambodia   |        | Senior Officer, Plant Quarantine Office   |               |
| Farmer Beneficiary   |        | Technical Officer   |               |
|  |        | Technical Officer   |               |
|  |        | Technical Officer   |               |
|  |        | Technical Officer   |               |
|  |        | Farmer, Kadal Village, Kraing Youv Commune, Saang District, Kandal Province, Cambodia |               |

ORIGINAL INFORMATION UNDER THE FREEDOM OF INFORMATION ACT

## Appendix 5. List of Data Sources

### ASEAN

- ASEAN. 1997. ASEAN Vision 2020. Kuala Lumpur, 15 December 1997.
- ASEAN 2004. Vientiane Action Programme. 55 p.
- ASEAN. 2007. ASEAN Economic Community Blueprint. ASEAN 13<sup>th</sup> Summit, Singapore, November 2007. 49 p.
- ASEAN. 2009a. Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan 2 (2009-2015). 19 p.
- ASEAN. 2009b. ASEAN Socio-Cultural Community Blueprint. ASEAN Secretariat Jakarta, June 2009. 32 p.
- ASEAN. 2009c. ASEAN Political-Security Community Blueprint. ASEAN Secretariat, Jakarta, June 2009. 20 p.
- ASEAN-New Zealand Government. 2010a. Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership. Hanoi 22 July 2010. 5p.
- ASEAN-New Zealand Government. 2010b. Plan of Action: To Implement the Joint Declaration for an ASEAN-New Zealand Comprehensive Partnership 2010-2015. 8p.

### NZAID

- NZAID. 2003. Harnessing International Trade for Development. 22 p.
- NZAID. 2004. Asia Strategy. 16 p.
- NZAID. 2005a. Cambodia Country Strategy. 20 p.
- NZAID. 2005b. Lao PDR Country Strategy. 21 p.
- NZAID 2007a. Viet Nam Country Strategy. 34 p.
- NZAID. 2007b. NZAID Guideline on Evaluation and the Activity Cycle. 11 p.
- NZAID. 2009a. (NZAID Guideline on the Structure of Evaluation and Review Reports (MFAT Website). DM6 #1282921.
- NZAID. 2009b. NZAID Guidelines for Developing Terms of Reference for Review and Evaluations (MFAT Website). DM6 #2165826. 21 p.
- NZAID. 2009c. Screening Guide for Cross-Cutting Issues. 2 p.
- NZAID. 2010. Evaluation Policy Statement. <http://www.nzaid.govt.nz/what-we-do/evaluation-policy-statement.html>. 6 p.
- OECD DAC. 2010. Quality Standards for Development Evaluation. 16 p.

### Mekong Private Sector Development Facility (MPDF)

- International Finance Corporation (IFC). 2006. MPDF's Current Practice in Addressing Efficiency. (Prepared by MPDF for Donor Meeting December 14<sup>th</sup>, 2006. 7 p.
- International Finance Corporation (IFC). 2008a. Mekong Private Sector Development Facility. Strategic Plan 2008-2013. 57 p.
- International Finance Corporation (IFC). 2008b. MPDF Operations and Plan, Interim Report FY08 Q2-Q3. 29 p.

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International Finance Corporation (IFC), Ministry of Planning and Investment, and The World Bank 2010. Vietnam Business Forum: Mid-term Consultative Group Meeting 2010, Hanoi, May 26<sup>th</sup>, 2010.

International Finance Corporation (IFC) and WING. 2008. M-Banking in Cambodia. 6 p.

Lao National Chamber of Commerce and Industry. 2010. Business Confidence Assessment for Lao PDR June-December 2009. 49 p.

Maxwell Stamp. 2007. Final Evaluation of the Mekong Private Sector Development Facility (Phase II). 63 p.

Ministry of Primary Industries (MPI), Vietnam. 2010. Vietnam Business Forum. Unpublished document. 5 p.

MFAT MPDF Project Files including:

- Administration Arrangement between New Zealand Agency for International Development (NZAID) and International Finance Corporation for the Financial Support of the Mekong Private Sector Development Facility (MPDFIII). 16 October 2008
- Minutes from MPDF Annual Donor Partner Meetings (7 and 8 June 2007, 29 November 2007, 25 September 2008),
- MPDFII Financial Statement and Independent Auditors Report, September 30, 2008
- NZAID Application for Financial Authority, MPDF: Memo from Guy Redding to Don Clarke, 13 August 2003

- Letter from IFC to NZAID: MPDFIII - Request for Approval on the Utilization of Surplus Funds on MPDFII Trust Fund, November 15, 2007
- Emails and letters contained in the project file.

Organisation for Economic Cooperation and Development (OECD) and International Finance Corporation (IFC). 2005. OECD Guidelines on Corporate Governance of State-owned Enterprises. Vietnamese and English versions translated under MPDF. 55 p.

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